

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 MARCH 31, 2023

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.	Not 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
Non-accelerated Filer

Accelerated Filer
Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for 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 May 12, 2023, the registrant had 119,218,508 shares of common stock outstanding.

VIKING ENERGY GROUP, INC.

Part I – Financial Information

Item 1	Financial Statements	3
	Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 (unaudited)	3
	Consolidated Statements of Operations for the three months ended March 31, 2023 and 2022 (unaudited)	4
	Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2023 and 2022 (unaudited)	5
	Consolidated Statements of Cash Flows for the three months ended March 31, 2023, and 2022 (unaudited)	6
	Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2023 and 2022 (unaudited)	7
	Notes to Consolidated Financial Statements (unaudited)	8
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3	Quantitative and Qualitative Disclosures about Market Risk	44
Item 4	Controls and Procedures	44

Part II – Other Information

Item 1	Legal Proceedings	45
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3	Defaults Upon Senior Securities	45
Item 4	Mine Safety Disclosures	45
Item 5	Other Information	45
Item 6	Exhibits	46

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VIKING ENERGY GROUP, INC.

Consolidated Balance Sheets

	March 31, 2023	December 31, 2022
	(unaudited)	(unaudited)
ASSETS		
Current assets:		
Cash	\$ 1,917,855	\$ 3,239,349
Accounts receivable, net	6,486,165	5,276,622
Inventory	10,413,666	10,276,662
Prepays and other current assets	265,728	158,107
Total current assets	19,083,414	18,950,740
Oil and gas properties, full cost method		
Proved oil and gas properties, net	1,224,588	1,285,918
Total oil and gas properties, net	1,224,588	1,285,918
Fixed assets, net	1,667,281	1,716,200
Right of use assets, net	4,031,934	4,357,328
ESG Clean Energy license, net	4,501,015	4,577,131
Other intangibles - Simson Maxwell, net	3,213,239	3,254,600
Other intangibles - Variable Interest Entities	15,433,340	15,433,340
Due from related parties	327,452	327,132
Deposits and other assets	10,300	10,300
TOTAL ASSETS	\$ 49,492,563	\$ 49,912,689
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,110,975	\$ 3,905,247
Accrued expenses and other current liabilities	817,841	1,248,301
Customer deposits	5,696,819	5,447,025
Due to Camber Energy, Inc.	6,077,300	6,572,300
Undistributed revenues and royalties	2,329,939	2,378,739
Current portion of operating lease liability	1,255,745	1,304,047
Due to related parties	718,435	629,073
Current portion of notes payable - related parties	57,892	56,916
Bank indebtedness - credit facility	3,429,485	3,111,350
Derivative liability	2,810,824	-
Current portion of long-term debt - net of discount	96,926	637,335
Total current liabilities	28,402,181	25,290,333
Long term debt - net of current portion and debt discount	421,571	2,106,281
Notes payable - related parties - net of current portion	612,802	627,153
Operating lease liability, net of current portion	2,866,140	3,160,654
Contingent obligations	1,435,757	1,435,757
Asset retirement obligation	1,958,578	1,927,196
TOTAL LIABILITIES	35,697,029	34,547,374
Commitments and contingencies (Note 13)	-	-
STOCKHOLDERS' EQUITY		
Preferred stock Series C, \$0.001 par value, 50,000 shares authorized, 28,092 shares issued and outstanding as of March 31, 2023 and December 31, 2022	28	28
Preferred stock Series E, \$0.001 par value, 2,075 shares authorized, 475 shares issued and outstanding as of March 31, 2023 and December 31, 2022	5	5
Common stock, \$0.001 par value, 500,000,000 shares authorized, 114,780,967 shares issued and outstanding as of March 31, 2023 and December 31, 2022	114,781	114,781
Additional paid-in capital	127,687,341	127,687,341
Accumulated other comprehensive loss	(363,131)	(425,677)
Accumulated deficit	(123,739,772)	(122,187,673)
Parent's stockholders' equity in Viking	3,699,252	5,188,805
Non-controlling interest	10,096,282	10,176,510
TOTAL STOCKHOLDERS' EQUITY	13,795,534	15,365,315
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 49,492,563	\$ 49,912,689

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

VIKING ENERGY GROUP, INC.
 Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue		
Power generation units and parts	\$ 2,458,295	\$ 2,137,601
Service and repairs	4,540,697	2,103,699
Oil and gas	245,197	1,678,817
Total revenue	7,244,189	5,920,117
Operating expenses		
Cost of goods sold	4,786,631	2,451,309
Lease operating costs	125,363	568,515
General and administrative	3,050,321	5,294,161
Stock based compensation	-	292,808
Depreciation, depletion & amortization	231,148	499,769
Accretion - asset retirement obligation	31,382	35,066
Total operating expenses	8,224,845	9,141,628
Loss from operations	(980,656)	(3,221,511)
Other income (expense)		
Interest expense	(146,671)	(133,762)
Amortization of debt discount	(53,732)	(92,522)
Change in fair value of derivatives	(534,607)	-
Loss on extinguishment of debt	(154,763)	-
Interest income	6,834	100,231
Other income (expense)	231,268	(295,500)
Total other expense, net	(651,671)	(421,553)
Net loss before income taxes	(1,632,327)	(3,643,064)
Income tax benefit (expense)	-	-
Net loss	(1,632,327)	(3,643,064)
Net loss attributable to non-controlling interest	(80,228)	(360,505)
Net loss attributable to Viking Energy Group, Inc.	\$ (1,552,099)	\$ (3,282,559)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding, basic and diluted	114,780,967	113,943,002

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

VIKING ENERGY GROUP, INC.

Consolidated Statements of Comprehensive Loss (Unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Net loss	\$ (1,632,327)	\$ (3,643,064)
Foreign currency translation adjustment	62,546	200,177
Total comprehensive loss	(1,569,781)	(3,442,887)
Less comprehensive loss attributable to non-controlling interest		
Loss attributable to non-controlling interest	(80,228)	(360,505)
Foreign currency translation adjustment attributable to non-controlling interest	24,706	79,070
Comprehensive loss attributable to non-controlling interest	(55,522)	(281,435)
Comprehensive loss attributable to Viking	<u>\$ (1,514,259)</u>	<u>\$ (3,161,452)</u>

VIKING ENERGY GROUP, INC.
 Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (1,632,327)	\$ (3,643,064)
Adjustments to reconcile net loss to cash used in operating activities:		
Change in fair value of derivative liability	534,607	-
Stock based compensation	-	292,808
Depreciation, depletion and amortization	231,148	499,769
Amortization of operational right-of-use assets	4,884	6,228
Accretion – asset retirement obligation	31,382	35,066
Amortization of debt discount	53,732	92,522
Loss on extinguishment of debt	154,763	-
Bad debt expense	-	1,800,000
Changes in operating assets and liabilities		
Accounts receivable	(1,209,543)	979,049
Prepays and other current assets	(107,621)	(202,668)
Inventory	(137,004)	(460,423)
Accounts payable	1,205,728	(3,559,925)
Accrued expenses and other current liabilities	(430,460)	(363,765)
Due to related parties	89,042	321,844
Customer deposits	249,794	412,570
Undistributed revenues and royalties	(48,800)	1,780,726
Net cash used in operating activities	(1,010,675)	(2,009,263)
Cash flows from investing activities:		
Proceeds from sale of oil and gas properties	-	22,676
Investment in and acquisition of oil and gas properties	-	(2,666)
Acquisition of fixed assets	(25,726)	(16,083)
Purchase of notes receivable	-	(960,000)
Net cash used in investing activities	(25,726)	(956,073)
Cash flows from financing activities:		
Repayment of long-term debt	(157,399)	(3,618,780)
Proceeds from non-interest-bearing advances from Camber	(495,000)	4,297,300
Advances from bank credit facility	318,135	1,232,448
Repayment of promissory notes, related parties	(13,375)	-
Net cash provided by (used in) financing activities	(347,639)	1,910,968
Effect of exchange rates on cash	62,546	200,177
Net decrease in cash	(1,321,494)	(854,191)
Cash, beginning of period	3,239,349	3,467,938
Cash, end of period	\$ 1,917,855	\$ 2,613,747
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	\$ 146,671	\$ 133,792
Income taxes	\$ -	\$ -
Supplemental disclosure of Non-Cash Investing and Financing Activities:		
Debt discount on modification of debt for conversion feature	2,144,068	\$ -
Amortization of right-of-use asset and lease liability	325,394	\$ 332,810
Issuance of shares for purchase of VIE interests	\$ -	\$ 2,250,000
Issuance of preferred shares for purchase of VIE interest	\$ -	\$ 4,750,000
Contingent obligation associated with acquisition of VIE interests	\$ -	\$ 1,435,757
	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -

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

VIKING ENERGY GROUP, INC.

Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

For the three months ended March 31, 2023

	Preferred Stock Series C		Preferred Stock Series E		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	(Accumulated Deficit)	Noncontrolling Interest	Total Stockholders' Equity
	Number	Amount	Number	Amount	Number	Amount					
Balances at December 31, 2022	28,092	\$ 28	475	\$ 5	114,780,967	\$114,781	\$127,687,341	\$ (425,677)	\$ (122,187,673)	\$ 10,176,510	\$ 15,365,315
Foreign currency translation adjustment								62,546			62,546
Net loss									(1,552,099)	(80,228)	(1,632,327)
Balances at March 31, 2023	<u>28,092</u>	<u>\$ 28</u>	<u>475</u>	<u>\$ 5</u>	<u>114,780,967</u>	<u>\$114,781</u>	<u>\$127,687,341</u>	<u>\$ (363,131)</u>	<u>\$ (123,739,772)</u>	<u>\$ 10,096,282</u>	<u>\$ 13,795,534</u>

For the three months ended March 31, 2022

	Preferred Stock Series C		Preferred Stock Series E		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	(Accumulated Deficit)	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balances at December 31, 2021	28,092	\$ 28	-	\$ -	111,030,965	\$111,031	\$120,246,224	\$ (177,981)	\$ (106,760,344)	\$ 4,609,271	\$ 18,028,229
Rounding difference	-	-	-	-	2	-	-	-	-	-	-
Shares issued in acquisition of membership interests of Viking Ozone LLC	-	-	-	-	3,333,333	3,333	1,996,667	-	-	2,420,189	4,420,189
Shares issued in acquisition of membership interests of Viking Sentinel LLC	-	-	-	-	416,667	417	232,917	-	-	224,184	457,518
Shares issued in acquisition of membership interests of Viking Protection LLC	-	-	475	5	-	-	4,433,329	-	-	4,686,542	9,119,876
Foreign currency translation adjustment	-	-	-	-	-	-	-	200,177	-	-	200,177
Net loss	-	-	-	-	-	-	-	-	(3,282,559)	(360,505)	(3,643,064)
Balances at March 31, 2022	<u>28,092</u>	<u>\$ 28</u>	<u>475</u>	<u>\$ 5</u>	<u>114,780,967</u>	<u>\$114,781</u>	<u>\$126,909,137</u>	<u>\$ 22,196</u>	<u>\$ (110,042,903)</u>	<u>\$ 11,579,681</u>	<u>\$ 28,582,925</u>

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

Note 1 Relationship with and Ownership by Camber Energy, Inc.

On December 23, 2020, Camber Energy, Inc. (“Camber”) acquired a 51% interest in Viking Energy Group, Inc. (“Viking” or the “Company”). On January 8, 2021 and July 29, 2021, Camber acquired additional interests in the Company resulting in Camber owning approximately 62% of the outstanding common shares of the Company after the January transaction and approximately 73% of the outstanding common shares of the Company after the July transaction. As a result of subsequent issuances of the Company’s common shares, Camber’s ownership interest is approximately 61% as of September 30, 2022. The December 2020, January 2021 and July 2021 transactions, along with a new merger agreement executed by Viking and Camber in February 2021, and amended on April 28, 2023, are described further below.

December 23, 2020 Transaction

On December 23, 2020, the Company entered into a Securities Purchase Agreement with Camber, pursuant to which Camber acquired (“Camber’s Acquisition”) 26,274,510 shares of Viking common stock (“Camber’s Viking Shares”), constituting 51% of the common stock of Viking, in consideration of (i) Camber’s payment of \$10,900,000 to Viking (the “Cash Purchase Price”), and (ii) cancellation of \$9,200,000 in promissory notes issued by Viking to Camber (“Camber’s Viking Notes”). Pursuant to the Securities Purchase Agreement, if at any time between December 23, 2020 and July 2, 2022 Viking issued shares of its common stock to one or more persons such that Camber’s percentage ownership of Viking’s common stock is less than 51%, Viking was obligated to issue additional shares to Camber to ensure that Camber owns at least 51% of the common stock of Viking (the “Adjustment Entitlement”). The Adjustment Entitlement expired on July 1, 2022.

On December 23, 2020, Viking and Camber closed on the Camber Acquisition, with Camber paying the Cash Purchase Price to Viking and cancelling Camber’s Viking Notes, and Viking issuing Camber’s Viking Shares. At the closing, James Doris and Frank Barker, Jr., Viking’s CEO and CFO, were appointed the CEO and CFO of Camber, and Mr. Doris was appointed a member of the Board of Directors of Camber.

January 8, 2021 Transactions

On January 8, 2021, the Company entered into another purchase agreement with Camber pursuant to which Camber agreed to acquire an additional 6,153,846 shares of Company common stock (the “Shares”) in consideration of (i) Camber issuing 1,890 shares of Camber’s Series C Redeemable Convertible Preferred Stock to EMC Capital Partners, LLC (“EMC”), one of the Company’s lenders which held a secured promissory note issued by the Company to EMC in the original principal amount of \$20,869,218 in connection with the purchase of oil and gas assets on or about February 3, 2020 (the “EMC Note”); and (ii) EMC considering the EMC Note paid in full and cancelled pursuant to the Cancellation Agreement described below. The fair value of the 1,890 shares of Camber’s Series C Redeemable Convertible Preferred Stock was determined to be \$19,622,000 at the date of the transaction; as a result, the Company recognized a loss on debt settlement in the amount of \$26,531.

Simultaneously, on January 8, 2021, the Company entered into a Cancellation Agreement with EMC (the “Cancellation Agreement”) pursuant to which the Company agreed to pay \$325,000 to EMC, and EMC agreed to cancel and terminate in the EMC Note and all other liabilities, claims, amounts owing and other obligations under the Note. At the same time, Camber entered into a purchase agreement with EMC pursuant to which (i) Camber agreed to issue 1,890 shares of Camber’s Series C Redeemable Convertible Preferred Stock to EMC, and (ii) EMC agreed to enter into the Cancellation Agreement with the Company to cancel the EMC Note.

Merger Agreement with Camber

On February 15, 2021, the Company entered into an Agreement and Plan of Merger with Camber, which was amended on April 18, 2023 (as amended, the “Merger Agreement”). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, a newly formed wholly owned subsidiary of Camber (“Merger Sub”) will merge with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly owned subsidiary of Camber.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share: (i) of common stock, par value \$0.001 per share, of the Company (the “Viking Common Stock”) issued and outstanding immediately prior to the Effective Time, other than shares owned by Camber, the Company and Merger Sub, will be converted into the right to receive one share of common stock of Camber (the “Camber Common Stock”); (ii) of Series C Convertible Preferred Stock of the Company (the “Viking Series C Preferred Stock”) issued and outstanding immediately prior to the Effective Time will be converted into the right to receive one share of Series A Convertible Preferred Stock of Camber (the “Camber Series A Preferred Stock”), and (iii) of Series E Convertible Preferred Stock of the Company (the “Viking Series E Preferred Stock,” and, together with the Viking Series C Preferred Stock, the “Viking Preferred Stock”) issued and outstanding immediately prior to the Effective Time will be converted into the right to receive one share of Series H Preferred Stock of Camber (the “Camber Series H Preferred Stock,” and, together with the Camber Series A Preferred Stock, the “New Camber Preferred Stock”).

Each share of Camber Series A Preferred Stock will be convertible into 890 shares of Camber Common Stock (subject to a beneficial ownership limitation preventing conversion into Camber Common Stock if the holder would be deemed to beneficially own more than 9.99% of Camber’s Common Stock), will be treated equally with Camber’s Common Stock with respect to dividends and liquidation, and will only have voting rights with respect to voting: (a) on a proposal to increase or reduce Camber’s share capital; (b) on a resolution to approve the terms of a buy-back agreement; (c) on a proposal to wind up Camber; (d) on a proposal for the disposal of all or substantially all of Camber’s property, business and undertaking; (f) during the winding-up of Camber; and/or (g) with respect to a proposed merger or consolidation in which Camber is a party or a subsidiary of Camber is a party.

Each share of Camber Series H Preferred Stock will have a face value of \$10,000 per share, will be convertible into a certain number of shares of Camber Common Stock, with the conversion ratio based upon achievement of certain milestones by Viking’s subsidiary, Viking Protection Systems, LLC (provided the holder has not elected to receive the applicable portion of the purchase price in cash pursuant to that certain Purchase Agreement, dated as of February 9, 2022, by and between Viking and Jemma Holdings, LLC), will be subject to a beneficial ownership limitation of 4.99% of Camber Common Stock (but may be increased up to a maximum of 9.99% at the sole election of a holder by the provision of at least 61 days’ advance written notice) and will have voting rights equal to one vote per share of Camber Series H Preferred Stock held on a non-cumulative basis.

Holders of Viking common stock and Viking Preferred Stock will have any fractional shares of Camber Common Stock or New Camber Preferred Stock after the Merger rounded up to the nearest whole share.

At the Effective Time, each then outstanding option or warrant to purchase Viking Common Stock (a “Viking Option”) will, to the extent unvested, automatically become fully vested and will be converted automatically into an option or warrant (an “Adjusted Option”) to purchase, on substantially the same terms and conditions as were applicable to such Viking Option immediately prior to the effective time of the Merger, except that (i) instead of being exercisable into Viking Common Stock, such Adjusted Option will be exercisable into Camber Common Stock, and (ii) all references to the “Company” in the Viking Option agreements will be references to Camber in the Adjusted Option agreements.

At the Effective Time, each promissory note issued by Viking that is convertible into Viking Common Stock (a “Viking Convertible Note”) that, as of immediately prior to the effective time of the Merger, is outstanding and unconverted shall be converted into a promissory note convertible into Camber Common Stock (an “Adjusted Convertible Note”) having substantially the same terms and conditions as applied to the corresponding Viking Convertible Note as of immediately prior to the effective time of the Merger (including, for the avoidance of doubt, any extended post-termination conversion period that applies following consummation of the Merger), except that (i) instead of being convertible into Viking Common Stock, such Adjusted Convertible Note will be convertible into Camber Common Stock, and (ii) all references to the “Company” in the Viking Convertible Note agreements will be references to Camber in the Adjusted Convertible Note agreements.

[Table of Contents](#)

The Merger Agreement provides, among other things, that effective as of the Effective Time, James A. Doris, the current Chief Executive Officer of both the Company and Camber, shall serve as President and Chief Executive Officer of the combined company following the Effective Time. The Merger Agreement provides that, as of the Effective Time, the combined company will have its headquarters in Houston, Texas.

The Merger Agreement also provides that, during the period from the date of the Merger Agreement until the Effective Time, each of Camber and Viking will be subject to certain restrictions on its ability to solicit alternative acquisition proposals from third parties, to provide non-public information to third parties and to engage in discussions with third parties regarding alternative acquisition proposals, subject to customary exceptions. Viking is required to hold a meeting of its stockholders to vote upon the adoption of the Merger Agreement and, subject to certain exceptions, to recommend that its stockholders vote to adopt the Merger Agreement. Camber is required to hold a meeting of its stockholders to approve the issuance of Camber Common Stock and New Camber Preferred Stock (including the shares of Camber Common Stock issuable upon conversion thereof) in connection with the Merger (the “Share Issuances”) and an increase in the number of authorized Camber Common Stock (if not approved in connection with Camber’s special meeting of the stockholders scheduled to be held on April 26, 2023) (the “Increase in Authorized Share Capital”) and, subject to certain exceptions, to recommend that its stockholders approve such proposals.

The completion of the Merger is subject to customary conditions, including (i) adoption of the Merger Agreement by Viking’s stockholders and approval of the Share Issuances and Increase in Authorized Share Capital by Camber’s stockholders, (ii) receipt of required regulatory approvals, (iii) effectiveness of a registration statement on Form S-4 for the Camber common stock to be issued in the Merger (the “Form S-4”), and (iv) the absence of any law, order, injunction, decree or other legal restraint preventing the completion of the Merger or making the completion of the Merger illegal. Each party’s obligation to complete the Merger is also subject to certain additional customary conditions, including (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) subject to certain exceptions, performance by the other party of its obligations under the Merger Agreement and (iii) the absence of any material adverse effect on the other party, as defined in the Merger Agreement.

Additional closing conditions to the Merger include: (i) receipt of fairness opinions from financial advisors of both Camber and Viking that the Merger is fair from a financial point of view to the holders of each company’s common stock, (ii) confirmation from Camber that it is not in default of its outstanding agreements with a certain preferred equity holder and lender, (iii) written agreement from Camber’s warrant holders regarding the number and exercise price of Camber’s outstanding warrants and that the Merger will not trigger any price adjustments in certain outstanding warrant agreements, and (iv) that, in the event the NYSE American determines that the Merger constitutes, or will constitute, a “back-door listing”/“reverse merger”, Camber (and its common stock) is required to qualify for initial listing on the NYSE American, pursuant to the applicable guidance and requirements of the NYSE as of the Effective Time.

The Merger Agreement can be terminated (i) at any time with the mutual consent of the parties; (ii) by either Camber or Viking if any governmental consent or approval required for closing is not obtained, or any governmental entity issues a final non-appealable order or similar decree preventing the Merger; (iii) by either Company or Camber if the Merger shall not have been consummated on or before September 30, 2023; (iv) by Camber or Viking, upon the breach by the other of a term of the Merger, which is not cured within 30 days of the date of written notice thereof by the other; (v) by Camber if Viking is unable to obtain the affirmative vote of its stockholders for approval of the Merger; (vi) by Viking if Camber is unable to obtain the affirmative vote of its stockholders for approval of the Share Issuances and the Increase in Authorized Share Capital; and (vii) by Viking or Camber if there is a willful breach of the Merger Agreement by the other party thereto. The Merger Agreement contains customary indemnification obligations of the parties and representations and warranties.

July 29, 2021 Equity Transaction by Camber in Viking:

On July 29, 2021, the Company entered into a Securities Purchase Agreement with Camber, pursuant to which Camber acquired an additional 27,500,000 shares of Viking common stock for an aggregate purchase price of \$11,000,000. As a result, Camber’s ownership increased as of such date to approximately 73% of the issued and outstanding shares of Viking common stock.

Loan Transactions at Camber (Guaranteed by Viking):

Camber executed and delivered the following promissory notes (each a “Note” and collectively, the “Notes”) in favor of Discover Growth Fund, LLC:

- a. Promissory Note dated December 11, 2020 in the principal amount of \$6,000,000;
- b. Promissory Note dated December 18, 2020 in the principal amount of \$2,000,000;
- c. Promissory Note dated April 23, 2021 in the principal amount of \$2,500,000; and
- d. Promissory Note dated December 31, 2021 in the principal amount of \$6,315,789.

The Notes have the following terms: (i) Maturity Date of January 1, 2027; (ii) interest rate equal to the WSJ Prime Rate, per annum, payable at Maturity, except if Camber is noted in default in which case, at the option of the lender, the principal and interest are due immediately and the interest rate increases to the maximum rate allowed under the laws of Texas; and (iii) all or a portion of the amount owing under the Notes may, at the lender’s option, be converted into shares of common stock of Camber at price of \$ 1.50 per share.

Camber granted Discover a first-priority security interest in Camber’s Viking Shares and Camber’s other assets pursuant to various pledge agreements and general security agreements, respectively. Viking entered into Guaranty Agreements, guaranteeing repayment of the Notes (see Note 3). Viking also entered into a Security Agreement in favor of Discover granting Discover a first-priority security interest in any assets purchased by Viking with funds advanced to Viking by Camber that were loaned by Discover.

Camber’s Series C Preferred Share Designation

The Certificate of Designation(s) (the “COD”) regarding Camber’s Series C Convertible Preferred Shares requires, among other things, Camber to timely file with the Securities and Exchange Commission all reports required to pursuant to the Exchange Act. Any breach under the COD is also a default under the Notes. Camber is currently in compliance with the requirements under the COD.

Note 2 Company Overview and Operations

Viking Energy Group, Inc. (“Viking”, the “Company”, “we”, “us” or “our”) is a growth-oriented diversified energy company. Through various majority-owned subsidiaries, Viking provides custom energy and power solutions to commercial and industrial clients in North America and owns interests in producing oil assets in Kansas. The Company also (i) holds an exclusive license in Canada to a patented carbon-capture system; and (ii) owns a majority interest in (a) an entity with intellectual property rights to a fully developed, patented, proprietary medical & biohazard waste treatment system using ozone technology; and (b) entities with intellectual property rights to fully developed, patent pending, proprietary electric transmission and open conductor detection systems. The Company is also exploring other renewable energy-related opportunities and/or technologies, which are currently generating revenue, or have a reasonable prospect of generating revenue within a reasonable period of time.

Custom Energy & Power Solutions:

Simson-Maxwell Acquisition

On August 6, 2021, the Company acquired approximately 60.5% of the issued and outstanding shares of Simson-Maxwell Ltd. (“Simson-Maxwell”), a Canadian federal corporation, for \$7,958,159 in cash. Simson-Maxwell manufactures and supplies power generation products, services and custom energy solutions. Simson-Maxwell provides commercial and industrial clients with efficient, flexible, environmentally responsible and clean-tech energy systems involving a wide variety of products, including CHP (combined heat and power), tier 4 final diesel and natural gas industrial engines, solar, wind and storage. Simson-Maxwell also designs and assembles a complete line of electrical control equipment including switch gear, synchronization and paralleling gear, distribution, Bi-Fuel and complete power generation production controls. Operating for over 80 years, Simson-Maxwell’s seven branches assist with servicing a large number of existing maintenance arrangements and meeting the energy and power-solution demands of the company’s other customers.

Clean Energy and Carbon-Capture System:

In August 2021, the Company entered into a license agreement with ESG Clean Energy, LLC (“ESG”), to utilize ESG’s patent rights and know-how related to stationary electric power generation and heat and carbon dioxide capture (the “ESG Clean Energy System”). The intellectual property licensed by Viking includes certain patents and/or patent applications, including: (i) U.S. Patent No.: 10,774,733, File date: October 24, 2018, Issue date: September 15, 2020, Titled: “Bottoming Cycle Power System”; (ii) European Patent Application No.: EP18870699.8, International File date: October 24, 2018, Titled: “Bottoming Cycle Power System”; (iii) U.S. Patent Application No.: 17/224,200, File date: April 7, 2021, Titled: “Bottoming Cycle Power System” (which was subsequently approved by the U.S. Patent & Trademark Office in March, 2022 (No. 11,286,832); (iv) U.S. Patent Application No.: 17/358,197, File date: June 25, 2021, Titled: “Bottoming Cycle Power System”; (v) U.S. Patent Application No.: 17/448,943, File date: September 27, 2021, Titled: “Systems and Methods Associated With Bottoming Cycle Power Systems for Generating Power and Capturing Carbon Dioxide”; and (vi) U.S. Patent Application No.: 17/448,938, File date: September 27, 2021, Titled: “Systems and Methods Associated With Bottoming Cycle Power Systems for Generating Power, Capturing Carbon Dioxide and Producing Products.

The ESG Clean Energy System is designed to, among other things, generate clean electricity from internal combustion engines and utilize waste heat to capture approximately 100% of the carbon dioxide (CO₂) emitted from the engine without loss of efficiency, and in a manner to facilitate the production of certain commodities. Patent No. 11,286,832, for example, covers the invention of an “exhaust-gas-to-exhaust-gas heat exchanger” that efficiently cools - and then reheats - exhaust from a primary power generator so greater energy output can be achieved by a secondary power source with safe ventilation. Another key aspect of this patent is the development of a carbon dioxide capture system that utilizes the waste heat of the carbon dioxide pump to heat and regenerate the adsorber that enables carbon dioxide to be safely contained and packaged.

The Company intends to sell, lease and/or sub-license the ESG Clean Energy System to third parties using, among other things, Simson-Maxwell’s existing distribution channels. The Company may also utilize the ESG Clean Energy System for its own account, whether in connection with its petroleum operations, Simson-Maxwell’s power generation operations, or otherwise.

Medical Waste Disposal System Using Ozone Technology:

In January 2022, the Company acquired a 51% interest in Viking Ozone Technology, LLC (“Viking Ozone”), which owns the intellectual property rights to a patented (i.e., US Utility Patent No. 11,565,289), proprietary medical and biohazard waste treatment system using ozone technology. Simson-Maxwell has been designated the exclusive worldwide manufacturer and vendor of this system. The technology is designed to be a sustainable alternative to incineration, chemical, autoclave and heat treatment of bio-hazardous waste, and for the treated waste to be classified as renewable fuel for waste-to-energy (“WTE”) facilities in many locations around the world.

Open Conductor Detection Technologies:

In February 2022, the Company acquired a 51% interest in two entities, Viking Sentinel Technology, LLC (“Viking Sentinel”) and Viking Protection Systems, LLC (“Viking Protection”), that own the intellectual property rights to patent pending (i.e., US Applications 16/974,086, 17/672,422 and 17/693,504), proprietary electric transmission and distribution open conductor detection systems. The systems are designed to detect a break in a transmission line, distribution line, or coupling failure, and to immediately terminate the power to the line before it reaches the ground. The technology is intended to increase public safety and reduce the risk of causing an incendiary event, and to be an integral component within grid hardening and stability initiatives by electric utilities to improve the resiliency and reliability of existing infrastructure.

[Table of Contents](#)

Oil & Gas Properties

Existing Assets:

The Company, through its wholly owned subsidiaries, Mid-Con Petroleum, LLC and Mid-Con Drilling, LLC (collectively, the “Mid-Con Entities”), owns working interests in oil fields in Kansas, which include a combination of producing wells, non-producing wells and water injection wells.

Divestitures in 2022:

On July 8, 2022, four of the wholly owned subsidiaries of Petrodome, a wholly owned subsidiary of Viking, entered into Purchase and Sale Agreements to sell all of their interests in the oil and gas assets owned by those Petrodome subsidiaries, including in the aggregate, interests in 8 producing wells, 8 shut-in wells, 2 salt water disposal wells and 1 inactive well, to third parties for \$3,590,000 in cash. The proceeds from the sale were used to fully repay Petrodome’s indebtedness to CrossFirst Bank under the June 13, 2018 revolving line of credit loan.

This transaction resulted in the disposition of most of the Company’s total oil and gas reserves (see Note 6). The Company recorded a loss on the transaction in the amount of \$8,961,705, as follows:

Proceeds from sale	\$ 3,590,000
Reduction in oil & gas full cost pool (based on % of reserves disposed)	(12,791,680)
ARO recovered	239,975
Loss on disposal	<u>\$ (8,961,705)</u>

Additionally, in July 2022, the Company received an unanticipated refund of a \$1,200,000 performance bond as a result of Petrodome ceasing to operate certain assets in the State of Louisiana. The gain from this refund was included in the “loss from the sale of oil and gas properties and fixed assets” in the Consolidated Statement of Operations.

Note 3 Going Concern

The Company’s consolidated financial statements included herein have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company generated a net loss of \$(1,632,327) for the three months ended March 31, 2023, as compared to a net loss of \$(3,643,064) for the three months ended March 31, 2022. The loss for the three months ended March 31, 2023, was comprised of, among other things, certain non-cash items, including: (i) change in fair value of derivatives of \$534,607; (ii) loss on extinguishment of debt of \$154,763; (iii) depreciation, depletion and amortization of \$231,148; (iv) accretion of asset retirement obligation of \$31,382, and; (v) amortization of debt discount of \$53,732.

As of March 31, 2023, the Company has a stockholders’ equity of \$13,795,534, long-term debt of \$421,571 and a working capital deficiency of \$9,318,767. The largest components of current liabilities creating this working capital deficiency is a \$6,077,300 million non-interest-bearing loan from Camber Energy, Inc. with no stipulated repayment terms, and drawings against the bank credit facility of \$3,429,485.

As further described in Note 1, Viking has guaranteed Camber Energy’s indebtedness to Discover, as well as entered into a Security Agreement in favor of Discover granting Discover a first-priority security interest in any assets purchased by Viking with funds advanced to Viking by Camber that were loaned by Discover. In the event of a default by Camber, Viking may be called upon to honor its obligations under the Guaranty and Security Agreements executed by Viking in favor of Discover. The Company believes that the likelihood that it will be required to perform under the guarantee to be remote and has not recognized a liability associated with any performance obligations of the guarantor.

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 may be able to continue to develop new opportunities and may be able to obtain additional funds through debt and / or equity financings to facilitate its business 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 4 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 ("U.S. GAAP") and the interim reporting rules of the Securities and Exchange Commission ("SEC") and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Viking's latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments (unless otherwise indicated), necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

b) Basis of Consolidation

The consolidated financial statements presented herein reflect the consolidated financial results of the Company, its wholly owned subsidiaries (Mid-Con Petroleum, LLC, Mid-Con Drilling, LLC, Mid-Con Development, LLC, and Petrodome Energy, LLC.), and Simson-Maxwell (a majority owned subsidiary).

In January 2022, the Company acquired a 51% ownership interest in Viking Ozone, and in February 2022, the Company acquired a 51% ownership interest in both Viking Sentinel and Viking Protection. These entities were formed to facilitate the monetization of acquired intellectual properties (see Note 7). These entities are variable interest entities in which the Company owns a controlling financial interest; consequently, these entities are also consolidated.

All significant intercompany transactions and balances have been eliminated.

c) Foreign Currency

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations and cash flows of businesses conducted in foreign currency are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of stockholders' equity in accumulated other comprehensive income (loss). Gains and losses from foreign currency transactions have been insignificant.

d) Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with U.S. 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, goodwill, fair value of commodity derivatives, stock-based compensation, asset retirement obligations, and the determination of expected tax rates for future income tax recoveries.

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

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. Accounts at banks in the United States are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000, while accounts at banks in Canada are insured by the Canada Deposit Insurance Corporation (“CDIC”) up to CAD \$100,000. The Company’s cash balances may at times exceed the FDIC or CDIC insured limits.

f) Accounts Receivable

Accounts receivable for the Company’s oil and gas operations consist of purchaser receivables and joint interest billing receivables. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. During the three months ended March 31, 2022, the Company determined that the collectability of certain accounts receivable balances associated with the disposals of Ichor, and Elysium were not collectable and a reserve of \$1,800,000 was recorded. These amounts were written off during the year ended December 31, 2022. At March 31, 2023 and December 31, 2022, the Company has not recorded an allowance for doubtful accounts related to oil and gas.

The Company extends credit to its power generation customers in the normal course of business. The Company performs ongoing credit evaluations and generally does not require collateral. Payment terms are generally 30 days. The Company carries its trade accounts receivable at invoice amount less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based upon management’s estimates that include a review of the history of past write-offs and collections and an analysis of current credit conditions. At March 31, 2023 and December 31, 2022, the Company had a reserve for doubtful accounts on power generation accounts receivable of \$19,412. The Company does not accrue interest on past due accounts receivable.

g) Inventory

Inventories are stated at the lower of cost or net realizable value, and consist of parts, equipment and work in process. Work-in-process and finished goods included the cost of materials, direct labor and overhead. At the closing of each reporting period, the Company evaluates its inventory in order to adjust the inventory balance for obsolete and slow-moving items.

Inventory consisted of the following at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Units and work in process	\$ 8,796,600	\$ 8,749,903
Parts	2,883,172	2,791,626
	<u>11,679,772</u>	<u>11,541,529</u>
Reserve for obsolescence	(1,266,106)	(1,264,867)
	<u>\$ 10,413,666</u>	<u>\$ 10,276,662</u>

h) Prepaid Expenses

Prepaid expenses include amounts paid in advance for certain operational expenses, as well as amounts paid through the issuance of restricted shares of stock for future contractual benefits to be received. These advances are amortized over the life of the contract using the straight-line method.

i) 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.

Table of Contents

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.

j) 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 unproved 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.

k) 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.

l) Accounting for Leases

The Company uses the right-of-use ("ROU") model to account for leases where the Company is the lessee, which requires an entity to recognize a lease liability and ROU asset on the lease commencement date. A lease liability is measured equal to the present value of the remaining lease payments over the lease term and is discounted using the incremental borrowing rate, as the rate implicit in the Company's leases is not readily determinable. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow, on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. Lease payments include payments made before the commencement date and any residual value guarantees, if applicable. When determining the lease term, the Company includes option periods that it is reasonably certain to exercise as failure to renew the lease would impose a significant economic detriment.

[Table of Contents](#)

For operating leases, minimum lease payments or receipts, including minimum scheduled rent increases, are recognized as rent expense where the Company is a lessee on a straight-line basis (“Straight-Line Rent”) over the applicable lease terms. The excess of the Straight-Line Rent over the minimum rents paid is included in the ROU asset where the Company is a lessee. Short-term lease cost for operating leases includes rental expense for leases with a term of less than 12 months.

The Company elected the package of practical expedients permitted under the transition guidance for the revised lease standard, which allowed Viking 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. The Company also elected to account for lease and non-lease components in lease agreements as a single lease component in determining lease assets and liabilities. In addition, the Company elected not to recognize the right-of-use assets and liabilities for leases with lease terms of one year or less.

m) Business Combinations

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer lists, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

n) Intangible Assets

Intangible assets include amounts related to the Company’s license agreement with ESG Clean Energy, LLC, and its investments in Viking Ozone, LLC, Viking Protection Systems, LLC and Viking Sentinel, LLC. Additionally, as part of the acquisition of Simson-Maxwell, the Company identified intangible assets consisting of Simson-Maxwell’s customer relationships and its brand. These intangible assets are described in detail in Note 7.

The intangible assets related to the ESG Clean Energy license and the Simson-Maxwell customer relationships are being amortized on a straight-line basis over 16 years (the remaining life of the related patents) and 10 years, respectively. The other intangible assets are not amortized.

The Company reviews these intangible assets, at least annually, for possible impairment when events or changes in circumstances that the assets carrying amount may not be recoverable. In evaluating the future benefit of its intangible assets, the Company estimates the anticipated undiscounted future net cash flows of the intangible assets over the remaining estimated useful life. If the carrying amount is not recoverable, an impairment loss is recorded for the excess of the carrying value of the asset over its fair value.

o) 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 March 31, 2023 and 2022, there were approximately 26,164,368 and 15,499,390 respectively, common stock equivalents that were omitted from the calculation of diluted income per share as they were anti-dilutive.

p) Revenue Recognition

Oil and Gas Revenues

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.

The following table disaggregates the Company's oil and gas revenue by source for the three months ended March 31, 2023 and 2022:

	Three Months Ended	
	March 31,	
	2023	2022
Oil	\$ 182,120	\$ 740,281
Natural gas and natural gas liquids	-	438,152
Well operations	63,077	500,384
	<u>\$ 245,197</u>	<u>\$ 1,678,817</u>

Power Generation Revenues

Through its 60.5% ownership in Simson-Maxwell, the Company manufactures and sells power generation products, services and custom energy solutions. Simson-Maxwell provides commercial and industrial clients with emergency power generation capabilities. Simson Maxwell's derives its revenues as follows:

1. Sale of power generation units Simson-Maxwell manufactures and assembles power generation solutions. The solutions may consist of one or more units and are generally customized for each customer. Contracts are required to be executed for each customized solution. The contracts generally require customers to submit non-refundable progress payments for measurable milestones delineated in the contract. The Company considers the completed unit or units to be a single performance obligation for purposes of revenue recognition and recognizes revenue when control of the product is transferred to the customer, which typically occurs upon shipment or delivery to the customer. Sales, use, value add and other similar taxes assessed by governmental authorities and collected concurrent with revenue-producing activities are excluded from revenue. Progress payments are recognized as contract liabilities until the completed unit is delivered. Revenue is measured as the amount of consideration the Company expects to be entitled in exchange for the transfer of the units, which is generally the price stated in the contract. The Company does not allow returns because of the customized nature of the units and does not offer discounts, rebates, or other promotional incentives or allowances to customers. Simson-Maxwell has elected to recognize the cost for freight activities when control of the product has transferred to the customer as an expense within cost of goods.

At the request of certain customers, the Company will warehouse inventory billed to the customer but not delivered. Unless all revenue recognition criteria have been met, the Company does not recognize revenue on these transactions until the customer takes possession of the product.

2. **Parts Revenue**- Simpson Maxwell sells spare parts and replacement parts to its customers. Simson-Maxwell is an authorized parts distributor for a number of national and international power generation manufacturers. The Company considers the purchase orders for parts, which in some cases are governed by master sales agreements, to be the contracts with the customers. For each contract, the Company considers the commitment to transfer products, each of which is distinct, to be the identified performance obligations. Revenue is measured as the amount of consideration the Company expects to be entitled in exchange for the transfer of product, which is generally the price stated in the contract specific for each item sold, adjusted for the value of expected returns. Sales, use, value add and other similar taxes assessed by governmental authorities and collected concurrent with revenue-producing activities are excluded from revenue. Simson-Maxwell has elected to recognize the cost for freight activities when control of the product has transferred to the customer as an expense within cost of goods sold in the consolidated statements of comprehensive income. Parts revenues are recognized at the point in time when control of the product is transferred to the customer, which typically occurs upon shipment or delivery to the customer.
3. **Service and repairs**- Simson-Maxwell offers service and repair of various types of power generation systems. Service and repairs are generally performed on customer owned equipment and billed based on labor hours incurred. Each repair is considered a performance obligation. As a result of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Simson-Maxwell generally uses the cost-to-cost measure of progress for its service work because the customer controls the asset as it is being serviced. Most service and repairs are completed within one or two days.

The following table disaggregates Simson-Maxwell's revenue by source for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Power generation units	\$ 1,150,343	\$ 972,093
Parts	1,307,952	1,165,508
Total units and parts	2,458,295	2,137,601
Service and repairs	4,540,697	2,103,699
	<u>\$ 6,998,992</u>	<u>\$ 4,241,300</u>

q) 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.

r) 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 three months ended March 31, 2023:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Warrants Outstanding – December 31, 2022	9,259,261	0.62	4.03 years	-
Granted	-			-
Exercised	-			-
Forfeited/expired/cancelled	-			-
Warrants Outstanding – March 31, 2023	<u>9,259,261</u>	<u>\$ 0.62</u>	<u>3.79 years</u>	<u>\$ -</u>
Outstanding Exercisable – March 31, 2023	<u>9,259,261</u>	<u>\$ 0.62</u>	<u>3.79 years</u>	<u>\$ -</u>

s) Impairment of Long-lived Assets

The Company, at least annually, 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 three months ended March 31, 2023 and 2022.

t) Accounting for Asset Retirement Obligations

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

[Table of Contents](#)

The following table describes the changes in the Company's asset retirement obligations for the three months ended March 31, 2023 and 2022:

	Three Months Ended	
	March 31,	
	2023	2022
Asset retirement obligation – beginning	\$ 1,927,196	\$ 2,111,650
Accretion expense	31,382	35,066
Asset retirement obligation – ending	<u>\$ 1,958,578</u>	<u>\$ 2,146,716</u>

u) Derivative Liability

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

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

The Company has adopted a sequencing approach to allocating its authorized and unissued shares when the number of such shares is insufficient to satisfy all convertible instruments or option type contracts that may be settled in shares. Specifically, the Company allocates its authorized and unissued shares based on the inception date of each instrument, with shares allocated first to those instruments with the earliest inception dates. Instruments with later inception dates for which no shares remain to be allocated are reclassified to asset or liability.

v) Undistributed Revenues and Royalties

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

w) Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk as a result of any non-performance by the financial institutions.

The Company uses procedures including credit approvals, credit limits and terms to manage its credit exposure. Additionally, the Company regularly issues progress billings on longer-term orders to mitigate both credit risk and overall working capital requirements.

x) Subsequent events

The Company has evaluated all subsequent events from March 31, 2023 through the date of filing of this report.

Note 5. Oil and Gas Properties

The following table summarizes the Company's oil and gas activities by classification and geographical cost center for the three months ended March 31, 2023:

	<u>December 31,</u> <u>2022</u>	<u>Adjustments</u>	<u>Impairments</u>	<u>March 31,</u> <u>2023</u>
Proved developed producing oil and gas properties				
United States cost center	\$ 3,872,488	\$ -	\$ -	\$ 3,872,488
Accumulated depreciation, depletion and amortization	(2,803,375)	(50,990)	-	(2,854,365)
Proved developed producing oil and gas properties, net	<u>\$ 1,069,113</u>	<u>\$ (50,990)</u>	<u>\$ -</u>	<u>\$ 1,018,123</u>
Undeveloped and non-producing oil and gas properties				
United States cost center	785,302	-	-	785,302
Accumulated depreciation, depletion and amortization	(568,497)	(10,340)	-	(578,837)
Undeveloped and non-producing oil and gas properties, net	<u>\$ 216,805</u>	<u>\$ (10,340)</u>	<u>\$ -</u>	<u>\$ 206,465</u>
Total Oil and Gas Properties, Net	<u>\$ 1,285,918</u>	<u>\$ (61,330)</u>	<u>\$ -</u>	<u>\$ 1,224,588</u>

Note 6. Intangible Assets*ESG Clean Energy License*

The Company's intangible assets include costs associated with securing in August 2021 an Exclusive Intellectual Property License Agreement with ESG, pursuant to which the Company received (i) an exclusive license to ESG's patent rights and know-how related to stationary electric power generation (not in connection with vehicles), including methods to utilize heat and capture carbon dioxide in Canada, and (ii) a non-exclusive license to the intellectual property in up to 25 sites in the United States that are operated by the Company or its affiliates.

In consideration of the licenses, the Company paid an up-front royalty of \$1,500,000 and the Company is obligated to make additional royalty payments as follows: (i) an additional \$1,500,000 on or before January 31, 2022, which may be paid in whole or in part in the form of Viking's common stock based on the price of Viking's common stock on August 18, 2021, at ESG's election; (ii) an additional \$2,000,000 on or before April 20, 2022, which may be paid in whole or in part in the form of Viking's common stock based on the price of Viking's common stock on August 18, 2021, at ESG's election; and (iii) continuing royalties of not more than 15% of the net revenues of Viking generated using the intellectual property, with the continuing royalty percentage to be jointly determined by the parties collaboratively based on the parties' development of realistic cashflow models resulting from initial projects utilizing the intellectual property, and with the parties utilizing mediation if they cannot jointly agree to the continuing royalty percentage.

With respect to the payments noted in (i) and (ii) above, totaling \$3,500,000, on or about November 22, 2021, the Company paid \$500,000 to or on behalf of ESG and ESG elected to accept \$2,750,000 in shares of Viking's common stock at the applicable conversion price, resulting in 6,942,691 shares, leaving a balance owing by Viking of \$250,000 which was paid by Viking in January 2022.

[Table of Contents](#)

Viking's exclusivity with respect to Canada shall terminate if minimum continuing royalty payments to ESG are not at least equal to the following minimum payments based on the date that ESG first begins capturing carbon dioxide and selling for commercial purposes one or more commodities from a system installed and operated by ESG using the Intellectual Property (the "Trigger Date"):

Years from the Trigger Date:	Minimum Payments For Year Ended
Year two	\$ 500,000
Year three	750,000
Year four	1,250,000
Year five	1,750,000
Year six	2,250,000
Year seven	2,750,000
Year eight	3,250,000
Year nine and after	3,250,000

The Company's management believes that the Trigger Date could occur as early as the third quarter of 2023 but there is no assurance that it will occur at that or any time.

If the continuing royalty percentage is adjusted jointly by the parties downward from the maximum of 15%, then the minimum continuing royalty payments for any given year from the Trigger Date shall also be adjusted downward proportionally.

The Company recognized amortization expense of \$76,116 for the three months ended March 31, 2023. The estimated future amortization expense for each of the next five years is \$304,465 per year.

The ESG intangible asset consisted of the following at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
ESG Clean Energy License	\$ 5,000,000	\$ 5,000,000
Accumulated amortization	(498,985)	(422,869)
	<u>\$ 4,501,015</u>	<u>\$ 4,577,131</u>

Other intangibles – Simson-Maxwell – Customer Relationships and Brand

The Company allocated a portion of the purchase price of Simson-Maxwell to Customer Relationships with a fair value of \$1,677,453 and an estimated useful life of 10 years, and the Simson-Maxwell Brand with a fair value of \$2,230,673 and an indefinite useful life.

The Company recognized amortization expense for the Customer Relationship intangible of \$41,361 for the three months ended March 31, 2022. The estimated future amortization expense for each of the next five years is \$167,745 per year.

The Company periodically reviews the fair value of the Customer Relationships and Brand to determine if an impairment charge should be recognized. The Company did not record any impairment for the three-month period ended March 31, 2023. For the year ended December 31, 2022 the Company recorded an impairment charge of \$83,865 and \$367,907, respectively, related to these assets.

The Other intangibles – Simson-Maxwell consisted of the following at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Simson-Maxwell Brand	\$ 2,230,673	\$ 2,230,673
Customer Relationships	1,677,453	1,677,453
Impairment of intangible assets	(451,772)	(451,772)
Accumulated amortization	(243,115)	(201,754)
	<u>\$ 3,213,239</u>	<u>\$ 3,254,600</u>

Note 7. Intangible Assets - Variable Interest Entity Acquisitions (VIE's)*Medical Waste Disposal System*

Choppy:

On January 18, 2022, Viking entered into a Securities Purchase Agreement to purchase (the "Purchase") 51 units, representing 51% of Viking Ozone, from Choppy Group LLC, a Wyoming limited liability company ("Choppy"), in consideration of the issuance of 8,333,333 shares of Viking common stock to Choppy, 3,333,333 of which shares were issued at closing, 3,333,333 of which shares are to be issued to Choppy after 5 units of the System (as defined below) have been sold, and 1,666,667 of which shares are to be issued to Choppy after 10 units of the System have been sold. Viking Ozone was organized on or about January 14, 2022, for the purpose of developing and distributing a medical and biohazard waste treatment system using ozone technology (the "System"), and on or about January 14, 2022, Choppy was issued all 100 units of Viking Ozone in consideration of Choppy's assignment to Viking Ozone of all of Choppy's intellectual property and intangible assets, including patent rights, know-how, procedures, methodologies, and contract rights in connection with the System, and specifically the invention entitled "Multi-Chamber Medical Waste Ozone-Based Treatment Systems and Methods (Docket No. RAS-101A) and related patent application. On January 18, 2022 Viking acquired 51 units (51%) of Viking Ozone from Choppy with Choppy retaining the remaining 49 units (49%) of Viking Ozone, and Viking issued 3,333,333 shares of Viking common stock to Choppy. Viking and Choppy then entered into an Operating Agreement on January 18, 2022 governing the operation of Viking Ozone. Based on the closing price of the Company's stock on January 18, 2022, the fair value was approximately \$2,000,000. The Company determined the acquisition of a 51% interest in Viking Ozone was the acquisition of and initial consolidation of a VIE that is not a business. The acquisition was recorded as follows:

Purchase Price:

Fair value of stock at closing	\$ 2,000,000
Fair value of contingent consideration	495,868
Total consideration	<u>\$ 2,495,868</u>

Purchase Price Allocation:

Intangible asset - IP	\$ 4,916,057
Non-controlling interest	(2,420,189)
Viking ownership interest	<u>\$ 2,495,868</u>

Open Conductor Detection Technologies

Virga:

On February 9, 2022, Viking entered into a Securities Purchase Agreement to purchase (the "Purchase") 51 units, representing 51% of Viking Sentinel, from Virga Systems LLC, a Wyoming limited liability company ("Virga"), in consideration of the issuance of 416,667 shares of Viking common stock to Virga. Viking Sentinel was formed on or about January 31, 2022, and Virga was issued all 100 units of Viking Sentinel in consideration of Virga's assignment to Viking Sentinel of all of Virga's intellectual property and intangible assets, including patent rights, know-how, procedures, methodologies, and contract rights in connection with an end of line protection with trip signal engaging for distribution system, and related patent application(s). On February 9, 2022 Viking acquired 51 units (51%) of Viking Sentinel from Virga with Virga retaining the remaining 49 units (49%) of Viking Sentinel, and Viking issued 416,667 shares of Viking common stock to Virga. Viking and Virga then entered into an Operating Agreement on February 9, 2022 governing the operation of Viking Sentinel. The Company determined the acquisition of a 51% interest in Viking Sentinel was the acquisition and initial consolidation of a VIE that is not a business. The acquisition was recorded as follows:

Purchase Price:

Fair value of stock at closing	\$ 233,334
Total consideration	<u>\$ 233,334</u>

Purchase Price Allocation:

Intangible asset - IP	\$ 457,518
Non-controlling interest	(224,184)
Viking ownership interest	<u>\$ 233,334</u>

Jedda:

On February 9, 2022, Viking entered into a Securities Purchase Agreement to purchase (the “Purchase”) 51 units (the “Units”), representing 51% of Viking Protection Systems, LLC (“Viking Protection”), from Jedda Holdings LLC (“Jedda”). In consideration for the Units, Viking agreed to issue to Jedda, shares of a new class of Convertible Preferred Stock of Viking with a face value of \$10,000 per share (the “Preferred Shares”), or pay cash to Jedda, if applicable, as follows:

No.	Purchase Price*	When Due	No. of VKIN Pref. Shares	Conversion Price	No. of Underlying VKIN Common Shares	Estimated Revenues if Sales Target Achieved**
1	\$ 250,000	On closing	N/A	\$ 0.60	416,667	N/A
2	\$ 4,750,000	On closing	475	\$ 0.60	7,916,667	N/A
3	\$ 1,000,000	Upon the sale of 10k units	100	\$ 0.75	1,333,333	\$ 50,000,000
4	\$ 2,000,000	Upon the sale of 20k units	200	\$ 1.00	2,000,000	\$ 100,000,000
5	\$ 3,000,000	Upon the sale of 30k units	300	\$ 1.25	2,400,000	\$ 150,000,000
6	\$ 4,000,000	Upon the sale of 50k units	400	\$ 1.50	2,666,667	\$ 250,000,000
7	\$ 6,000,000	Upon the sale of 100k units	600	\$ 2.00	3,000,000	\$ 500,000,000
Total	\$ 21,000,000		2,075	\$ 1.06(avg.)	19,733,334	\$ 500,000,000

* The \$5 million due on closing was payable solely in stock of Viking. All other payments, if the subject sales targets are met, are payable in cash or in shares of convertible preferred stock of Viking, at the seller’s option.

** These are estimates only. There is no guarantee any sales targets will be reached.

Notwithstanding the above, Viking shall not effect any conversion of any Preferred Shares, and Jedda shall not have the right to convert any Preferred Shares, to the extent that after giving effect to the conversion, Jedda (together with Jedda’s affiliates, and any persons acting as a group together with Jedda or any of Jedda’s affiliates) would beneficially own in excess of 4.99% of the number of shares of the Viking Common Stock outstanding immediately after giving effect to the issuance of shares of Viking Common Stock issuable upon conversion of the Preferred Share(s) by Jedda. Jedda, upon not less than 61 days’ prior notice to Viking, may increase or decrease the beneficial ownership limitation, provided that the beneficial ownership limitation in no event exceeds 9.99% of the number of shares of Viking Common Stock outstanding immediately after giving effect to the issuance of shares of Viking Common Stock upon conversion of the Preferred Share(s) held by Jedda and the beneficial ownership limitation provisions of this Section shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to Viking.

[Table of Contents](#)

Viking Protection was formed on or about January 31, 2022, and Jedda was issued all 100 units of Viking Protection in consideration of Jedda's assignment to Viking Protection of all of Jedda's intellectual property and intangible assets, including patent rights, know-how, procedures, methodologies, and contract rights in connection with an electric transmission ground fault prevention trip signal engaging system, and related patent application(s). On February 9, 2022 Viking acquired 51 units (51%) of Viking Protection from Jedda with Jedda retaining the remaining 49 units (49%) of Viking Protection, and Viking issued the 475 Preferred Shares to Jedda. Viking and Jedda then entered into an Operating Agreement on February 9, 2022 governing the operation of Viking Protection. The Company determined the acquisition of a 51% interest in Viking Protection was the acquisition and initial consolidation of a VIE that is not a business. The acquisition was recorded as follows:

Purchase Price:

Fair value of stock at closing	\$ 4,433,334
Fair value of contingent consideration	939,889
Total consideration	<u>\$ 5,373,223</u>

Purchase Price Allocation:

Intangible asset - IP	\$ 10,059,765
Non-controlling interest	(4,686,542)
Viking ownership interest	<u>\$ 5,373,223</u>

The Company consolidates any VIEs in which it holds a variable interest and is the primary beneficiary. Generally, a VIE, is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is generally the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

The Company has determined that it is the primary beneficiary of three VIEs, Viking Ozone, Viking Sentinel and Viking Protection, and consolidates the financial results of these entities, as follows:

	<u>Viking Ozone</u>	<u>Viking Sentinel</u>	<u>Viking Protection</u>	<u>Total</u>
Intangible asset - IP	\$ 4,916,057	\$ 457,518	\$ 10,059,765	\$ 15,433,340
Non-controlling interest	(2,420,189)	(224,184)	(4,686,542)	(7,330,915)
Viking ownership interest	<u>\$ 2,495,868</u>	<u>\$ 233,334</u>	<u>\$ 5,373,223</u>	<u>\$ 8,102,425</u>

Note 8. Related Party Transactions

The Company's CEO and director, James Doris, renders professional services to the Company through AGD Advisory Group, Inc., an affiliate of Mr. Doris's. During the three months ended March 31, 2023 and 2022, the Company paid or accrued \$90,000 in fees to AGD Advisory Group, Inc. As of March 31, 2023 and December 31, 2022, the total amount due to AGD Advisory Group, Inc. was \$370,000, and is included in accounts payable.

The Company's CFO, John McVicar, renders professional services to the Company through 1508586 Alberta Ltd., an affiliate of Mr. McVicar's. During the three months ended March 31, 2023 and 2022, the Company paid or accrued \$60,000 and nil, respectively, in fees to 1508586 Alberta Ltd.

Due to Camber Energy, Inc.

During 2022 and 2021, Camber Energy, Inc. made various cash advances to the Company. The advances are non-interest bearing and stipulate no repayment terms or restrictions. Camber owns 63% of the Company but does not have a controlling financial interest. As of March 31, 2023 and December 31, 2022, the amounts due to Camber aggregated \$6,077,300 and \$6,572,300, respectively.

[Table of Contents](#)

Simson-Maxwell

At the time of acquisition, Simson-Maxwell had several amounts due to/due from related parties and notes payable to certain employees, officers, family members and entities owned or controlled by such individuals. The Company assumed these balances and loan agreements in connection with the acquisition.

The balance of amounts due to and due from related parties as of March 31, 2023 and December 31, 2022 are as follows:

Related Party	Due from related party	Due to related party	Net due (to) from
March 31, 2023			
Simmax Corp. & majority owner	\$ 327,452	\$ (718,435)	\$ (390,983)
Adco Power Ltd.	-	-	-
	<u>\$ 327,452</u>	<u>\$ (718,435)</u>	<u>\$ (390,983)</u>
December 31, 2022			
Simmax Corp. & majority owner	\$ 327,132	\$ (629,073)	\$ (301,941)
Adco Power Ltd.	-	-	-
	<u>\$ 327,132</u>	<u>\$ (629,073)</u>	<u>\$ (301,941)</u>

Simmax Corp. owns a 17% non-controlling interest in Simson-Maxwell and is majority owned by a Director of Simson-Maxwell. Adco Power Ltd., an industrial, electrical and mechanical construction company, is a wholly owned subsidiary of Simmax Corp., and conducts business with Simson-Maxwell.

During the three months ended March 31, 2023 and 2022, Simson-Maxwell recorded sales to Adco Power Ltd. in the amount of \$nil and \$6,482, respectively. During the three months ended March 31, 2023 and 2022, Simson-Maxwell recorded purchases from Adco Power Ltd. in the amount of \$19,726 and nil, respectively.

The notes payable to related parties as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Total notes payable to related parties	\$ 670,694	\$ 684,069
Less current portion of notes payable - related parties	(57,892)	(56,916)
Notes payable - related parties, net of current portion	<u>\$ 612,802</u>	<u>\$ 627,153</u>

Note 9. Noncontrolling Interests

As described in Note 5, on October 18, 2021, the Company acquired 60.5% of Simson-Maxwell. At the time of the acquisition, the fair value of the noncontrolling interest was independently determined by a valuation specialist.

The following discloses the effects of changes in the Company's ownership interest in Simson-Maxwell, and on the Company's equity for three months ended March 31, 2023:

Noncontrolling interest - January 1, 2023	\$ 3,013,996
Net loss attributable to noncontrolling interest	<u>(40,749)</u>
Noncontrolling interest - March 31, 2023	<u>\$ 2,973,247</u>

[Table of Contents](#)

As described in Note 8, during January and February 2022, the Company acquired a 51% interest in Viking Ozone, Viking Sentinel and Viking Protection, all of which have been identified as variable interest entities.

The following discloses the effects of the Company's ownership interest in these three entities in the aggregate, and on the Company's equity for three months ended March 31, 2023:

Noncontrolling interest - January 1, 2023	\$ 7,162,514
Net loss attributable to noncontrolling interest	<u>(39,479)</u>
Noncontrolling interest – March 31, 2022	<u>\$ 7,123,035</u>

Note 10. Equity

(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").

Preferred Stock – Series C

The Company has designated 50,000 preferred shares as Series C Preferred Stock (the "Series C Preferred Stock"). As of March 31, 2022 there were 28,092 shares of Series C Preferred Stock issued and outstanding, all of which are held by the Company's CEO, James Doris. Pursuant to the Certification of Designation of the Series C Preferred Stock, as amended (and pursuant to a Certificate of Correction to the Certificate of Designation of the Series C Preferred Stock filed with the State of Nevada on or about January 20, 2022), (i) the holders of the Series C Preferred Stock have no voting rights until the later of July 1, 2022, or the date on which Camber is no longer entitled to own at least 51% of the outstanding shares of Viking's common stock (the "Voting Trigger Date"); and (ii) each share of Series C Preferred Stock is only convertible into one share of common stock, except that upon any business combination of Viking and Camber whereby Camber acquires substantially all of the outstanding assets or common stock of Viking (a "Combination"), the Series C Preferred Stock would convert into the greater of (A) 25,000,000 common shares of Camber (or a number of preferred shares of Camber convertible into that number of common shares of Camber), or (B) that number of common shares of Camber that 25,000,000 shares of Viking common stock at that time would be convertible or exchange into in the Combination (or a number of preferred shares of Camber convertible into such number of common shares of Camber). After the Voting Trigger Date, which has now passed, each share of Series C Preferred Stock entitles the holder thereof to 37,500 votes on all matters submitted to the vote of the stockholders of the Company.

Preferred Stock – Series E

On February 14, 2022, the Company filed an amendment to its Articles of Incorporation to designate 2,075 of its authorized preferred shares as Series E Convertible Preferred Stock (the "Series E Preferred Stock"), with a par value of \$0.001 per share and a stated value equal to \$10,000. The holders of the Series E Preferred Stock have voting rights equal to one vote per share. Each share of the Series E Preferred Stock is convertible, at any time after the date of issuance at various conversion prices and subject to certain milestone achievements associated with the acquisition of 51% of Viking Protection as described in Note 8. As of March 31, 2022 there were 475 shares of Series E Preferred Stock issued and outstanding.

[Table of Contents](#)

(b) Common Stock

The Company is authorized to issue 500,000,000 shares of Common Stock, par value \$0.001 per share.

During the three months ended March 31, 2023, the Company did not issue any shares of its common stock.

Note 11. Long-Term Debt and Other Short-Term Borrowings

Long term debt and other short-term borrowings consisted of the following at March 31, 2023 and December 31, 2022:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Long-term debt:		
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 through July 24, 2021, then on August 24, 2021, payable in monthly installments of principal and interest of \$43,438, with a final payment due on a maturity date of July 24, 2025. The note is secured by a first mortgage on all of the assets of Mid-Con Petroleum, LLC and a guarantee of payment by Viking. On March 10, 2023, the promissory note was amended to include a conversion feature and to include Viking as an additional obligor. See Note 13. The balance shown is net of unamortized discount of \$1,430,320 at March 31, 2023 and \$12,224 at December 31, 2022.	243,305	1,766,422
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 through July 24, 2021, then on August 24, 2021, payable in monthly installments of principal and interest of \$21,495, with a final payment due on a maturity date of July 24, 2025. The note is secured by a first mortgage on all of the assets of Mid-Con Drilling, LLC and a guarantee of payment by Viking. On March 10, 2023, the promissory note was amended to include a conversion feature and to include Viking as an additional obligor. See Note 13. The balance shown is net of unamortized discount of \$661,816 at March 31, 2023 and \$12,190 at December 31, 2022.	111,182	813,571
On July 1, 2020, the Company received a loan of \$150,000 from the U.S. Small Business Administration. The loan bears interest at 3.75% and matures on July 28, 2050. The loan is payable in monthly installments of \$731 with the remaining principal and accrued interest due at maturity. Installment payments were originally due to start 12 months from the date of the note but the date was extended to January 2023. Accrued interest from the original installment due date to January 2023 was capitalized to the loan principal balance.	164,010	163,623
Total long-term debt	518,497	2,743,616
Less current portion and debt discount	(96,926)	(637,335)
	<u>\$ 421,571</u>	<u>\$ 2,106,281</u>

[Table of Contents](#)

Principal maturities of long-term debt for the next five years and thereafter are as follows:

Twelve-month period ended March 31,

	Principal	Unamortized Discount	Net
2024	\$ 652,909	\$ (555,983)	\$ 96,926
2025	693,208	(590,355)	102,853
2026	1,109,052	(945,797)	163,255
2027	3,069	-	3,069
2028	3,186	-	3,186
Thereafter	149,208	-	149,208
	<u>\$ 2,610,632</u>	<u>\$ (2,092,135)</u>	<u>\$ 518,497</u>

Bank Credit Facility

Simson-Maxwell has an operating credit facility with TD Bank, secured by accounts receivable and inventory, bearing interest at prime plus 2.25% on Canadian funds up to CAD \$5,000,000 and the bank's US dollar base rate plus 2.25% on US funds, plus a monthly administration fee of CAD 500. The balance outstanding under this credit facility is CAD \$4,638,917 (\$3,429,485) and CAD \$4,139,785 (\$3,111,350) as of March 31, 2023 and December 31, 2022, respectively.

Note 12. Derivative Liability

On March 10, 2023, the terms of the promissory notes held by Mid-Con Petroleum, LLC and Mid-Con Drilling, LLC described in Note 12 were amended to include a conversion feature granting the holder of the note the option to convert the principal balance of the debt, in whole or in part, into common stock of Viking. The conversion price is equal to the lesser of: (i) the average of the 5 lowest individual daily volume weighted average prices ("VWAP") of Viking common stock during the 30-day period prior to the date of the notice of conversion; or (ii) one dollar (\$1.00) per share. All other terms of the promissory notes remained unchanged.

The modification to the terms of the promissory notes has been treated as a debt extinguishment and the Company recorded a loss on the extinguishment of debt of \$54,763 during the three-month period ended March 31, 2023, determined as follows:

	Mid-Con Petroleum, LLC	Mid-Con Drilling, LLC	Total
Face value of debt	1,713,066	792,644	2,505,710
less: unamortized debt discount	(11,323)	(11,291)	(22,614)
Carrying value of debt	1,701,743	781,353	2,483,096
FV of new debt	1,803,411	834,448	2,637,859
Loss on extinguishment	<u>(101,668)</u>	<u>(53,095)</u>	<u>(154,763)</u>

[Table of Contents](#)

The fair value of the debt was determined as the total number of shares, equal to the face value of the debt on March 10, 2023 divided by the VWAP, multiplied by the closing share price on that day.

The value of the conversion option is based upon the fair value of Viking's common stock. As the option is convertible into a variable number of shares, it is considered to be a derivative to be continuously recognized at fair value, with changes to fair value recorded in the statement of operations. The fair value of the conversion feature at the date of modification was determined to be \$2,276,217 using a binomial option pricing model with the following inputs: stock price \$0.31, VWAP \$0.29, volatility 185.77%, days to maturity 867, risk-free interest rate 5.0%. The derivative liability is classified as a Level 3 liability in the Fair Value Hierarchy.

A summary of key balances immediately before and after the modification is as follows:

	Mid-Con Petroleum, LLC	Mid-Con Drilling, LLC	Total
Balance prior to debt modification:			
Promissory Note Principal balance	1,713,066	792,644	2,505,710
Unamortized discount at date of modification	(11,323)	(11,291)	(22,614)
	<u>1,701,743</u>	<u>781,353</u>	<u>2,483,096</u>
Balance after debt modification:			
Promissory Note Principal balance	1,713,066	792,644	2,505,710
Unamortized debt discount	(1,465,824)	(678,244)	(2,144,068)
	247,242	114,400	361,642
Fair value of conversion feature	1,556,169	720,047	2,276,217
Loss on extinguishment of debt	(101,668)	(53,095)	(154,763)
	<u>1,701,743</u>	<u>781,353</u>	<u>2,483,096</u>

At March 31, 2023, the fair value of the conversion feature was remeasured and determined to be \$810,824 using a binomial option pricing model with the following inputs: stock price \$0.35, VWAP \$0.27, volatility 188.50%, days to maturity 846, risk-free interest rate 5.0%. Consequently, the Company recorded a loss of \$534,607 on the change in fair value of the derivative liability in the statement of operations for the three months ended March 31, 2023. Additionally, the Company recorded amortization of debt discount of \$53,732 in the accompanying consolidated statement of operations for the three months ended March 31, 2023.

Note 13. Other Commitments and Contingencies

Office lease – Petrodome

In April 2018, the Company's subsidiary, Petrodome entered into a 66-month lease for 4,147 square feet of office space for its 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. Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease expense was \$24,096 for the three months ended March 31, 2023 and 2022, respectively.

Building, vehicle and equipment leases – Simson-Maxwell

The Company has right-of-use assets and operating lease liabilities associated with various operating lease agreements of Simson-Maxwell pertaining to seven business locations, for the premises, vehicles and equipment used in operations in the amount of \$5,845,810. These values were determined using a present value discount rate of 3.45% for the premises, and 7.5% for vehicles and equipment. The leases have varying terms, payment schedules and maturities. Operating lease expense is recognized on a straight-line base over each of the lease terms.

Payments due in each of the next five years and thereafter at March 31, 2023 under these leases are as follows:

	Building Leases	Vehicle and Equipment Leases	Totals
2024	\$ 1,090,810	\$ 297,453	\$ 1,388,263
2025	844,894	91,043	935,937
2026	580,482	7,574	588,056
2027	408,723	2,693	411,416
2028 and thereafter	1,194,181	-	1,194,181
	\$ 4,119,090	\$ 398,763	\$ 4,517,853
Less imputed interest			(395,968)
Present value of remaining lease payments			<u>\$ 4,121,885</u>
Current			<u>\$ 1,255,745</u>
Non-current			<u>\$ 2,866,140</u>

Operating lease expense for these leases was \$322,387 and \$368,740 for the three months ended March 31, 2023 and 2022, respectively.

Legal matters

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 adverse effect on the Company's consolidated financial position or results of operations.

Note 14. Income Taxes

The Company has estimated net operating loss carry forwards of approximately \$48,000,000 and \$38,500,000 as of December 31, 2022 and 2021, respectively. In addition, the Company, through its subsidiary Simson-Maxwell, has estimated foreign loss carryforwards of approximately \$6,300,000 and \$3,000,000 as of December 31, 2022 and 2021, respectively, which expire between 2038 and 2042. The potential benefit of these net operating losses has not been recognized in these consolidated 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, eliminating net operating loss carrybacks for losses arising in taxable years ending after December 31, 2017, and allowing net operating losses to be carried forward indefinitely. On March 27, 2020 the Coronavirus Aid Relief, and Economic Security Act was enacted which modified the prior legislation to allow 100% of the net operating losses arising in tax years 2018, 2019, and 2020 to be carried back five years. The Company does not have taxable income available in the carryback period. 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 \$7,000,000 will expire between 2032 through 2037.

[Table of Contents](#)

The Company files income tax returns on a consolidated basis in the United States federal jurisdiction. As of December 31, 2021, the tax returns for the Company for the years ending 2019 through 2021 remain open to examination by the Internal Revenue Service. The Company and its subsidiaries are not currently under examination for any period.

As a result of the Company becoming a majority-owned subsidiary of Camber as discussed in Note 1, the Company has undergone an ownership change as defined in Section 382 of the Internal Revenue Code, and the Company's tax net operating loss carry forwards generated prior to the ownership change will be subject to an annual limitation, which could reduce or defer the utilization of these losses.

Note 15. Business Segment Information and Geographic Data

The Company has two reportable segments: Power Generation and Oil and Gas Exploration. The power generation segment provides custom energy and power solutions to commercial and industrial clients in North America and the oil and gas segment is involved in exploration and production with properties in central and southern United States. We evaluate segment performance based on revenue and operating income (loss).

Information related to our reportable segments and our consolidated results for the three months ended March 31, 2023 is presented below.

	Three Months Ended March 31, 2023		
	Oil and Gas	Power Generation	Total
Income (Loss) from Operations is as follows:			
Revenue	\$ 245,197	\$ 6,998,992	\$ 7,244,189
Operating expenses			
Cost of goods	-	4,786,631	4,786,631
Lease operating costs	125,363	-	125,363
General and administrative	828,479	2,221,842	3,050,321
Stock based compensation	-	-	-
Accretion - ARO	31,382	-	31,382
Depreciation, depletion and amortization	134,535	96,613	231,148
Total operating expenses	1,119,759	7,105,086	8,224,845
Loss from operations	<u>\$ (874,562)</u>	<u>\$ (106,094)</u>	<u>\$ (980,656)</u>
Assets			
Segment assets	\$ 3,148,445	\$ 26,151,981	\$ 29,300,426
Corporate and unallocated assets			20,192,137
Total Consolidated Assets			<u>\$ 49,492,563</u>

Three Months Ended March 31, 2022

	Oil and Gas	Power Generation	Total
Income (Loss) from Operations is as follows:			
Revenue	\$ 1,678,817	\$ 4,241,300	\$ 5,920,117
Operating expenses			
Cost of goods	-	2,451,309	2,451,309
Lease operating costs	568,515	-	568,515
General and administrative	2,585,003	2,709,158	5,294,161
Stock based compensation	292,808	-	292,808
Accretion - ARO	35,066	-	35,066
Depreciation, depletion and amortization	414,204	85,565	499,769
Total operating expenses	3,895,596	5,246,032	9,141,628
Income (loss) from operations	<u>\$ (2,216,779)</u>	<u>\$ (1,004,732)</u>	<u>\$ (3,221,511)</u>
Assets			
Segment Assets	\$ 18,393,576	\$ 25,713,608	\$ 44,107,184
Corporate and unallocated assets			24,981,033
Total Consolidated Assets			<u>\$ 69,088,217</u>

Note 16. Subsequent Events

On April 28, 2023, the Company issued 588,235 common shares pursuant to the assignment and conversion of \$200,000 of the convertible promissory note owed by the Company and its subsidiary, Mid-Con Petroleum, LLC, to Cornerstone Bank (Note 11).

On May 1, 2023, the Company issued 3,849,306 common shares upon the exercise of warrants with an exercise price of between \$0.001 and \$0.009.

Effective as of May 5, 2023, the Company entered into a securities purchase agreement with FK Venture LLC, a Delaware limited liability company (the "**Investor**"), pursuant to which (i) the Investor agreed to purchase, by the fifth calendar day of each month for six months commencing May 5, 2023, and the Company agreed to issue to the Investor, convertible promissory notes (each such note a "**Note**"), with each Note having a minimum principal amount of \$800,000 (for aggregate minimum funding to the Company of \$4,800,000); and (ii) the Investor would have the right to purchase up to an aggregate of \$9,600,000 in principal amount of Notes provided the Investor has purchased each Note monthly as required.

The initial Note purchased by the Investor was funded by the Investor on May 5, 2023, and on such date, the Company received the purchase price of \$800,000 and issued a Note in the principal amount of \$800,000 to the Investor. Each Note issued to the Investor will (i) mature on the earlier of earlier of July 1, 2025, or 90 days following the date that the Company completes a direct up-listing of its common stock to a national securities exchange (not including any merger or combination of the Company and Camber Energy, Inc. (such combination the "**Camber Merger**")); (ii) accrue interest at 12% per annum (provided that if a Note is prepaid within 12 months of the issuance date, a full 12 months of interest shall be paid); and (iii) be convertible into shares of the Company's (or its successor's) common stock at a fixed conversion price equal to the lesser of (a) \$0.75 (subject to proportional adjustment for stock splits), or (b) if the Camber Merger closes, 50% multiplied by the volume-weighted average price of Camber Energy, Inc.'s common stock on the trading day immediately prior to the closing of the Camber Merger (subject to proportional adjustment for stock splits).

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 consolidated 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.

[Table of Contents](#)

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

Company Overview

Viking Energy Group, Inc. (“Viking”, the “Company”, “we”, “us” or “our”) is a growth-oriented diversified energy company. Through various majority-owned subsidiaries, Viking provides custom energy and power solutions to commercial and industrial clients in North America and owns interests in producing oil assets in Kansas. The Company also (i) holds an exclusive license in Canada to a patented carbon-capture system; and (ii) owns a majority interest in (a) an entity with intellectual property rights to a fully developed, patented, proprietary medical & biohazard waste treatment system using ozone technology; and (b) entities with intellectual property rights to fully developed, patent pending, proprietary electric transmission and open conductor detection systems. The Company is also exploring other renewable energy-related opportunities and/or technologies, which are currently generating revenue, or have a reasonable prospect of generating revenue within a reasonable period of time.

Custom Energy & Power Solutions:

Simson-Maxwell Acquisition

On August 6, 2021, the Company acquired approximately 60.5% of the issued and outstanding shares of Simson-Maxwell Ltd. (“Simson-Maxwell”), a Canadian federal corporation, for \$7,958,159 in cash. Simson-Maxwell manufactures and supplies power generation products, services and custom energy solutions. Simson-Maxwell provides commercial and industrial clients with efficient, flexible, environmentally responsible and clean-tech energy systems involving a wide variety of products, including CHP (combined heat and power), tier 4 final diesel and natural gas industrial engines, solar, wind and storage. Simson-Maxwell also designs and assembles a complete line of electrical control equipment including switch gear, synchronization and paralleling gear, distribution, Bi-Fuel and complete power generation production controls. Operating for over 80 years, Simson-Maxwell’s seven branches assist with servicing a large number of existing maintenance arrangements and meeting the energy and power-solution demands of the company’s other customers.

Clean Energy and Carbon-Capture System:

In August 2021, the Company entered into a license agreement with ESG Clean Energy, LLC (“ESG”), to utilize ESG’s patent rights and know-how related to stationary electric power generation and heat and carbon dioxide capture (the “ESG Clean Energy System”). The intellectual property licensed by Viking includes certain patents and/or patent applications, including: (i) U.S. Patent No.: 10,774,733, File date: October 24, 2018, Issue date: September 15, 2020, Titled: “Bottoming Cycle Power System”; (ii) European Patent Application No.: EP18870699.8, International File date: October 24, 2018, Titled: “Bottoming Cycle Power System”; (iii) U.S. Patent Application No.: 17/224,200, File date: April 7, 2021, Titled: “Bottoming Cycle Power System” (which was subsequently approved by the U.S. Patent & Trademark Office in March, 2022 (No. 11,286,832); (iv) U.S. Patent Application No.: 17/358,197, File date: June 25, 2021, Titled: “Bottoming Cycle Power System”; (v) U.S. Patent Application No.: 17/448,943, File date: September 27, 2021, Titled: “Systems and Methods Associated With Bottoming Cycle Power Systems for Generating Power and Capturing Carbon Dioxide”; and (vi) U.S. Patent Application No.: 17/448,938, File date: September 27, 2021, Titled: “Systems and Methods Associated With Bottoming Cycle Power Systems for Generating Power, Capturing Carbon Dioxide and Producing Products.

Table of Contents

The ESG Clean Energy System is designed to, among other things, generate clean electricity from internal combustion engines and utilize waste heat to capture approximately 100% of the carbon dioxide (CO₂) emitted from the engine without loss of efficiency, and in a manner to facilitate the production of certain commodities. Patent No. 11,286,832, for example, covers the invention of an “exhaust-gas-to-exhaust-gas heat exchanger” that efficiently cools - and then reheats - exhaust from a primary power generator so greater energy output can be achieved by a secondary power source with safe ventilation. Another key aspect of this patent is the development of a carbon dioxide capture system that utilizes the waste heat of the carbon dioxide pump to heat and regenerate the adsorber that enables carbon dioxide to be safely contained and packaged.

The Company intends to sell, lease and/or sub-license the ESG Clean Energy System to third parties using, among other things, Simson-Maxwell’s existing distribution channels. The Company may also utilize the ESG Clean Energy System for its own account, whether in connection with its petroleum operations, Simson-Maxwell’s power generation operations, or otherwise.

Medical Waste Disposal System Using Ozone Technology:

In January 2022, the Company acquired a 51% interest in Viking Ozone Technology, LLC (“Viking Ozone”), which owns the intellectual property rights to a patented (i.e., US Utility Patent No. 11,565,289), proprietary medical and biohazard waste treatment system using ozone technology. Simson-Maxwell has been designated the exclusive worldwide manufacturer and vendor of this system. The technology is designed to be a sustainable alternative to incineration, chemical, autoclave and heat treatment of bio-hazardous waste, and for the treated waste to be classified as renewable fuel for waste-to-energy (“WTE”) facilities in many locations around the world.

Open Conductor Detection Technologies:

In February 2022, the Company acquired a 51% interest in two entities, Viking Sentinel Technology, LLC (“Viking Sentinel”) and Viking Protection Systems, LLC (“Viking Protection”), that own the intellectual property rights to patent pending (i.e., US Applications 16/974,086, 17/672,422 and 17/693,504), proprietary electric transmission and distribution open conductor detection systems. The systems are designed to detect a break in a transmission line, distribution line, or coupling failure, and to immediately terminate the power to the line before it reaches the ground. The technology is intended to increase public safety and reduce the risk of causing an incendiary event, and to be an integral component within grid hardening and stability initiatives by electric utilities to improve the resiliency and reliability of existing infrastructure.

Oil & Gas Properties

Existing Assets:

The Company, through its wholly owned subsidiaries, Mid-Con Petroleum, LLC and Mid-Con Drilling, LLC (collectively, the “Mid-Con Entities”), owns working interests in oil fields in Kansas, which include a combination of producing wells, non-producing wells and water injection wells.

Divestitures in 2022:

On July 8, 2022, four of the wholly owned subsidiaries of Petrodome, a wholly owned subsidiary of Viking, entered into Purchase and Sale Agreements to sell all of their interests in the oil and gas assets owned by those Petrodome subsidiaries, including in the aggregate, interests in 8 producing wells, 8 shut-in wells, 2 salt water disposal wells and 1 inactive well, to third parties for \$3,590,000 in cash. The proceeds from the sale were used to fully repay Petrodome’s indebtedness to CrossFirst Bank under the June 13, 2018 revolving line of credit loan.

[Table of Contents](#)

This transaction resulted in the disposition of most of the Company's total oil and gas reserves (see Note 6). The Company recorded a loss on the transaction in the amount of \$8,961,705, as follows:

Proceeds from sale	\$ 3,590,000
Reduction in oil & gas full cost pool (based on % of reserves disposed)	(12,791,680)
ARO recovered	239,975
Loss on disposal	<u>\$ (8,961,705)</u>

Additionally, in July 2022, the Company received an unanticipated refund of a \$1,200,000 performance bond as a result of Petrodome ceasing to operate certain assets in the State of Louisiana. The gain from this refund was included in the "loss from the sale of oil and gas properties and fixed assets" in the Consolidated Statement of Operations.

Merger Agreement with Camber Energy, Inc.

On February 15, 2021, the Company entered into an Agreement and Plan of Merger with Camber, which was amended on April 18, 2023 (as amended, the "Merger Agreement"). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, a newly formed wholly owned subsidiary of Camber ("Merger Sub") will merge with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Camber.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share: (i) of common stock, par value \$0.001 per share, of the Company (the "Viking Common Stock") issued and outstanding immediately prior to the Effective Time, other than shares owned by Camber, the Company and Merger Sub, will be converted into the right to receive one share of common stock of Camber (the "Camber Common Stock"); (ii) of Series C Convertible Preferred Stock of the Company (the "Viking Series C Preferred Stock") issued and outstanding immediately prior to the Effective Time will be converted into the right to receive one share of Series A Convertible Preferred Stock of Camber (the "Camber Series A Preferred Stock"), and (iii) of Series E Convertible Preferred Stock of the Company (the "Viking Series E Preferred Stock," and, together with the Viking Series C Preferred Stock, the "Viking Preferred Stock") issued and outstanding immediately prior to the Effective Time will be converted into the right to receive one share of Series H Preferred Stock of Camber (the "Camber Series H Preferred Stock," and, together with the Camber Series A Preferred Stock, the "New Camber Preferred Stock").

Each share of Camber Series A Preferred Stock will be convertible into 890 shares of Camber Common Stock (subject to a beneficial ownership limitation preventing conversion into Camber Common Stock if the holder would be deemed to beneficially own more than 9.99% of Camber Common Stock), will be treated equally with Camber Common Stock with respect to dividends and liquidation, and will only have voting rights with respect to voting: (a) on a proposal to increase or reduce Camber's share capital; (b) on a resolution to approve the terms of a buy-back agreement; (c) on a proposal to wind up Camber; (d) on a proposal for the disposal of all or substantially all of Camber's property, business and undertaking; (f) during the winding-up of Camber; and/or (g) with respect to a proposed merger or consolidation in which Camber is a party or a subsidiary of Camber is a party.

Each share of Camber Series H Preferred Stock will have a face value of \$10,000 per share, will be convertible into a certain number of shares of Camber Common Stock, with the conversion ratio based upon achievement of certain milestones by Viking's subsidiary, Viking Protection Systems, LLC (provided the holder has not elected to receive the applicable portion of the purchase price in cash pursuant to that certain Purchase Agreement, dated as of February 9, 2022, by and between Viking and Jedda Holdings, LLC), will be subject to a beneficial ownership limitation of 4.99% of Camber Common Stock (but may be increased up to a maximum of 9.99% at the sole election of a holder by the provision of at least 61 days' advance written notice) and will have voting rights equal to one vote per share of Camber Series H Preferred Stock held on a non-cumulative basis.

Holders of Viking Common Stock and Viking Preferred Stock will have any fractional shares of Camber Common Stock or New Camber Preferred Stock after the Merger rounded up to the nearest whole share.

[Table of Contents](#)

At the Effective Time, each then outstanding option or warrant to purchase Viking Common Stock (a “Viking Option”) will, to the extent unvested, automatically become fully vested and will be converted automatically into an option or warrant (an “Adjusted Option”) to purchase, on substantially the same terms and conditions as were applicable to such Viking Option immediately prior to the effective time of the Merger, except that (i) instead of being exercisable into Viking Common Stock, such Adjusted Option will be exercisable into Camber Common Stock, and (ii) all references to the “Company” in the Viking Option agreements will be references to Camber in the Adjusted Option agreements.

At the Effective Time, each promissory note issued by Viking that is convertible into Viking Common Stock (a “Viking Convertible Note”) that, as of immediately prior to the effective time of the Merger, is outstanding and unconverted shall be converted into a promissory note convertible into Camber Common Stock (an “Adjusted Convertible Note”) having substantially the same terms and conditions as applied to the corresponding Viking Convertible Note as of immediately prior to the effective time of the Merger (including, for the avoidance of doubt, any extended post-termination conversion period that applies following consummation of the Merger), except that (i) instead of being convertible into Viking Common Stock, such Adjusted Convertible Note will be convertible into Camber Common Stock, and (ii) all references to the “Company” in the Viking Convertible Note agreements will be references to Camber in the Adjusted Convertible Note agreements..

The Merger Agreement provides, among other things, that effective as of the Effective Time, James A. Doris, the current Chief Executive Officer of both the Company and Camber, shall serve as President and Chief Executive Officer of the combined company following the Effective Time. The Merger Agreement provides that, as of the Effective Time, the combined company will have its headquarters in Houston, Texas.

The Merger Agreement also provides that, during the period from the date of the Merger Agreement until the Effective Time, each of Camber and Viking will be subject to certain restrictions on its ability to solicit alternative acquisition proposals from third parties, to provide non-public information to third parties and to engage in discussions with third parties regarding alternative acquisition proposals, subject to customary exceptions. Viking is required to hold a meeting of its stockholders to vote upon the adoption of the Merger Agreement and, subject to certain exceptions, to recommend that its stockholders vote to adopt the Merger Agreement. Camber is required to hold a meeting of its stockholders to approve the issuance of Camber Common Stock and New Camber Preferred Stock (including the shares of Camber Common Stock issuable upon conversion thereof) in connection with the Merger (the “Share Issuances”) and an increase in the number of authorized Camber Common Stock (if not approved in connection with Camber’s special meeting of the stockholders scheduled to be held on April 26, 2023) (the “Increase in Authorized Share Capital”) and, subject to certain exceptions, to recommend that its stockholders approve such proposals.

The completion of the Merger is subject to customary conditions, including (i) adoption of the Merger Agreement by Viking’s stockholders and approval of the Share Issuances and Increase in Authorized Share Capital by Camber’s stockholders, (ii) receipt of required regulatory approvals, (iii) effectiveness of a registration statement on Form S-4 for the Camber common stock to be issued in the Merger (the “Form S-4”), and (iv) the absence of any law, order, injunction, decree or other legal restraint preventing the completion of the Merger or making the completion of the Merger illegal. Each party’s obligation to complete the Merger is also subject to certain additional customary conditions, including (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) subject to certain exceptions, performance by the other party of its obligations under the Merger Agreement and (iii) the absence of any material adverse effect on the other party as defined in the Merger Agreement.

Additional closing conditions to the Merger include: (i) receipt of fairness opinions from financial advisors of both Camber and Viking that the Merger is fair from a financial point of view to the holders of each company’s common stock, (ii) confirmation from Camber that it is not in default of its outstanding agreements with a certain preferred equity holder and lender, (iii) written agreement from Camber’s warrant holders regarding the number and exercise price of Camber’s outstanding warrants and that the Merger will not trigger any price adjustments in certain outstanding warrant agreements, and (iv) that, in the event the NYSE American determines that the Merger constitutes, or will constitute, a “back-door listing”/“reverse merger”, Camber (and its common stock) is required to qualify for initial listing on the NYSE American, pursuant to the applicable guidance and requirements of the NYSE as of the Effective Time.

The Merger Agreement can be terminated (i) at any time with the mutual consent of the parties; (ii) by either Camber or Viking if any governmental consent or approval required for closing is not obtained, or any governmental entity issues a final non-appealable order or similar decree preventing the Merger; (iii) by either Company or Camber if the Merger shall not have been consummated on or before September 30, 2023; (iv) by Camber or Viking, upon the breach by the other of a term of the Merger, which is not cured within 30 days of the date of written notice thereof by the other; (v) by Camber if Viking is unable to obtain the affirmative vote of its stockholders for approval of the Merger; (vi) by Viking if Camber is unable to obtain the affirmative vote of its stockholders for approval of the Share Issuances and the Increase in Authorized Share Capital; and (vii) by Viking or Camber if there is a willful breach of the Merger Agreement by the other party thereto. The Merger Agreement contains customary indemnification obligations of the parties and representations and warranties.

Going Concern Qualification

The Company's consolidated financial statements included herein have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company generated a net loss of \$(1,632,327) for the three months ended March 31, 2023, as compared to a net loss of \$(3,643,064) for the three months ended March 31, 2022. The loss for the three months ended March 31, 2023, was comprised of, among other things, certain non-cash items, including: (i) change in fair value of derivatives of \$534,607; (ii) loss on extinguishment of debt of \$154,763; (iii) depreciation, depletion and amortization of \$231,148; (iv) accretion of asset retirement obligation of \$31,382, and; (v) amortization of debt discount of \$53,732.

As of March 31, 2023, the Company has a stockholders' equity of \$13,795,534, long-term debt of \$421,571 and a working capital deficiency of \$9,318,767. The largest components of current liabilities creating this working capital deficiency is a \$6,077,300 non-interest-bearing loan from Camber Energy, Inc. with no stipulated repayment terms, and drawings against the bank credit facility of \$3,429,485.

As further described in Note 1, to Viking's consolidated financial statements, Viking has guaranteed Camber's indebtedness to Discover, as well as entered into a Security Agreement in favor of Discover granting Discover a first-priority security interest in any assets purchased by Viking with funds advanced to Viking by Camber that were loaned by Discover. The Company believes the likelihood that it will be required to perform under the guarantee to be remote and has not recognized a liability associated with any performance obligations of the guarantee.

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 may be able to continue to develop new opportunities and may be able to obtain additional funds through debt and / or equity financings to facilitate its business 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 months ended March 31, 2023 and 2022, 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, 2022, filed with the SEC on March 24, 2023.

Liquidity and Capital Resources

As of March 31, 2023, and December 31, 2022, the Company had \$1,917,855 and \$3,239,349 in cash holdings, respectively.

Three months ended March 31, 2023, compared to the three months ended March 31, 2022

Revenue

[Table of Contents](#)

The Company had gross revenues of \$7,244,189 for the three months ended March 31, 2023, as compared to \$5,920,117 for the three months ended March 31, 2022, an increase of \$1,324,072 or 22%. The increase is driven by higher power generation unit sales revenues, partially offset by lower oil and gas revenues, reflecting the impact of oil and gas dispositions in 2022.

Expenses

The Company's operating expenses decreased by \$916,783 to \$8,224,845 for the three-month period ended March 31, 2022, from \$9,141,628 in the corresponding prior year three-month period. Cost of goods sold for the three months ended March 31, 2023 were \$4,786,631, as compared to \$2,451,309 for the three-month period ended March 31, 2022. Lease operating costs decreased by \$443,152 to \$125,363 for the three-month period ended March 31, 2023, as compared to \$568,515 for the three-month period ended March 31, 2022, due to the disposition of oil and gas properties in 2022. Similarly, DD&A expense decreased by \$268,621 to \$231,148 for the three-month period ended March 31, 2023, as compared to \$499,769 for the three-month period ended March 31, 2022, as a result of those dispositions of oil and gas properties. General and administrative expenses decreased by \$2,243,840 to \$3,050,321, compared to \$5,294,161 in the corresponding prior period, due to a \$1.8 million bad debt reserve against oil and gas receivables recorded in 2022 and the impact of cost reduction initiatives at Simson-Maxwell during the past year.

Income (Loss) from Operations

The Company generated a loss from operations for the three months ended March 31, 2023, of \$(980,656), compared to \$(3,221,511) for the three months ended March 31, 2022.

Other Income (Expense)

The Company had other expense, net, of \$(651,671) for the three months ended March 31, 2023, as compared to other expense of \$(421,553) for the three months ended March 31, 2022. For the three months ended March 31, 2023, the Company recorded a loss on the change in fair value of a derivative of \$534,607 and a loss on extinguishment of debt of \$154,763, both related to the modification of debt to include a conversion feature, and other income of \$250,000 related to the refund of a performance bond on oil and gas properties disposed in a prior period.

Net Income (Loss)

The Company had a net loss of \$(1,632,327) during the three-month period ended March 31, 2023, compared with a net loss of \$(3,643,064) for the three-month period ended March 31, 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in conformity with U.S. 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 consolidated 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 consolidated financial statements, as well as the sufficiency of the disclosures pertaining to our accounting policies in the footnotes accompanying our consolidated 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.

Consolidation of Variable Interest Entities

The Company consolidates the financial results of its subsidiaries, defined as entities in which the Company holds a controlling financial interest.

Table of Contents

Several of the Company's subsidiaries are considered to be Variable Interest Entities ("VIE's") which are defined as an entity for which any of the following conditions exist:

1. The total equity is not sufficient to permit the entity to finance its activities without additional subordinated financial support.
2. The equity holders as a group have one of the following four characteristics:
 - i. Lack the power to direct activities that most significantly impact the entity's economic performance.
 - ii. Possess non-substantive voting rights.
 - iii. Lack the obligation to absorb the entity's expected losses.
 - iv. Lack the right to receive the entity expected residual returns.

The Company consolidates the financial results of a VIE when it is determined that the Company is the primary beneficiary of the VIE.

Oil and Gas Property Accounting

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

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

Proved Reserves

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

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

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

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

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

Asset Retirement Obligation

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

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

Revenue Recognition

Oil and Gas Revenues

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.

Power Generation Revenues

Through its 60.5% ownership in Simson-Maxwell, the Company manufactures and sells power generation products, services and custom energy solutions.

Sale of Power Generation Units

The Company considers the completed unit or units to be a single performance obligation for purposes of revenue recognition and recognizes revenue when control of the product is transferred to the customer, which typically occurs upon shipment or delivery to the customer. Progress payments are recognized as contract liabilities until the completed unit is delivered. Revenue is measured as the amount of consideration the Company expects to be entitled in exchange for the transfer of the units, which is generally the price stated in the contract. The Company does not allow returns because of the customized nature of the units and does not offer discounts, rebates, or other promotional incentives or allowances to customers. Simson-Maxwell has elected to recognize the cost for freight activities when control of the product has transferred to the customer as an expense within cost of goods.

Parts Revenue

The Company considers the purchase orders for parts, which in some cases are governed by master sales agreements, to be the contracts with the customers. For each contract, the Company considers the commitment to transfer products, each of which is distinct, to be the identified performance obligations. Revenue is measured as the amount of consideration the Company expects to be entitled in exchange for the transfer of product, which is generally the price stated in the contract specific for each item sold, adjusted for the value of expected returns. Simson-Maxwell has elected to recognize the cost for freight activities when control of the product has transferred to the customer as an expense within cost of goods sold in the consolidated statements of comprehensive income. Parts revenues are recognized at the point in time when control of the product is transferred to the customer, which typically occurs upon shipment or delivery to the customer.

Service and Repairs

Service and repairs are generally performed on customer owned equipment and billed based on labor hours incurred. Each repair is considered a performance obligation. As a result of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Simson-Maxwell generally uses the cost-to-cost measure of progress for its service work because the customer controls the asset as it is being serviced. Most service and repairs are completed in one or two days.

Intangible Assets

Intangible assets include amounts capitalized for the Company's license agreement with ESG as described in Note 2. This asset is amortized on a straight-line basis over the remaining life of the related patents being licensed, which is approximately 16 years.

Additionally, with the acquisition of Simson-Maxwell, the Company identified other intangible assets consisting of customer relationships (which is being amortized on a straight-line basis over 10 years) and Simson-Maxwell brand (which is not being amortized) with an aggregate appraised fair value \$3,908,126.

With the acquisition of a 51% interest in Viking Ozone, Viking Sentinel and Viking Protection, as described in Note 8, the Company has aggregate intangible assets of \$15,433,340. These assets have an indefinite life and are not being amortized.

The Company reviews these intangible assets, at least annually, for possible impairment when events or changes in circumstances that the assets carrying amount may not be recoverable. In evaluating the future benefit of its intangible assets, the Company estimates the anticipated undiscounted future net cash flows of the intangible assets over the remaining estimated useful life. If the carrying amount is not recoverable, an impairment loss is recorded for the excess of the carrying value of the asset over its fair value.

The Company did not record any impairment of intangible assets during the three months ended March 31, 2022.

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 March 31, 2023, 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 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 March 31, 2023.

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 March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's results of operations.

ITEM 1A. RISK FACTORS

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

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

During the three months ended March 31, 2023, the Company did not issue any unregistered equity securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Number	Description
2.1	Agreement and Plan of Merger, dated as of February 15, 2021, by and between Viking Energy Group, Inc. and Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 18, 2021)
2.2	First Amendment, dated as of April 18, 2023, to Amended and Restated Agreement and Plan of Merger, by and between Viking Energy Group, Inc. and Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 19, 2023)
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 Annual Report on Form 10-K filed on March 25, 2021)
3.4	Certificate of Correction to Designation - After Issuance of Class or Series (incorporated by reference to our Current Report on Form 8-K filed on January 21, 2022)
3.5	Certificate of Designation (Series E Preferred Stock) (incorporated by reference to our Quarterly Report on Form 10-Q filed on June 7, 2022)
10.1	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)
10.2	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)
10.3	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)
10.4	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)
10.5	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)
10.6	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)
10.7	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)
10.8	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)
10.9	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)
10.10	First Amendment to Purchase and Sale Agreement, effective as of December 23, 2019, by and among 5Jabor, LLC; Bass Petroleum, L.L.C.; Bodel Holdings, LLC; Delbo Holdings, L.L.C.; James III Investments, LLC; JamSam Energy, L.L.C.; Lake Boeuf Investments, LLC; Oakley Holdings, L.L.C.; Plaquemines Holdings, L.L.C.; Elysium Energy, LLC; Viking Energy Group, Inc. and Five JAB, Inc. (incorporated by reference to our Current Report on Form 8-K filed on December 30, 2019)

Table of Contents

10.11	<u>Second Amendment to Purchase and Sale Agreement and Waiver, effective as of February 2, 2020, by and among 5Jabor, LLC; Bass Petroleum, L.L.C.; Bodel Holdings, LLC; Delbo Holdings, L.L.C.; James III Investments, LLC; JamSam Energy, L.L.C.; Lake Boeuf Investments LLC; Oakley Holdings, L.L.C.; Plaquemines Holdings, L.L.C. and Elysium Energy, LLC (incorporated by reference to our Current Report on Form 8-K filed on February 6, 2020)</u>
10.12	<u>Term Loan Agreement, dated as of February 3, 2020, by and among Elysium Energy Holdings, LLC; Elysium Energy, LLC; Elysium Energy LA, LLC; Elysium Energy TX, LLC; Pointe a la Hache, L.L.C.; Turtle Bayou, L.L.C.; Potash, L.L.C.; Ramos Field, L.L.C.; 405 Woodbine LLC, as Administrative Agent, and the Lenders signatory thereto. (incorporated by reference to our Current Report on Form 8-K filed on February 6, 2020)</u>
10.13	<u>First Amendment to Term Loan Agreement, effective as of September 1, 2020, by and among Viking Energy Group, Inc.; Elysium Energy, LLC; Elysium Energy Holdings, LLC; Elysium Energy LA, LLC; Elysium Energy TX, LLC; Pointe a La Hache, L.L.C.; Turtle Bayou, L.L.C.; Potash, L.L.C.; Ramos Field, L.L.C.; 405 Woodbine LLC, as Agent, and the Lenders (incorporated by reference to our Current Report on Form 8-K filed on September 4, 2020)</u>
10.14	<u>Security Agreement, dated as of February 3, 2020, by and among Elysium Energy, LLC; Elysium Energy LA, LLC; Elysium Energy TX, LLC; Pointe a la Hache, L.L.C.; Turtle Bayou, L.L.C.; Potash, L.L.C.; Ramos Field, L.L.C. and 405 Woodbine LLC (incorporated by reference to our Current Report on Form 8-K filed on February 6, 2020)</u>
10.15	<u>Guarantee and Pledge Agreement, dated as of February 3, 2020, by Elysium Energy Holdings, LLC and 405 Woodbine LLC (incorporated by reference to our Current Report on Form 8-K filed on February 6, 2020)</u>
10.16	<u>Securities Purchase Agreement, dated as of February 3, 2020, Issued by Viking Energy Group, Inc. and Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 5, 2020)</u>
10.17	<u>\$5,000,000 10.5% Secured Promissory Note, dated as of February 3, 2020, Issued by Viking Energy Group, Inc. to Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 5, 2020)</u>
10.18	<u>Security and Pledge Agreement, dated as of February 3, 2020, by and between Viking Energy Group, Inc. and Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 5, 2020)</u>
10.19	<u>Security and Pledge Agreement, dated as of February 3, 2020, by and between Viking Energy Group, Inc. and Camber Energy, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 5, 2020)</u>
10.20	<u>Assignment of Membership Interests by Viking Energy Group, Inc. in favor of Camber Energy, Inc. dated February 3, 2020 (incorporated by reference to our Current Report on Form 8-K filed on February 5, 2020)</u>

Table of Contents

10.21	Mutual Termination Agreement, by and between Viking Energy Group, Inc. and Camber Energy, Inc., dated December 22, 2020 (incorporated by reference to Current Report on Form 8-K filed on December 28, 2020)
10.22	Assignment of Membership Interests, by Camber Energy, Inc. in favor of Viking Energy Group, Inc., dated December 22, 2020 (incorporated by reference to Current Report on Form 8-K filed on December 28, 2020)
10.23	Securities Purchase Agreement (with Cancellation Agreement), by and between Camber Energy, Inc. and Viking Energy Group, Inc., dated December 22, 2020 (incorporated by reference to our Current Report on Form 8-K filed on December 28, 2020)
10.24	Form of Guaranty, issued by Viking Energy Group, Inc., dated December 22, 2020 (incorporated by reference to our Current Report on Form 8-K filed on December 28, 2020)
10.25	Securities Purchase Agreement, by and between Camber Energy, Inc. and Viking Energy Group, Inc., dated December 31, 2020 (incorporated by reference to our Current Report on Form 8-K filed on January 13, 2021)
10.26	Cancellation Agreement, by and between Viking Energy Group, Inc. and EMC Capital Partners, LLC, dated December 31, 2020 (incorporated by reference to our Current Report on Form 8-K filed on January 13, 2021)
10.27	Form of Guaranty, issued by Viking Energy Group, Inc., dated April 23, 2021 (incorporated by reference to our Current Report on Form 8-K filed on April 27, 2021)
10.28	Securities Purchase Agreement, by and between Camber Energy, Inc. and Viking Energy Group, Inc., dated July 29, 2021 (incorporated by reference to our Current Report on Form 8-K filed on July 30, 2021)
10.29	Share Purchase Agreement, by and between Viking Energy Group, Inc., Simmax Corp., Remora EQ LP and Simson-Maxwell Ltd., dated August 6, 2021 (incorporated by reference to our Current Report on Form 8-K filed on August 9, 2021)
10.30	Subscription Agreement between Viking Energy Group, Inc. and Simson-Maxwell Ltd., dated August 6, 2021 (incorporated by reference to our Current Report on Form 8-K filed on August 9, 2021)
10.31	Unanimous Shareholders Agreement, by and between Viking Energy Group, Inc., Simmax Corp., Remora EQ LP and Simson-Maxwell Ltd., dated August 6, 2021 (incorporated by reference to our Current Report on Form 8-K filed on August 9, 2021)
10.32	First Amendment to Unanimous Shareholders Agreement, by and between Viking Energy Group, Inc., Simmax Corp., Remora EQ LP and Simson-Maxwell Ltd., dated October 18, 2021 (incorporated by reference to our Quarterly Report on Form 10-Q filed on November 15, 2021)
10.33	Exclusive Intellectual Property License Agreement between ESG Clean Energy, LLC and Viking Energy Group, Inc., dated August 18, 2021 (incorporated by reference to our Current Report on Form 8-K filed on August 23, 2021)
10.34	Assignment of Membership Interests, by and between Viking Energy Group, Inc. and TO Ichor 2021, L.L.C., dated October 5, 2021 (incorporated by reference to our Current Report on Form 8-K filed on October 12, 2021)

Table of Contents

10.35	Assignment of Membership Interests, by and between Viking Energy Group, Inc. and Elysium 2021, L.L.C., dated October 12, 2021 (incorporated by reference to our Current Report on Form 8-K filed on October 18, 2021)
10.36	Membership Interest Purchase Agreement, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated November 18, 2021 (incorporated by reference to our Current Report on Form 8-K filed on November 19, 2021)
10.37	Promissory Note, by New Rise Processing Reno, LLC, in favor of Viking Energy Group, Inc., dated November 18, 2021 (incorporated by reference to our Current Report on Form 8-K filed on November 19, 2021)
10.38	Guaranty, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated November 18, 2021 (incorporated by reference to our Current Report on Form 8-K filed on November 19, 2021)
10.39	Security Agreement-Pledge, by and between Viking Energy Group, Inc., and RESC, LLC, dated November 18, 2021 (incorporated by reference to our Current Report on Form 8-K filed on November 19, 2021)
10.40	First Amendment to Membership Interest Purchase Agreement, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on December 27, 2021)
10.41	Promissory Note, by New Rise Processing Reno, LLC, in favor of Viking Energy Group, Inc., dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on December 27, 2021)
10.42	Guaranty, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on December 27, 2021)
10.43	Security Agreement-Pledge, by and between Viking Energy Group, Inc., and RESC, LLC, dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on December 27, 2021)
10.44	Promissory Note, by New Rise Processing Reno, LLC, in favor of Viking Energy Group, Inc., dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on January 5, 2022)
10.45	Guaranty, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on January 5, 2022)
10.46	Security Agreement-Pledge, by and between Viking Energy Group, Inc., and RESC, LLC, dated December 22, 2021 (incorporated by reference to our Current Report on Form 8-K filed on January 5, 2022)
10.47	Promissory Note, by New Rise Processing Reno, LLC, in favor of Viking Energy Group, Inc., dated January 13, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 19, 2022)

Table of Contents

10.48	Guaranty, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated January 13, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 19, 2022)
10.49	Security Agreement-Pledge, by and between Viking Energy Group, Inc., and RESC, LLC, dated January 13, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 19, 2022)
10.50	Securities Purchase Agreement, by and between Viking Energy Group, Inc., and Choppy Group LLC, dated as of January 18, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 24, 2022)
10.51	Operating Agreement of Viking Ozone Technology, LLC, by and between Viking Energy Group, Inc., and Choppy Group LLC, dated as of January 18, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 24, 2022)
10.52	Promissory Note, by New Rise Processing Reno, LLC, in favor of Viking Energy Group, Inc., dated January 24, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 28, 2022)
10.53	Guaranty, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated January 24, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 28, 2022)
10.54	Security Agreement-Pledge, by and between Viking Energy Group, Inc., and RESC, LLC, dated January 24, 2022 (incorporated by reference to our Current Report on Form 8-K filed on January 28, 2022)
10.55	Manufacturing License Agreement, by and between Viking Ozone Technology, LLC and Simson-Maxwell, dated February 2, 2022 (incorporated by reference to our Current Report on Form 8-K filed on February 3, 2022)
10.56	Securities Purchase Agreement, by and between Viking Energy Group, Inc., and Virga Systems LLC, dated as of February 9, 2022 (incorporated by reference to our Current Report on Form 8-K filed on February 15, 2022)
10.57	Operating Agreement of Viking Sentinel Technology, LLC, by and between Viking Energy Group, Inc., and Virga Systems LLC, dated as of February 9, 2022 (incorporated by reference to our Current Report on Form 8-K filed on February 15, 2022)
10.58	Securities Purchase Agreement, by and between Viking Energy Group, Inc., and Jedda Holdings LLC, dated as of February 9, 2022 (incorporated by reference to our Current Report on Form 8-K filed on February 15, 2022)
10.59	Operating Agreement of Viking Protection Systems, LLC, by and between Viking Energy Group, Inc., and Jedda Holdings LLC, dated as of February 9, 2022 (incorporated by reference to our Current Report on Form 8-K filed on February 15, 2022)
10.60	Termination Agreement, by and between Viking Energy Group, Inc., and RESC Renewable Holdings, LLC, dated as of May 31, 2022 (incorporated by reference to our Quarterly Report on Form 10-Q filed on June 7, 2022)
10.61	Purchase and Sale Agreement, by and between Viking Energy Group, Inc., and the seller named therein, dated June 7, 2022 (incorporated by reference to our Current Report on Form 8-K filed on June 8, 2022)

Table of Contents

10.62	Letter Agreement, between Viking Energy Group, Inc. and John McVicar, dated June 8, 2022 (incorporated by reference to our Current Report on Form 8-K filed on June 14, 2022)
10.63	Purchase and Sale Agreement by and between Petrodome Napoleonville, LLC and Napoleonville, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.64	Purchase and Sale Agreement by and between Petrodome Napoleonville, LLC and WPP Petro, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.65	Purchase and Sale Agreement by and between Petrodome Bloomington, LLC and Bloomington, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.66	Purchase and Sale Agreement by and between Petrodome Bloomington, LLC and WPP Petro, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.67	Purchase and Sale Agreement by and between Petrodome Pineville, LLC and Bay Springs North, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.68	Purchase and Sale Agreement by and between Petrodome Pineville, LLC and WPP Petro, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.69	Purchase and Sale Agreement by and between Petrodome Louisiana Pipeline, LLC and East Mud Lake, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.70	Purchase and Sale Agreement by and between Petrodome Louisiana Pipeline, LLC and WPP Petro, L.L.C. (incorporated by reference to our Current Report on Form 8-K filed on July 14, 2022)
10.71*	Promissory Note by Mid-Con Drilling, LLC and Viking Energy Group, Inc., in favor of Cornerstone Bank, dated March 10, 2023
10.72*	Promissory Note by Mid-Con Petroleum, LLC and Viking Energy Group, Inc., in favor of Cornerstone Bank, dated March 10, 2023
10.73	Securities Purchase Agreement, by and between Viking Energy Group, Inc., and FK Venture LLC, dated May 5, 2023 (incorporated by reference to our Current Report on Form 8-K filed on May 10, 2023)
10.74	Convertible Promissory Note, dated May 5, 2023, by Viking Energy Group, Inc., in favor of FK Venture LLC (incorporated by reference to our Current Report on Form 8-K filed on May 10, 2023)
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
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

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
Principal Executive Officer

Date: May 12, 2023

/s/ John McVicar
Principal Financial and Accounting Officer

Date: May 12, 2023

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: May 12, 2023

/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, John McVicar, 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: May 12, 2023

/s/ John McVicar

John McVicar
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 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, James Doris, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ James Doris

James Doris
Principal Executive Officer

May 12, 2023

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 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, John McVicar, 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.

/s/ John McVicar

John McVicar
Principal Financial and Accounting Officer

May 12, 2023

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$792,644.09	03-10-2023	07-24-2025	917313	4	31087-01	JVD	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower:Mid-Con Drilling, LLC
 Viking Energy Group, Inc.
 15915 Katy Freeway, Ste 450
 Houston, TX 77094

Lender: Cornerstone Bank
 Main Office
 9120 W. 135th Street Overland Park, KS 66221

Principal Amount: \$792,644.09

Date of Note: March 10, 2023

PROMISE TO PAY. Mid-Con Drilling, LLC; and Viking Energy Group, Inc. ("Borrower") jointly and severally promise to pay to Cornerstone Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Seven Hundred Ninety-two Thousand Six Hundred Forty-four & 09/100 Dollars (\$792,644.09), together with interest on the unpaid principal balance from March 10, 2023, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.000%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 28 regular payments of \$21,495.57 each and one irregular last payment estimated at \$267,350.60. Borrower's first payment is due March 24, 2023, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on July 24, 2025, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest as shown on the most recent statement or bill provided to Borrower (if no statement or bill has been provided for any reason, it shall be applied to the unpaid interest accrued since the last payment); then to principal; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Cornerstone Bank, Attn: Loan Operations, 9120 W. 135th Street Overland Park, KS 66221.**

ADDITIONAL FINANCIAL AGREEMENT. The Borrower acknowledges that any financial information submitted to the Lender by the Borrower or the Borrower's Agent will be deemed authentic regardless of the manner of receipt.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment.**

INTEREST AFTER DEFAULT. Upon default, at Lender's option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Upon default, the interest rate on this Note shall be increased by 5.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Note if Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Kansas.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by Oil and Gas Mortgage, Assignment of Production, Security Agreement and Fixture Filing dated July 24, 2019 executed by Mid-Con Drilling, LLC to Lender.

Oil and Gas Leases in Allen, Douglas, Franklin, Geary, Miami, Riley, Wabaunsee, and Woodson Counties in Kansas.
Cross Collateralized with Loan 917385.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Cornerstone Bank Attn: Loan Operations 9120 W. 135th Street Overland Park, KS 66221.

CONVERSION.

Voluntary Conversion. At any time after the date hereof until the date that all amounts due under this Note have been paid in full, up to one hundred percent (100%) of the principal amount of this Note in the aggregate shall be convertible, in whole or in part from time to time, into shares of common stock ("**VEG Common Stock**") of **Viking Energy Group, Inc.** ("**VEG**") at the option of the Lender, at any time and from time to time (subject to the conversion limitations set forth herein). The Lender shall effect conversions by delivering to Borrower a Notice of Conversion, the form of which is attached hereto as **Annex A** (each, a "**Notice of Conversion**"), specifying therein the principal amount of this Note and/or any other amounts due under this Note to be converted and the date on which such conversion shall be effected (such date, the "**Conversion Date**"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion amount. Borrower shall maintain a Conversion Schedule showing the principal amount(s) and/or any other amounts due under this Note converted and the date of such conversion(s). The Lender, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

Conversion Price. The conversion price in effect on any Conversion Date shall be equal to the lesser of (the "**Conversion Price**"): (i) the average of the 5 lowest individual daily volume weighted average prices of the VEG Common Stock on VEG's applicable trading market during the 30-day period prior to the date of the Notice of Conversion; or (ii) one dollar (\$1.00) per share, subject to adjustment as set forth herein. The Conversion Price will be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification, reorganization, merger, consolidation, or similar transaction that proportionately decreases or increases the VEG Common Stock or results in shares of VEG Common Stock being converted or exchanged for cash or any other consideration.

Mechanics of Conversion.

Conversion Shares Issuable Upon a Conversion. The number of shares of VEG Common Stock issuable upon a conversion hereunder (the "**Conversion Shares**") shall be determined by the quotient obtained by dividing (x) the principal amount of this Note to be converted (up to 100%) by (y) the Conversion Price.

Delivery of Certificate Upon Conversion. Not later than five (5) Trading Days after each Conversion Date (the "**Share Delivery Date**"), Borrower shall deliver, or cause to be delivered, to the Lender a certificate or certificates representing the Conversion Shares. All certificate or certificates required to be delivered by Borrower under this Section shall be delivered electronically through DTC or another established clearing corporation performing similar functions, unless VEG or its Transfer Agent does not have an account with DTC and/or is not participating in the DTC Fast Automated Securities Transfer Program, then VEG shall issue and deliver to the address as specified in such Conversion Notice, a certificate (or certificates), registered in the name of the Lender or its designee, for the number of Conversion Shares to which the Lender shall be entitled. If the Conversion Shares are not being sold pursuant to an effective registration statement under the Securities Act or if the Conversion Date is prior to the date on which such Conversion Shares are eligible to be sold under Rule 144 promulgated under the Securities Act without the need for current public information, the Conversion Shares shall bear a restrictive legend in the following form, as appropriate:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE

Reservation of Shares Issuable Upon Conversion. Borrower covenants that it will at all times beginning 30 days after the date hereof, reserve and keep available out of the authorized and unissued shares of VEG Common Stock for the sole purpose of issuance upon conversion of this Note in whole or in part, free from preemptive rights or any other actual contingent purchase rights of any person other than the Lender, not less than such aggregate number of shares of VEG Common Stock estimated to be issuable upon the conversion of the then outstanding principal amount of this Note and payment of interest hereunder. Borrower covenants that all shares of VEG Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable. Borrower shall use its best efforts to cause the Conversion Shares, immediately upon official notice of issuance upon conversion of this Note, to be listed or admitted for trading on such principal securities exchange, interdealer quotation system or market on which other shares of VEG Common Stock are then listed or quoted, and to maintain such listing or qualification for trading for so long as other shares of VEG Common Stock are listed or quoted thereon.

Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Lender would otherwise be entitled to purchase upon such conversion, VEG shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

Lender's Conversion Limitations. Borrower shall not effect any conversion of principal of this Note, and a Lender shall not have the right to convert any principal of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Lender (together with the Lender's Affiliates, and any Persons acting as a group together with the Lender or any of the Lender's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of VEG Common Stock beneficially owned by the Lender and its Affiliates shall include the number of shares of VEG Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of VEG Common Stock which are issuable upon conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Lender or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this paragraph, in determining the number of outstanding shares of VEG Common Stock, the Lender may rely on the number of outstanding shares of VEG Common Stock as stated in the most recent of the following: (i) VEG's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (ii) a more recent public announcement by VEG, or (iii) a more recent written notice by VEG or VEG's transfer agent setting forth the number of shares of VEG Common Stock outstanding. Upon the written or oral request of a Lender, the Borrower shall within two Trading Days confirm orally and in writing to the Lender the number of shares of VEG Common Stock then outstanding. In any case, the number of outstanding shares of VEG Common Stock shall be determined after giving effect to the conversion or exercise of securities of VEG, including this Note, by the Lender or its Affiliates since the date as of which such number of outstanding shares of VEG Common Stock was reported.

The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of VEG Common Stock outstanding immediately after giving effect to the issuance of shares of VEG Common Stock issuable upon conversion of this Note held by the Lender. The limitations contained in the foregoing paragraph shall apply to a successor Lender of this Note.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. EACH BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE. BORROWER:

MID-CON DRILLING, LLC

VIKING ENERGY GROUP, INC., Member of Mid-Con Drilling, LLC

By: /s/ James Doris
James Andrew Doris, President & C.E.O. of
Viking Energy Group, Inc.

VIKING ENERGY GROUP, INC.

By: /s/ James Doris
James Andrew Doris, President & C.E.O. of
Viking Energy Group, Inc.

LENDER:

CORNERSTONE BANK

X _____
John V Doull, Chief Lending Officer

LaserPro, Ver. 23.1.0.039 Copr. Finastra USA Corporation 1997, 2023. All Rights Reserved. - KS C:\LASERPRO\CFILPL\D20.FC TR-3053 PR-2

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,713,065.76	03-10-2023	07-24-2025	917385	4	31087-05	JVD	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower:Mid-Con Petroleum, LLC
Viking Energy Group, Inc.
15915 Katy Freeway, Suite 450
Houston, TX 77094

Lender:Cornerstone Bank
Main Office
9120 W. 135th Street
Overland Park, KS 66221

Principal Amount: \$1,713,065.76

Date of Note: March 10, 2023

PROMISE TO PAY. Mid-Con Petroleum, LLC; and Viking Energy Group, Inc. ("Borrower") jointly and severally promise to pay to Cornerstone Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Seven Hundred Thirteen Thousand Sixty-five & 76/100 Dollars (\$1,713,065.76), together with interest on the unpaid principal balance from March 10, 2023, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.000%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 28 regular payments of \$43,438.29 each and one irregular last payment estimated at \$668,806.27. Borrower's first payment is due March 24, 2023, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on July 24, 2025, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest as shown on the most recent statement or bill provided to Borrower (if no statement or bill has been provided for any reason, it shall be applied to the unpaid interest accrued since the last payment); then to principal; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Cornerstone Bank, Attn: Loan Operations, 9120 W. 135th Street Overland Park, KS 66221.**

ADDITIONAL FINANCIAL AGREEMENT. The Borrower acknowledges that any financial information submitted to the Lender by the Borrower or the Borrower's Agent will be deemed authentic regardless of the manner of receipt.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment.**

INTEREST AFTER DEFAULT. Upon default, at Lender's option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Upon default, the interest rate on this Note shall be increased by 5.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else who is not Lender's salaried employee to help collect this Note if Borrower does not pay. Borrower will be liable for all reasonable costs incurred in the collection of this Note, including but not limited to, court costs, attorneys' fees and collection agency fees, except that such costs of collection shall not include recovery of both attorneys' fees and collection agency fees.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Kansas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Kansas.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Johnson County, State of Kansas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by Oil and Gas Mortgage, Assignment of Production, Security Agreement and Fixture Filing dated July 24, 2019 executed by Mid-Con Petroleum, LLC to Lender.

Oil and Gas Leases in Franklin and Miami Counties in Kansas.

Cross Collateralized with Loan 917313.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Cornerstone Bank Attn: Loan Operations 9120 W. 135th Street Overland Park, KS 66221.

CONVERSION.

Voluntary Conversion. At any time after the date hereof until the date that all amounts due under this Note have been paid in full, up to one hundred percent (100%) of the principal amount of this Note in the aggregate shall be convertible, in whole or in part from time to time, into shares of common stock ("VEG Common Stock") of **Viking Energy Group, Inc.** ("VEG") at the option of the Lender, at any time and from time to time (subject to the conversion limitations set forth herein). The Lender shall effect conversions by delivering to Borrower a Notice of Conversion, the form of which is attached hereto as **Annex A** (each, a "Notice of Conversion"), specifying therein the principal amount of this Note and/or any other amounts due under this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion amount. Borrower shall maintain a Conversion Schedule showing the principal amount(s) and/or any other amounts due under this Note converted and the date of such conversion(s). The Lender, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

Conversion Price. The conversion price in effect on any Conversion Date shall be equal to the lesser of (the "Conversion Price"): (i) the average of the 5 lowest individual daily volume weighted average prices of the VEG Common Stock on VEG's applicable trading market during the 30-day period prior to the date of the Notice of Conversion; or (ii) one dollar (\$1.00) per share, subject to adjustment as set forth herein. The Conversion Price will be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification, reorganization, merger, consolidation, or similar transaction that proportionately decreases or increases the VEG Common Stock or results in shares of VEG Common Stock being converted or exchanged for cash or any other consideration.

Mechanics of Conversion.

Conversion Shares Issuable Upon a Conversion. The number of shares of VEG Common Stock issuable upon a conversion hereunder (the "Conversion Shares") shall be determined by the quotient obtained by dividing (x) the principal amount of this Note to be converted (up to 100%) by (y) the Conversion Price.

Delivery of Certificate Upon Conversion. Not later than five (5) Trading Days after each Conversion Date (the "Share Delivery Date"), Borrower shall deliver, or cause to be delivered, to the Lender a certificate or certificates representing the Conversion Shares. All certificate or certificates required to be delivered by Borrower under this Section shall be delivered electronically through DTC or another established clearing corporation performing similar functions, unless VEG or its Transfer Agent does not have an account with DTC and/or is not participating in the DTC Fast Automated Securities Transfer Program, then VEG shall issue and deliver to the address as specified in such Conversion Notice, a certificate (or certificates), registered in the name of the Lender or its designee, for the number of Conversion Shares to which the Lender shall be entitled. If the Conversion Shares are not being sold pursuant to an effective registration statement under the Securities Act or if the Conversion Date is prior to the date on which such Conversion Shares are eligible to be sold under Rule 144 promulgated under the Securities Act without the need for current public information, the Conversion Shares shall bear a restrictive legend in the following form, as appropriate:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A GENERALLY

ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.”

Reservation of Shares Issuable Upon Conversion. Borrower covenants that it will at all times beginning 30 days after the date hereof, reserve and keep available out of the authorized and unissued shares of VEG Common Stock for the sole purpose of issuance upon conversion of this Note in whole or in part, free from preemptive rights or any other actual contingent purchase rights of any person other than the Lender, not less than such aggregate number of shares of VEG Common Stock estimated to be issuable upon the conversion of the then outstanding principal amount of this Note and payment of interest hereunder. Borrower covenants that all shares of VEG Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable. Borrower shall use its best efforts to cause the Conversion Shares, immediately upon official notice of issuance upon conversion of this Note, to be listed or admitted for trading on such principal securities exchange, interdealer quotation system or market on which other shares of VEG Common Stock are then listed or quoted, and to maintain such listing or qualification for trading for so long as other shares of VEG Common Stock are listed or quoted thereon.

Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Lender would otherwise be entitled to purchase upon such conversion, VEG shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

Lender's Conversion Limitations. Borrower shall not effect any conversion of principal of this Note, and a Lender shall not have the right to convert any principal of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Lender (together with the Lender's Affiliates, and any Persons acting as a group together with the Lender or any of the Lender's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of VEG Common Stock beneficially owned by the Lender and its Affiliates shall include the number of shares of VEG Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of VEG Common Stock which are issuable upon conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Lender or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this paragraph, in determining the number of outstanding shares of VEG Common Stock, the Lender may rely on the number of outstanding shares of VEG Common Stock as stated in the most recent of the following: (i) VEG's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (ii) a more recent public announcement by VEG, or (iii) a more recent written notice by VEG or VEG's transfer agent setting forth the number of shares of VEG Common Stock outstanding. Upon the written or oral request of a Lender, the Borrower shall within two Trading Days confirm orally and in writing to the Lender the number of shares of VEG Common Stock then outstanding. In any case, the number of outstanding shares of VEG Common Stock shall be determined after giving effect to the conversion or exercise of securities of VEG, including this Note, by the Lender or its Affiliates since the date as of which such number of outstanding shares of VEG Common Stock was reported.

The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of VEG Common Stock outstanding immediately after giving effect to the issuance of shares of VEG Common Stock issuable upon conversion of this Note held by the Lender. The limitations contained in the foregoing paragraph shall apply to a successor Lender of this Note.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

