

September 10, 2020



Viking Energy Group, Inc.

Viking Energy Group Announces Q2 Results

Company's Hedging Strategy Proves Sound During COVID-19 Pandemic

HOUSTON, TX, Sept. 10, 2020 (GLOBE NEWSWIRE) -- via NEWMEDIAWIRE -- Viking Energy Group, Inc. (OTCQB: [VKIN](#)) ("Viking" or the "Company"), an independent exploration and production company, is pleased to share certain financial results for the quarter ended June 30, 2020.

Key Financial Highlights for Q-2 2020 (all figures are approximate):

- Revenues were \$9.55 million as compared to \$8.73 million in Q-2 2019.
- Net Loss was (\$17.67 million), as compared to net income of \$1.29 million in Q-2 2019, the majority of which is attributable to a change in the fair value of the Company's derivatives (i.e. hedging contracts) during the quarter.
- Income from Operations was \$1.00 million as compared to \$2.31 million in Q-2, 2019.
- Adjusted EBITDA was \$3.31 million for the three-month period ended June 30, 2020 as compared to \$4.62 million for the three-month period ended June 30, 2019.
- Adjusted EBITDA for the six-month period ending June 30, 2020 was \$10.05 million, as compared to \$10.34 million for the six-month period ending June 30, 2019.
- Current Assets were \$9.21 million, as compared to \$7.84 million in Q-1 2019.

James Doris, Viking's President and Chief Executive Officer, commented, "We are pleased with what we accomplished given we experienced unprecedented market conditions, including an historic collapse in oil prices, during the period. We look forward to pursuing and capitalizing on opportunities that exist within the current environment."

About Viking Energy Group, Inc.

Viking is an independent exploration and production company focused on acquiring, enhancing and developing oil and natural gas properties in the Gulf Coast and Mid-Continent regions. The company has assets in Texas, Louisiana, Mississippi and Kansas. For additional information, please visit: <https://www.vikingenergygroup.com>.

Financial Results for the Six Months Ended June 30, 2018, 2019 and 2020 (unaudited):

	Summary Financial Results		
	For the Six Months Ended June 30,		
	2018	2019	2020
Total Revenue - Oil and Gas	\$ 4,480,569	\$ 18,080,915	\$ 21,337,000
Lease Operating Costs (LOE)	2,026,461	5,456,672	8,155,000
Revenue in excess of lease operating costs	<u>\$ 2,454,108</u>	<u>\$ 12,624,243</u>	<u>\$ 13,181,000</u>
LOE as a % of Total Revenue	45%	30%	38%
Revenue in excess of lease operating costs as a % of Total Revenue	55%	70%	62%

Note: The figures referenced in the summaries above are approximate and in most cases have been rounded to the nearest \$100,000. For specific amounts, please refer to Viking's Quarterly Report on Form 10-Q/A filed on August 24, 2020 with the Securities and Exchange Commission and available under "Investors -- SEC Filings" at www.vikingenergygroup.com.

ADJUSTED EBITDA (unaudited):

	Adjusted EBITDA		
	For the Three Months Ended June 30,		
	2018	2019	
Net Income (Loss)	\$ (3,955,216)	\$ 1,292,346	\$
Non-Cash / Non-Operating Items			
Stock Based Compensation	1,044,612	2,500	
Changes in Fair Value of Derivatives	632,831	(4,474,016)	
Interest expense including amortization of debt discount	2,531,178	5,496,865	
Accretion - ARO	49,346	75,681	
Income tax benefit (expense)	(605,490)	-	
Depreciation, Depletion & Amortization	459,951	2,228,191	
Total Non-Cash Items	<u>4,112,428</u>	<u>3,329,221</u>	
Adjusted EBITDA	<u>\$ 157,212</u>	<u>\$ 4,621,567</u>	<u>\$</u>

	Adjusted EBITDA		
	For the Six Months Ended June 30,		
	2018	2019	
Net Income (Loss)	\$ (5,508,099)	\$ (10,639,135)	\$
Non-Cash / Non-Operating Items			
Stock Based Compensation	1,218,099	42,082	
Changes in Fair Value of Derivatives	987,784	5,271,567	
Interest expense including amortization of debt discount	3,600,488	10,907,217	
Accretion - ARO	97,777	158,227	
Income tax benefit (expense)	(877,279)	-	
Depreciation, Depletion & Amortization	949,637	4,598,879	
Total Non-Cash Items	<u>5,976,506</u>	<u>20,977,972</u>	
Adjusted EBITDA	<u>\$ 468,407</u>	<u>\$ 10,338,837</u>	<u>\$</u>

Adjusted EBITDA - Non-GAAP Financial Measures

This press release contains “Adjusted EBITDA”, a non-GAAP financial measure. The Company defines Adjusted EBITDA as net income (loss), adjusted for certain non-cash and non-operating items, such as stock-based compensation, changes in the fair value of derivative instruments, asset retirement obligation accretion expense, depreciation, depletion and amortization, interest expense and income tax (benefit) provision. We also exclude certain other non-cash items listed in the aforementioned table. Management believes the presentation of Adjusted EBITDA is useful because it allows external users of our financial statements, such as industry analysts, investors, lenders and rating agencies, to compare the results of our operations from period to period without regard to our financing methods or capital structure, and to have access to the same metrics that management uses to evaluate the Company’s performance. Adjusted EBITDA is not a measure of financial performance under US GAAP and should be considered in addition to, not as a substitute for, net income (loss). The Company adjusts net income (loss) for these specific items to arrive at Adjusted EBITDA because they can vary substantially from company to company within the Company’s industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with GAAP or as an indicator of the Company’s liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing the Company’s financial performance, such as cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA. The Company’s computation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies or to such measure in our credit facility or any of our other contracts.

Forward-Looking Statements

This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Any statements that are not historical facts contained in this press release are “forward-looking statements”, which statements may be identified by words such as “expects,” “plans,” “projects,” “will,” “may,” “anticipates,” “believes,” “should,” “intends,” “estimates,” and other words of similar meaning. Such forward-looking statements are based on current expectations, involve known and unknown risks, a reliance on third parties for information, transactions that may be cancelled, and other factors that may cause our actual results, performance or achievements, or developments in our industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from anticipated results include risks and uncertainties related to the fluctuation of global economic conditions or economic conditions with respect to the oil and gas industry, the COVID-19 pandemic, the performance of management, actions of government regulators, vendors, and suppliers, our cash flows and ability to obtain financing, competition, general economic conditions and other factors that are detailed in our filings with the Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K for the year ended December 31, 2019, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020. We intend that all forward-looking statements be subject to the safe-harbor provisions.

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