

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 2)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2020**

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

Commission File Number: **001-32508**

CAMBER ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

20-2660243

(I.R.S. Employer
Identification No.)

15915 Katy Freeway, Suite 450, Houston, Texas 77094

(Address of principal executive offices) (Zip Code)

(210) 998-4035

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value Per Share	CEI	NYSE American

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, a 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

Emerging growth

Accelerated filer

Smaller reporting 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class

Common Stock, par value
\$0.001 per share

Number of Shares

414,290,116
(as of May 16, 2022)

Explanatory Note

Camber Energy, Inc (the “Company”) filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, originally filed with the Securities and Exchange Commission (the “SEC”) on August 24, 2020 (“Original 10-Q”) We then amended the Original 10-Q by filing Amendment No. 1 on Form 10-Q/A (the “First Amendment”) with the SEC on November 22, 2021 which amended the Original 10-Q. This Amendment No. 2 on Form 10-Q/A (the “Second Amendment”) further amends the First Amendment.

Restatement Background

First Amendment

On October 31, 2020, the Company received a comment letter from the SEC (“SEC Comment Letter”) with respect to Amendment No. 2 to the Registration Statement on Form S-4 filed on October 14, 2020. Among other things, the SEC Comment Letter questioned the Company’s historical accounting treatment regarding the sale of our Series C Redeemable Convertible Preferred Stock (the “Series C Stock”). The Company recorded such sales as “permanent equity,” and the SEC Comment Letter suggested the appropriate accounting classification was something other than permanent equity given certain provisions within the Certificate of Designation for the Series C Stock (“COD”). After considering the SEC Comment Letter and reviewing the COD, the Company and the holder of the Series C Stock determined there were several errors made in the drafting of the COD that could result in unintended consequences. Both parties agreed to subsequently correct the COD, and Certificates of Correction to the COD were filed on December 9, 2020, and on April 20, 2021, to correct the errors. Both parties agreed the corrections would be applied retroactive to the original filing date of the COD, being August 25, 2016; however, US GAAP requires a transaction to be accounted for in accordance with the terms of an agreement in effect during the period of the financial statements, and, consequently, the Company determined that in accordance with the terms of the original COD, the Series C Stock should have been recorded as temporary equity instead of permanent equity. In addition, certain provisions of the original COD required the Company to recognize a derivative liability for certain conversions of the Series C Stock into common stock. After consultations with the SEC staff and the Company’s accounting advisors, the Company determined: (i) the impact of the error(s) is material for the fiscal years ended March 31, 2019 and 2020; and (ii) to restate its Annual Report on Form 10-K for the year ended March 31, 2020, inclusive of comparative financial statements for the year ended March 31, 2019, the previously filed quarterly report on Form 10-Q for the three months ended June 30, 2020, and the previously filed quarterly report on Form 10-Q for the three and six month periods ended September 30, 2020. The Company filed the First Amendment to correct the Accounting for the Series C Stock.

Second Amendment

After filing the First Amendment, we had additional consultations with the SEC staff and determined that the accounting for the Series C Stock in the First Amendment required further adjustment from our previously determined accounting treatment. The Series C Stock are temporary equity and include an embedded derivative due to the potential conversion into a variable number of common shares. The Series C Stock are redeemable or convertible, at the company’s option, upon issuance. The face value of the Series C Stock is convertible into common shares at a fixed rate. As a result, upon issuance a portion of the Series C Stock is recorded as temporary equity with a corresponding amount recorded as a deemed dividend. The carrying value of the portion of the Series C Stock recorded in temporary equity is required to be adjusted based on the fair value of the Company’s common shares required to satisfy a conversion with a corresponding recognition of an additional deemed dividend or an equity contribution. If the Series C Stock are redeemed or converted prior to the stated term, the dividends are required to be paid as if the shares were held to maturity.

As a result, the Company should have recorded a deemed dividend upon issuance and a derivative liability. Any differences between the consideration paid for the Series C Stock and the value of the derivative liability less the portion allocated to temporary equity should have been recorded as a loss on derivative liability at issuance. If the shares are converted into common shares with a value in excess of the recorded value of the derivative liability, an additional loss on the derivative is recognized. The Company did not properly apply the accounting requirements and miscalculated the derivative liability, temporary equity, deemed dividends and gain/loss on derivatives relating to the Series C Preferred stock in the First Amendment.

After consultations with the SEC staff and the Company’s accounting advisors, the Company determined that the impact of the errors in the First Amendment: (i) was material for the fiscal years ended March 31, 2019 and 2020; and (ii) to restate the First Amendment, inclusive of comparative financial statements for the year ended March 31, 2019, the previously filed quarterly report on Form 10-Q/A for the three months ended June 30, 2020, and the previously filed quarterly report on Form 10-Q/A for the three and six month periods ended September 30, 2020. See Note 4 to the Consolidated Financial Statements included in Item 1 for additional information and a reconciliation of the previously restated amounts in the First Amendment to the restated amounts.

The Company’s management has concluded that in light of the errors described above and other factors, material weaknesses exist in the Company’s internal control over financial reporting and that the Company’s disclosure controls were not effective. See Item 4 Controls and Procedures.

Items Amended in this Form 10-Q/A

This Form 10-Q/A presents the First Amendment Report in its entirety, as amended and restated with modifications as necessary to reflect the restatements. The following items have been amended to reflect the restatements:

Part I, Item 1. Financial Statements

Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Part I, Item 4 Controls and Procedures

In addition, the Company’s Chief Executive Officer and Principal Accounting Officer have provided new certifications dated as of the date of this filing in connection with this Form

CAMBER ENERGY, INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CAMBER ENERGY, INC.
 CONSOLIDATED BALANCE SHEETS (Restated)
 (Unaudited)

	June 30, 2020	March 31, 2020
ASSETS		
Current Assets		
Cash	\$ 1,705,374	\$ 656,615
Accounts Receivable, Net of Allowance	279,904	255,363
Other Current Assets	247,973	220,682
Total Current Assets	<u>2,233,251</u>	<u>1,132,660</u>
Property and Equipment		
Oil and Gas Properties - Subject to Amortization	50,443,883	50,443,883
Oil and Gas Properties - Not Subject to Amortization	28,016,989	28,016,989
Other Property and Equipment	1,570	1,570
Total Property and Equipment	<u>78,462,442</u>	<u>78,462,442</u>
Accumulated Depletion, Depreciation, Amortization and Impairment	<u>(78,354,120)</u>	<u>(78,351,825)</u>
Total Property and Equipment, Net	108,322	110,617
Equity Method Investment – Elysium Energy, LLC	—	957,169
Notes Receivable	11,413,533	7,339,719
Other Assets	155,053	155,053
Total Assets	<u>\$ 13,910,159</u>	<u>\$ 9,695,218</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 1,439,641	\$ 1,474,221
Common Stock Payable	—	173,000
Accrued Expenses	192,613	348,460
Current Asset Retirement Obligation	52,402	30,227
Current Income Taxes Payable	3,000	3,000
Derivative Liability	86,567,042	77,636,666
Total Current Liabilities	<u>88,254,698</u>	<u>79,665,574</u>
Asset Retirement Obligation	19,348	41,523
Total Liabilities	<u>88,274,046</u>	<u>79,707,097</u>
Commitments and Contingencies (see Note 10)		
Temporary Equity		
Preferred Stock Series C, 2,951 and 2,819 Issued and Outstanding Respectively, Liquidation Preference of \$101,706,215 and \$97,156,835, respectively	10,805,200	9,801,446
Stockholders' Deficit		
Preferred Stock Series A, 2,000 Shares Authorized of \$0.001 Par Value, -0- Shares issued and Outstanding	—	—
Preferred Stock Series B, 600,000 Shares Authorized of \$0.001 Par Value, 0 and 0 Shares issued and Outstanding, respectively	—	—
Common Stock, 25,000,000 shares Authorized of \$0.001 Par Value, 13,160,530 and 5,000,000 Shares Issued and Outstanding, respectively	13,161	5,000
Additional Paid-in Capital	188,053,372	179,783,233
Accumulated Deficit	<u>(273,235,620)</u>	<u>(259,601,558)</u>
Total Stockholders' Deficit	<u>(85,169,087)</u>	<u>(79,813,325)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 13,910,159</u>	<u>\$ 9,695,218</u>

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

CAMBER ENERGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (Restated)
(Unaudited)

	Three Months Ended	
	June 30,	
	2020	2019
Operating Revenues		
Crude Oil	\$ 21,789	\$ 93,699
Natural Gas	4,164	7,204
Natural Gas Liquids	7,736	20,448
Total Revenues	<u>33,689</u>	<u>121,351</u>
Operating Expenses		
Lease Operating Expenses	69,291	123,557
Severance and Property Taxes	1,349	2,574
Depreciation, Depletion, Amortization, and Accretion	2,295	4,242
General and Administrative	686,663	1,331,991
Total Operating Expenses	<u>759,598</u>	<u>1,462,364</u>
Operating Loss	(725,909)	(1,341,013)
Other Expense (Income)		
Interest Expense	—	847
Loss from Equity Method Investment	1,083,355	—
Other Expense (Income), Net	(214,632)	(54,262)
Loss on Derivative liability	12,039,430	2,163,891
Total Other Expenses (Income)	<u>12,908,153</u>	<u>2,110,476</u>
Net Loss	\$ (13,634,062)	\$ (3,451,489)
Less Preferred Dividends	2,217,671	-
Net loss attributable to common shareholders	(15,581,733)	(3,451,489)
Net Loss Per Common Share		
Basic and Diluted	\$ (2.11)	\$ (224.88)
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	7,527,903	15,348

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

CAMBER ENERGY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019 (Restated)

	Series C		Series E		Series F		Series B		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			
Balances, March 31, 2019 (as restated)	2,305	\$ 2,710,681	—	\$ —	—	\$ —	44,000	\$ 44	13,441	\$ 13	\$174,804,234	\$(231,643,389)	\$ (56,839,098)
Common Shares issued for:													
Conversion of Series B Preferred Stock	—	—	—	—	—	—	(44,000)	(44)	—	—	44	—	—
Payment of Series B Dividend	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of Debenture - Abeyance	—	—	—	—	—	—	—	—	25,008	25	(25)	—	—
Payment for Consulting Fees	—	—	—	—	—	—	—	—	600	1	303,339	—	303,340
True up Shares	—	—	—	—	—	—	—	—	4	—	—	—	—
Series C Fair Value Adjustment	—	(1,637,614)	—	—	—	—	—	—	—	—	1,637,614	—	1,637,614
Net Loss	—	—	—	—	—	—	—	—	—	—	—	(3,451,489)	(3,451,489)
Balances, June 30, 2019	<u>2,305</u>	<u>\$ 1,073,067</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>39,053</u>	<u>\$ 39</u>	<u>\$176,745,206</u>	<u>\$(235,094,878)</u>	<u>\$ (58,349,633)</u>
Balances, March 31, 2020 (as restated)	2,819	\$ 9,801,446	—	\$ —	—	\$ —	—	\$ -	5,000,000	\$ 5,000	\$179,783,233	\$(259,601,558)	\$ (79,813,325)
Common Shares issued for:													
Conversion of Series C Preferred Stock	(498)	(1,213,917)	—	—	—	—	—	—	8,059,016	8,059	10,314,912	—	10,322,971
Payment of Consulting Fees	—	—	—	—	—	—	—	—	101,514	102	172,898	—	173,000
Issuance of Series C Preferred Stock /Deemed dividend	630	2,217,671	—	—	—	—	—	—	—	—	(2,217,671)	—	—
Net Loss	—	—	—	—	—	—	—	—	—	—	—	(13,634,062)	(13,634,062)
Balances, June 30, 2020	<u>2,951</u>	<u>\$10,805,200</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>13,160,530</u>	<u>\$ 13,161</u>	<u>\$188,053,372</u>	<u>\$(273,235,620)</u>	<u>\$ (85,169,087)</u>

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

CAMBER ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (RESTATED)
(Unaudited)

	Three Months Ended	
	June 30,	
	2020	2019
Cash Flows from Operating Activities		
Net Loss	\$ (13,634,062)	\$ (3,451,489)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, Depletion, Amortization and Accretion	2,295	4,242
Bad debt Expense	—	17,694
Share-Based Compensation	—	27,690
Loss from Equity Method Investment	1,083,355	—
Change in Fair Value of Derivative Liability	12,039,430	2,163,886
Changes in Components of Working Capital and Other Assets:		
Accounts Receivable	(24,541)	(12,995)
Other Current Assets	(27,291)	117,073
Accounts Payable and Accrued Expenses	(190,427)	(165,007)
Net Cash Used in Operating Activities	(751,241)	(1,298,906)
Investing Cash Flows		
Cash Paid for Issuance of Notes Receivable	(4,200,000)	—
Cash Paid for Deposits	—	(75,000)
Net Cash Used in Investing Activities	(4,200,000)	(75,000)
Financing Cash Flows		
Proceeds from Issuance of Series C Preferred Stock	6,000,000	—
Net Cash Provided by Financing Activities	6,000,000	—
Increase (Decrease) in Cash	1,048,759	(1,373,906)
Cash at Beginning of the Period	656,615	7,778,723
Cash at End of the Period	\$ 1,705,374	\$ 6,404,817

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

CAMBER ENERGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – GENERAL

Camber Energy, Inc. (“Camber” or the “Company”) is an independent oil and natural gas company engaged in the acquisition, development and sale of crude oil, natural gas and natural gas liquids from various known productive geological formations in Louisiana and Texas. Additionally, from the July 8, 2019 acquisition of Lineal Star Holdings, LLC (“Lineal”), until the divestiture of Lineal effective on December 31, 2019, each as discussed below, the Company, through Lineal, was involved in the oil and gas services industry.

On February 3, 2020, the Company entered into an Agreement and Plan of Merger (as amended to date, the “Merger Agreement”, and the merger contemplated therein, the “Merger”) with Viking Energy Group, Inc. (“Viking”). Pursuant to the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock of Viking (the “Viking Common Stock”) issued and outstanding, other than certain shares owned by the Company, Viking and the subsidiary of the Company formed as part of the merger (“Merger Sub”), will be converted into the right to receive the pro rata share of 80% of the Company’s post-closing capitalization, subject to certain adjustment mechanisms discussed in the Merger Agreement (and excluding shares issuable upon conversion of the Series C Preferred Stock of the Company)(the “exchange ratio”). Holders of Viking Common Stock will have any fractional shares of Company common stock after the Merger rounded up to the nearest whole share. The completion of the Merger is subject to certain closing conditions. A further requirement to the closing of the Merger was that the Company was required to have acquired 30% of Viking’s subsidiary Elysium Energy Holdings, LLC (“Elysium”) as part of a \$9,200,000 investment in Viking’s Rule 506(c) offering, which transaction was completed on February 3, 2020 (25% and a \$5 million investment) and June 22, 2020 (5% and a \$4.2 million investment). See also “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”.

A novel strain of coronavirus (“COVID-19”) was first identified in December 2019, and subsequently declared a global pandemic by the World Health Organization on March 11, 2020. As a result of the outbreak, many companies have experienced disruptions in their operations, workforce and markets served, including a significant reduction in the demand for petroleum-based products. The market for the Company’s oil and gas assets began being adversely impacted by effects of COVID-19 in March of 2020 when circumstances surrounding, and responses to, the pandemic, including stay-at-home orders, began to materialize in North America. Due to the Company’s limited oil and gas production and the fact that all of the Company’s current properties are non-operated, the Company has yet to experience a significant adverse impact from COVID-19. However, the full extent of the COVID-19 outbreak and changes in demand for oil and the impact on the Company’s operations is uncertain. A prolonged disruption could have a material adverse impact on the financial results, assets (including requiring write-downs or impairments) and business operations of the Company.

NOTE 2 – LIQUIDITY AND GOING CONCERN CONSIDERATIONS

At June 30, 2020, the Company’s total current assets of \$2.2 million were less than its total current liabilities of approximately \$88.2 million, resulting in working capital deficit of \$86.0 million, while at March 31, 2020, the Company’s total current assets of \$1.1 million were less than its total current liabilities of approximately \$79.7 million, resulting in a working capital deficit of 78.6 million. The increase in the working capital deficit of \$7.4 million is due primarily to an increase in the recognized loss on the Series C Derivative Liability.

Recent oil and gas price volatility as a result of geopolitical conditions and the global COVID-19 pandemic may have a negative impact on the Company’s financial position and results of operations. Negative impacts could include, but are not limited to, the Company’s inability to sell its oil and gas production, reduction in the selling price of the Company’s oil and gas, failure of a counterparty to make required payments, possible disruption of production as a result of worker illness or mandated production shutdowns or ‘stay-at-home’ orders, and access to new capital and financing.

The factors above raise substantial doubt about the Company’s ability to continue to operate as a going concern for the twelve months following the issuance of these financial statements. The Company believes that it may not have sufficient liquidity to meet its operating costs unless it can raise new funding, which may be through the sale of debt or equity.

The Company had no secured debt outstanding as of June 30, 2020.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has provided a discussion of significant accounting policies, estimates and judgments in its March 31, 2020 Annual Report on Form 10-K/A. There have been no changes to the Company’s significant accounting policies since March 31, 2020 which are expected to have a material impact on the Company’s financial position, operations or cash flows.

Amounts presented in the consolidated balance sheet as of March 31, 2020 are derived from our audited consolidated financial statements as of that date. The unaudited consolidated financial statements as of and for the period ended June 30, 2020 and 2019 have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information on a basis consistent with the annual audited consolidated financial statements and with the instructions to Form 10-Q. The consolidated financial statements presented herein reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the financial position of the Company as of June 30, 2020 and March 31, 2020, and the results of operations for the three month periods ended June 30, 2020 and 2019, the consolidated statements of changes in equity for the three month periods ended June 30, 2020 and 2019 and cash flows for the three month periods ended June 30, 2020 and 2019. All of these adjustments are of a normal recurring nature. The results of operations for the interim periods are not necessarily indicative of the results expected for a full year. The statements should be read in conjunction with the audited consolidated financial statements and the notes thereto which are included in our Annual Report on Form 10-K/A (amendment No. 1) for the year ended March 31, 2020.

Principles of Consolidation

The consolidated financial statements include the accounts of Camber and all of its wholly-owned and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Accounts Receivable

Accounts receivable, net, include amounts due for oil and gas revenues from prior month production, accrued interest on the notes receivable due from Lineal and Viking and an estimate of amounts due from N&B Energy related to the September 2018 Asset Purchase Agreement entered into with N&B Energy. The allowance for doubtful accounts is the Company’s best estimate of the probable amount of credit losses in the Company’s existing accounts receivable. At June 30, 2020 and March 31, 2020, there were allowances for doubtful accounts of approximately \$208,000, included in accounts receivable, and there were bad debts of \$0 and \$17,694, recognized for the three months ended June 30, 2020 and 2019, respectively.

Notes Receivable

Notes receivable includes the \$9,200,000, excluding adjustment for excess loss from equity method investment of \$126,186, of notes from Viking as described in “Note 7 – Long-Term Notes Receivable” and “Note 5 – Plan of Merger and Investment In Unconsolidated Entity”, and two notes due from Lineal in the amounts of \$1,539,719 and \$800,000, respectively, as more fully discussed in “Note 7 – Long-Term Notes Receivable” and “Note 12 – Lineal Merger Agreement and Divestiture”. As of June 30, 2020, the Company had no allowance for uncollectible amounts related to the notes receivable.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their useful lives. Amortization of the equipment under capital leases related to the Lineal operations was computed using the straight-line method over lives ranging from 3 to 5 years and is included in depreciation expense. Costs of maintenance and repairs were charged to expense when incurred.

Long-lived assets including intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the assets carrying amount to determine if an impairment of such asset is necessary. This evaluation, as well as an evaluation of our intangible assets, requires the Company to make long-term forecasts of the future revenues and costs related to the assets subject to review. Forecasts require assumptions about demand for the Company’s services and future market conditions. Estimating future cash flows requires significant judgment, and the Company’s projections may vary from the cash flows eventually realized. Future events and unanticipated changes to assumptions could require a provision for impairment in a future period. The effect of any impairment would be to expense the difference between the fair value (less selling costs) of such asset and its carrying value. Such expense would be reflected in earnings. No impairments were deemed necessary for the three months ended June 30, 2020 and 2019, respectively.

Investment in Unconsolidated Entities

The Company accounts for its investment in unconsolidated entities under the equity method of accounting when it owns less than 51% of a controlling interest and does not have the ability to exercise significant influence over the operating and financial policies of the entity. The investment is adjusted accordingly for dividends or distributions it receives and its proportionate share of earnings or losses of the entity. The current investment in unconsolidated entities is a 30% (25% from February 3, 2020 to June 25, 2020) interest in Elysium Energy Holdings, LLC, which, through its wholly-owned subsidiary, Elysium Energy, LLC, is involved in oil and gas exploration and production in the United States. The balance sheet of Elysium Holdings, LLC at June 30, 2020 included current assets of \$2.2 million, total assets of \$32.4 million, total liabilities of \$33.2 million and net assets of \$(0.8) million. The balance sheet of Elysium Energy Holdings, LLC at March 31, 2020 included current assets of \$4.0 million, total assets of \$37.7 million, total liabilities of \$34.0 million and net assets of \$3.7 million. The income statement of Elysium Energy Holdings, LLC for the three months ended June 30, 2020 included total revenues of \$3.8 million and a net loss of \$4.3 million. See also “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”.

Goodwill

Goodwill is tested for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. Goodwill is reviewed for impairment at the reporting unit level, which is defined as operating segments or groupings of businesses one level below the operating segment level. The Company's operating segments are the same as the reporting units used in its goodwill impairment test. Goodwill is tested for impairment by comparing the estimated fair value of a reporting unit, determined using a market approach, if market prices are available, or alternatively, a discounted cash flow model, with its carrying value. The annual evaluation of goodwill requires the use of estimates about future operating results, valuation multiples and discount rates of each reporting unit to determine their estimated fair value. Changes in these assumptions can materially affect these estimates. Once an impairment of goodwill has been recorded, it cannot be reversed.

Revenue Recognition

Exploration and Production Revenue

The Company's revenue for its exploration and production operations are comprised entirely of revenue from exploration and production activities. The Company's oil is sold primarily to marketers, gatherers, and refiners. Natural gas is sold primarily to interstate and intrastate natural-gas pipelines, direct end-users, industrial users, local distribution companies, and natural-gas marketers. Natural gas liquids ("NGLs") are sold primarily to direct end-users, refiners, and marketers. Payment is generally received from the customer in the month following delivery.

Contracts with customers have varying terms, including month-to-month contracts, and contracts with a finite term. The Company recognizes sales revenues for oil, natural gas, and NGLs based on the amount of each product sold to a customer when control transfers to the customer. Generally, control transfers at the time of delivery to the customer at a pipeline interconnect, the tailgate of a processing facility, or as a tanker lifting is completed. Revenue is measured based on the contract price, which may be index-based or fixed, and may include adjustments for market differentials and downstream costs incurred by the customer, including gathering, transportation, and fuel costs.

Revenues are recognized for the sale of the Company's net share of production volumes. Sales on behalf of other working interest owners and royalty interest owners are not recognized as revenues.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") 820 defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.
- Level 3 – Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

As of June 30, 2020 and March 31, 2020, the significant inputs to the Company's derivative liability calculations was Level 3 inputs.

Derivative Liabilities

The Series C Preferred Stock are convertible into shares of common stock at a fixed \$3.25 conversion rate. Upon conversion, the holder is entitled to dividends as if the shares had been held to maturity, which is referred to as the Conversion Premium. The Conversion Premium may be paid in shares or cash, at the option of the Company. If the Conversion Premium is paid in cash, the amount is fixed and not subject to adjustment. If the Conversion Premium is paid in shares, the conversion ratio is based on a Volume Weighted Average Price ("VWAP") calculation based on the lowest stock price over the Measurement Period. The Measurement Period is 30 days (or 60 days if there is a Triggering Event) prior to the conversion date and 30 days (or 60 days if there is a Triggering Event) after the conversion date. The VWAP calculation is subject to adjustment if there is a Triggering Event and the Measurement Period is subject to adjustment in the event that the Company is in default of one or more Equity Conditions provided in the Certificate of Designation. For example, the Measurement period may be extended one day for every day the Company is not in compliance with one or more of the Equity Conditions. Trigger events are described in the designation of the Series C Preferred Stock, but include items which would typically be events of default under a debt security, including filing of reports late with the SEC.

At the conversion date, the number of shares due for the Conversion Premium is estimated based on the previous 30-day VWAP. If the Company does not elect to pay the Conversion Premium in cash, the Company will issue all shares due for the conversion and the estimated shares due for the conversion premium. If the VWAP calculation for the portion of the Measurement Period following the date of conversion is lower than the VWAP for the portion of the Measurement Period prior to the date of conversion, the holder will be issued additional common shares, referred to as "true-up" shares. If the VWAP calculation is higher, no true-up shares are issued.

The determination of the Conversion Premium for outstanding Series C Shares and the potential obligation to issue True-Up shares subsequent to a conversion are based on variables that are not an input to the fair value of a "fixed-for-fixed" option as defined under FASB ASC Topic No. 815 – 40 and required to be accounted for at fair value as are derivatives liabilities.

The derivative liability at the end of each period includes a derivative liability for the outstanding Series C shares Conversion Premium and a derivative liability for the potential obligation to issue True-Up Shares relating to Series C shares that have been converted and the Measurement Period has not expired, if applicable.

The fair value of the derivative liability relating to the Conversion Premium for any outstanding Series C Shares is equal to the cash required to settle the Conversion Premium. The fair value of the potential true-up share obligation has been estimated using a binomial pricing mode and the lesser of the conversion price or the low closing price of the Company's stock subsequent to the conversion date, and the historical volatility of the Company's common stock. (See notes 4 and 10)

Recently Issued Accounting Pronouncements

The Company does not believe that any recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying consolidated financial statements.

Subsequent Events

The Company has evaluated all transactions through the date the consolidated financial statements were issued for subsequent event disclosure consideration.

NOTE 4 – Restatement of previously issued financial statements

On October 31, 2020, the Company received a SEC Comment Letter with respect to Amendment No. 2 to the Registration Statement on Form S-4 filed on October 14, 2020. Among other things, the SEC Comment Letter questioned the Company's historical accounting treatment regarding the accounting treatment for our Series C Stock. The Company recorded such sales as permanent equity and the SEC Comment Letter suggested the appropriate accounting classification was something other than permanent equity given certain provisions within the Certificate of Designation for the Series C Stock ("COD"). After considering the SEC Comment letter and reviewing the COD, the Company and the holder of the Series C Stock determined there were several errors made in the drafting of the COD that could result in unintended consequences.

Both parties agreed to subsequently correct the COD, and Certificates of Correction to the COD were filed on December 9, 2020 and on April 20, 2021 to correct the errors. Both parties agreed the corrections would be applied retroactive to the original filing date of the COD, being August 25, 2016. However, US GAAP requires a transaction to be accounted for in accordance with the terms of an agreement in effect during the period of the financial statements and, consequently, the Company determined that in accordance with the terms of the original COD, the Series C Stock should have been recorded as temporary equity instead of permanent equity. In addition, certain provisions of the original COD required the Company to recognize a derivative liability for certain conversions of the Series C Stock into common stock. After consultations with the SEC staff and the Company's accounting advisors, the Company determined: (i) the impact of the error(s) is material for the three months ended June 30, 2020; and (ii) to restate its Quarterly Report on Form 10-Q for the period ended June 30, 2020, inclusive of comparative financial statements for the period ended June 30, 2019.

As a result of the errors described above, we restated our financial statements to reclassify the Series C Stock from permanent equity to temporary equity and to recognize a derivative liability for the potential obligation to issue additional shares after the Series C shares have been converted to common shares with the Amendment No. 1 to our quarterly Report on Form 10-Q/A ("First Amendment"). We estimated the fair value of the derivative liability at June 30, 2020 and March 31, 2020 using a binomial pricing model and applying the conversion price (or the lowest trading price for the Company's common stock subsequent to the conversion, if lower than the conversion price) and the historical volatility of the Company's common stock.

After additional consultations with the SEC staff and review of the applicable accounting requirements, the Company determined that the accounting for the Series C Stock required further adjustment from the accounting treatment applied in the First Amendment. The Series C Stock were initially issued in September 2016 and should have been recorded with a deemed dividend to recognize the required conversion premium upon issuance and a loss on derivative liability to recognize the variability if the shares were converted to common shares. Subsequent measurement should have included adjustments to the carrying value of the Series C Stock to recognize changes in fair value due to changes in the Company's stock price and recognition of gains or losses on conversion of the Series C Stock into common stock. Our accounting treatment and calculations are more fully described in note 9.

Then impact of the restatement on our financial statements included in the First Amendme nt are as follows:

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The table below sets forth changes to the consolidated balance sheet as of June 30, 2020:

	As Previously Restated (First Amendment)	Adjustments	As Restated
TOTAL ASSETS	<u>13,910,159</u>	<u>-</u>	<u>13,910,159</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	1,439,641		1,439,641
Accrued expenses	192,613		192,613
Derivative liability – Series C	14,370,827	72,196,215	86,567,042
Current ARO	52,402		52,402
Current income taxes payable	3,000		3,000
Total current liabilities	<u>16,058,483</u>	<u>72,196,215</u>	<u>88,254,698</u>
Asset retirement obligations	19,348		19,348
TOTAL LIABILITIES	<u>16,077,831</u>	<u>72,196,215</u>	<u>88,274,046</u>
TEMPORARY EQUITY			
Preferred Stock Series C	40,080,571	(29,275,371)	10,805,200
STOCKHOLDERS DEFICIT			
Preferred Stock Series A	-		-
Preferred Stock Series B	-		-
Common Stock	13,161		13,161
Additional paid in capital	155,298,998	32,754,374	188,053,372
Accumulated Deficit	(197,560,402)	(75,675,218)	(273,235,620)
Total Stockholders' Deficit	<u>(42,248,243)</u>	<u>(42,920,844)</u>	<u>(85,169,087)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>13,910,159</u>	<u>-</u>	<u>13,910,159</u>

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The table below sets forth changes to the consolidated balance sheet as of March 31, 2020:

	As Previously Restated (First Amendment)	Adjustments	As Restated
TOTAL ASSETS	<u>9,695,218</u>		<u>9,695,218</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	1,474,221	-	1,474,221
Common stock payable	173,000	-	173,000
Accrued expenses	348,460	-	348,460
Derivative liability – Series C	8,669,831	68,966,835	77,636,666
Current ARO	30,227	-	30,227
Current income taxes payable	3,000	-	3,000
Total current liabilities	<u>10,698,739</u>	<u>68,966,835</u>	<u>79,665,574</u>
Asset retirement obligations	<u>41,523</u>	-	<u>41,523</u>
TOTAL LIABILITIES	10,740,262	68,966,835	79,707,097
Commitments and contingencies	-		-
TEMPORARY EQUITY			
Preferred Stock Series C	<u>39,389,202</u>	(29,587,756)	<u>9,801,446</u>
STOCKHOLDERS EQUITY			
Preferred Stock Series C	2	(2)	-
Common Stock	5,000	-	5,000
Additional paid in capital	149,825,528	29,957,705	179,783,233
Accumulated deficit	(190,264,774)	(69,336,784)	(259,601,558)
Total stockholders' deficit	<u>(40,434,246)</u>	<u>(39,379,079)</u>	<u>(79,813,325)</u>
TOTAL LIABILITIES AND EQUITY	<u>9,695,218</u>	<u>--</u>	<u>9,695,218</u>

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The table below sets forth changes to the consolidated statement of operations for the three-month period ended June 30, 2020:

Three Months Ended June 30, 2020	<u>As reported</u>	<u>Adjustments</u>	<u>Restated</u>
Total Revenues	33,689		33,689
Operating Expenses			
Lease Operating Expenses	69,291		69,291
Severance and Property Taxes	1,349		1,349
Depreciation, Depletion, Amortization, and Accretion	2,295		2,295
General and Administrative	686,663		686,663
Total Operating Expenses	759,598		759,598
Operating Loss	(725,909)		(725,909)
Other Expense (Income)			
Interest Expense	—		—
Loss from Unconsolidated Entity	1,083,355		1,083,355
Other Expense (Income), Net	(214,632)		(214,632)
Loss on Derivative Liability	5,700,996	6,338,434	12,039,430
Total Other Expenses	6,569,719	6,338,434	12,908,153
Net Loss	\$ (7,295,628)	\$ (6,338,434)	\$ (13,634,062)
Less Preferred Dividends	1,680,756	536,915	2,217,671
Net Loss Attributable to Common Shareholders	(8,976,384)	(6,875,349)	(15,851,733)
Net Loss Per Common Share			
Basic and Diluted	(1.19)	(.91)	(2.11)

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The table below sets forth changes to the consolidated statement of operations for the three-month period ended June 30, 2019:

Three Months Ended June 30, 2019	<u>As reported</u>	<u>Adjustments</u>	<u>Restated</u>
Total Revenues	<u>121,351</u>		<u>121,351</u>
Operating Expenses			
Lease Operating Expenses	123,557		123,557
Severance and Property Taxes	2,574		2,574
Depreciation, Depletion, Amortization, and Accretion	4,242		4,242
General and Administrative	<u>1,331,991</u>		<u>1,331,991</u>
Total Operating Expenses	<u>1,462,364</u>		<u>1,462,364</u>
Operating Loss	<u>(1,341,013)</u>		<u>(1,341,013)</u>
Other Expense (Income)			
Interest Expense	847		847
Loss from Unconsolidated Entity	—		—
Other Expense (Income), Net	(54,262)		(54,262)
Loss on Derivative Liability	<u>2,163,891</u>	<u>- -</u>	<u>2,163,891</u>
Total Other Expenses (Income)	<u>(2,110,476)</u>	<u>-</u>	<u>2,110,476</u>
Net Loss	<u>\$ (3,451,489)</u>	<u>\$ -</u>	<u>\$ (3,451,489)</u>
Less Preferred Dividends	1,453,718	(1,453,718)	-
Net Loss Attributable to Common Shareholders	(4,905,207)	(1,453,718)	(3,451,489)
Net Loss Per Common Share			
Basic and Diluted	(319.60)	(94.72)	(224.88)

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The table below sets forth changes to the consolidated statement of shareholders' equity as of June 30, 2020:

	<u>As previously restated (First Amendment)</u>	<u>Adjustments</u>	<u>As Restated</u>
Balances June 30, 2020			
Series C preferred Stock	\$ 40,080,571	\$ (29,275,371)	\$ 10,805,200
Common stock	13,161		13,161
Additional Paid-in Capital	155,298,998	32,754,374	188,053,372
Accumulated Deficit	(197,560,402)	(75,675,218)	(273,235,620)
Total Stockholders' Equity, June 30, 2020	<u>\$ (42,248,243)</u>	<u>\$ (42,920,844)</u>	<u>\$ (85,169,087)</u>

The table below sets forth changes to the consolidated statement of shareholders' equity as of March 31, 2020:

	<u>As previously restated (First Amendment)</u>	<u>Adjustments</u>	<u>As Restated</u>
Balances March 31, 2020			
Series C preferred Stock	\$ 39,389,202	\$ (29,587,756)	\$ 9,801,446
Common stock	\$ 5,000		\$ 5,000
Additional Paid-in Capital	149,825,528	29,957,705	179,783,233
Accumulated Deficit	(190,264,774)	(69,336,784)	(259,601,558)
Total Stockholders' Equity, March 31, 2020	<u>\$ (40,434,246)</u>	<u>\$ (39,379,079)</u>	<u>\$ (79,813,325)</u>

The table below sets forth changes to the consolidated statements of cash flows for the three month period ended June 30, 2020:

Three Months Ended June 30, 2020	<u>As previously reported</u>	<u>Adjustments</u>	<u>Restated</u>
Cash Flows from Operating Activities			
Net Loss	\$ (7,295,628)	(6,338,434)	\$ (13,634,062)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, Depletion, Amortization and Accretion	2,295		2,295
Bad debt Expense	—		—
Share-Based Compensation	—		—
Loss from Equity Method Investment	1,083,355		1,083,355
Change in Fair Value of Derivative Liability	5,700,996	6,338,434	12,039,430
Changes in Components of Working Capital and Other Assets:			
Accounts Receivable	(24,541)		(24,541)
Other Current Assets	(27,291)		(27,291)
Accounts Payable and Accrued Expenses	(190,427)		(190,427)
Net Cash Used in Operating Activities	<u>(751,241)</u>	--	<u>(751,241)</u>
Investing Cash Flows			
Cash Paid for Issuance of Notes Receivable	(4,200,000)		(4,200,000)
Cash Paid for Deposits	—		—
Net Cash Used in Investing Activities	<u>(4,200,000)</u>		<u>(4,200,000)</u>
Financing Cash Flows			
Proceeds from Issuance of Series C Preferred Stock	6,000,000		6,000,000
Net Cash Provided by Financing Activities	<u>6,000,000</u>		<u>6,000,000</u>
Increase (Decrease) in Cash	1,048,759		1,048,759
Cash at Beginning of the Period	656,615		656,615
Cash at End of the Period	<u>\$ 1,705,374</u>		<u>\$ 1,705,374</u>

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The table below sets forth changes to the consolidated statements of cash flows for the three month period ended June 30, 2019:

Three months ended June 30, 2019	As previously reported	Adjustments	Restated
Cash Flows from Operating Activities			
Net Loss	\$ (3,451,489)	-	\$ (3,451,489)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, Depletion, Amortization and Accretion	4,242		4,242
Bad debt Expense	17,694		17,694
Share-Based Compensation	27,690		27,690
Loss from Equity Method Investment	—		—
Change in Fair Value of Derivative Liability	2,163,886		2,163,886
Changes in Components of Working Capital and Other Assets:			
Accounts Receivable	(12,995)		(12,995)
Other Current Assets	117,073		117,073
Accounts Payable and Accrued Expenses	(165,007)		(165,007)
Net Cash Used in Operating Activities	(1,298,906)		(1,298,906)
Investing Cash Flows			
Cash Paid for Issuance of Notes Receivable	—		—
Cash Paid for Deposits	(75,000)		(75,000)
Net Cash Used in Investing Activities	(75,000)		(75,000)
Financing Cash Flows			
Proceeds from Issuance of Series C Preferred Stock	—		—
Net Cash Provided by Financing Activities	—		—
Increase (Decrease) in Cash	(1,373,906)		(1,373,906)
Cash at Beginning of the Period	7,778,723		7,778,723
Cash at End of the Period	\$ 6,404,817		\$ 6,404,817

NOTE 5 – PROPERTY AND EQUIPMENT**Oil and Gas Properties**

Camber uses the full cost method of accounting for oil and natural gas producing activities. Costs to acquire mineral interests in oil and natural gas properties, to drill and equip exploratory wells used to find proved reserves, and to drill and equip development wells including directly related overhead costs and related asset retirement costs are capitalized.

Under this method, all costs, including internal costs directly related to acquisition, exploration and development activities are capitalized as oil and natural gas property costs on a country-by-country basis. Costs not subject to amortization consist of unproved properties that are evaluated on a property-by-property basis. Amortization of these unproved property costs begins when the properties become proved or their values become impaired. Camber assesses overall values of unproved properties, if any, on at least an annual basis or when there has been an indication that impairment in value may have occurred. Impairment of unproved properties is assessed based on management's intention with regard to future development of individually significant properties and the ability of Camber to obtain funds to finance its programs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized.

Sales of oil and natural gas properties are accounted for as adjustments to the net full cost pool with no gain or loss recognized unless the adjustment would significantly alter the relationship between capitalized costs and proved reserves. If it is determined that the relationship is significantly altered, the corresponding gain or loss will be recognized in the statements of operations.

Costs of oil and natural gas properties are amortized using the units of production method. Amortization expense calculated per equivalent physical unit of production amounted to \$0.80 and \$1.21 per barrel of oil equivalent for the three months ended June 30, 2020 and 2019, respectively.

All of Camber's oil and natural gas properties are located in the United States. Costs being amortized at June 30, 2020 and March 31, 2020 are as follows:

	June 30, 2020	March 31, 2020
Oil and gas properties subject to amortization	\$ 50,352,033	\$ 50,352,033
Oil and gas properties not subject to amortization	28,016,989	28,016,989
Capitalized asset retirement costs	91,850	91,850
Total oil & natural gas properties	78,460,872	78,460,872
Accumulated depreciation, depletion, and impairment	(78,352,769)	(78,350,605)
Net Capitalized Costs	\$ 108,103	\$ 110,267

Impairments

For the three-month periods ended June 30, 2020 and 2019, the Company recorded no impairment.

Additions and Depletion

During the three months ended June 30, 2020 and 2019, the Company incurred no costs of for technical and other capital enhancements to extend the lives of the Company's wells. Additionally, the Company recorded approximately \$2,164 and \$4,000 for depletion for the three months ended June 30, 2020 and 2019, respectively.

Leases

As part of the Lineal Acquisition, the Company acquired various operating and finance leases for sales and administrative offices, motor vehicles and machinery and equipment. Due to the Redemption Agreement discussed in – “Note 1 – General” and below in “Note 12 – Lineal Merger Agreement and Divestiture”, the Company no longer owns the operating and finance leases that it had acquired in connection with the Lineal Acquisition.

Effective August 1, 2018, the Company entered into a month-to-month lease at 1415 Louisiana, Suite 3500, Houston, Texas 77002. The entity providing use of the space without charge is affiliated with the Company's Chief Financial Officer.

NOTE 6 – PLAN OF MERGER AND INVESTMENT IN UNCONSOLIDATED ENTITY

Viking Plan of Merger and Related Transactions

On February 3, 2020, the Company and Viking entered into a merger agreement (as amended to date, the “Merger Agreement”). Pursuant to the Merger Agreement, at the effective time of the Merger, each share of common stock of Viking issued and outstanding, other than certain shares owned by the Company, Viking and the Company's merger sub which will be merged with and into Viking, with Viking being the surviving entity in the merger (“Merger Sub”), will be converted into the right to receive the pro rata share of 80% of the Company's post-closing capitalization, subject to certain adjustment mechanisms discussed in the Merger Agreement (and excluding shares issuable upon conversion of the Series C Preferred Stock of the Company). Holders of Viking Common Stock will have any fractional shares of Company common stock after the Merger rounded up to the nearest whole share. The Merger Agreement can be terminated under certain circumstances, including by either Viking or the Company if the Merger has not been consummated on or before September 30, 2020, provided that the Company or Viking shall have the right to extend such date from time to time, until up to December 31, 2020, in the event that the Company has not fully resolved SEC comments on the Form S-4 (a preliminary draft of which has previously been filed) or other SEC filings related to the Merger, and Camber is responding to such comments in a reasonable fashion, subject to certain exceptions.

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A further requirement to the closing of the Merger was that the Company was required to have acquired 30% of Elysium as part of a \$9,200,000 investment in Viking's Rule 506© offering, which transaction was completed on February 3, 2020 (25% of Elysium and \$5 million investment) and June 25, 2020 (5% of Elysium and \$4.2 million investment), as discussed below. In the event of termination of the Merger Agreement, Camber is required, under certain circumstances described below, to return a portion of the Elysium interests to Viking:

Reason for Termination	Percentage of Elysium Retained by Camber
Termination of the Merger Agreement by mutual agreement of the parties because the conditions to closing the Merger relating to receipt of exchange listing and regulatory approvals and the Registration Statement on Form S-4, being declared effective, have a reasonable likelihood of not being satisfied through no fault of Camber or Viking	20%*
Termination of the Merger Agreement due to either (i) Camber's determination not to proceed with the Merger even though Viking has substantially performed its obligations pursuant to the Merger Agreement, or (ii) a matter raised in Camber's Merger Agreement disclosure schedule which was (A) not disclosed by Camber in its Securities and Exchange Commission (SEC) reports, (B) could reasonably result in a material adverse effect on Camber in excess of \$500,000, and (c) which Viking objected to within 5 business days of disclosure by Camber to Viking	25%*
Termination of the Merger Agreement due to a material breach of the Merger Agreement by Camber or its disclosure schedules	0%*
In the event the Secured Notes (defined below) are not repaid within 90 days of the date of termination and the Additional Payment (defined below) is not made	30%

*Assumes the payment of Secured Notes within 90 days of the date of termination of the Merger Agreement and the Additional Payment (defined below) is made.

The Merger Agreement provides that the Secured Notes (defined below) will be forgiven in the event the Merger closes, and the Secured Notes will be due 90 days after the date that the Merger Agreement is terminated by any party for any reason, at which time an additional payment shall also be due to the Company and payable by Viking in an amount equal to (i) 115.5% of the original principal amount of the Secured Notes, minus (ii) the amount due to the Company pursuant to the terms of the Secured Notes upon repayment thereof (the "Additional Payment") is due.

A required condition to the entry into the Merger was that the Company loan Viking \$5 million, pursuant to the terms of a Securities Purchase Agreement, which was entered into on February 3, 2020 (the "1st SPA"). On February 3, 2020, the Company and Discover Growth Fund, an institutional investor ("Discover"), entered into a Stock Purchase Agreement pursuant to which Discover purchased 525 shares of Series C Preferred Stock of the Company, for \$5 million, at a 5% original issue discount to the \$10,000 face value of such preferred stock. Pursuant to the 1st SPA, the Company made a \$5 million loan to Viking (using funds raised from the sale of the Series C Preferred Stock shares to Discover), which was evidenced by a 10.5% Secured Promissory Note (the "1st Secured Note"). On June 25, 2020, the Company advanced an additional \$4.2 million to Viking in consideration for, among other things, an additional 10.5% Secured Promissory Note in the principal amount of \$4.2 million (the "2nd Secured Note" and together with the 1st Secured Note, the "Secured Notes").

The Secured Notes accrue interest at the rate of 10.5% per annum, payable quarterly and are due and payable on February 3, 2022. The notes include standard events of default, including certain defaults relating to the trading status of Viking's common stock and change of control transactions involving Viking. The Secured Notes can be prepaid at any time with prior notice as provided therein, and together with a pre-payment penalty equal to 10.5% of the original amount of the Secured Notes. The Secured Notes are secured by a security interest, *pari passu* with the other investors in Viking's Secured Note offering (subject to certain pre-requisites) in Viking's 70% ownership of Elysium and 100% of Ichor Energy Holdings, LLC. Additionally, pursuant to a separate Security and Pledge Agreement, Viking provided Camber a security interest in the membership, common stock and/or ownership interests of all of Viking's existing and future, directly owned or majority owned subsidiaries, to secure the repayment of the Secured Notes.

The Secured Notes are convertible into common shares of Viking at a conversion price of \$0.24 per share at any time after March 4, 2020, and before the 15th day after Viking's common stock has traded at an average daily price of at least \$0.55 for 15 consecutive business days (at which point the Secured Notes are no longer convertible), provided that the Company is restricted from converting any portion of the Secured Notes into Viking's common stock if upon such conversion the Company would beneficially own more than 4.99% of Viking's common stock (which percentage may be increased or decreased, with 61 days prior written notice to Viking, provided that such percentage cannot under any circumstances be increased to greater than 9.99%).

On and effective June 22, 2020, the Company and Discover entered into a Stock Purchase Agreement (the "[June 2020 Purchase Agreement](#)"), pursuant to which Discover purchased 630 shares of Series C Preferred Stock for \$6 million, at a 5% original issue discount to the \$10,000 face value of such preferred stock (the "[Face Value](#)"). Provided that the Company has not materially breached the terms of the June 2020 Purchase Agreement, the Company may at any time, in its sole and absolute discretion, repurchase from Discover all, but not less than all, of the then outstanding shares of Series C Preferred Stock sold pursuant to the agreement by paying to Discover 110% of the aggregate face value of all such shares.

The Company agreed pursuant to the June 2020 Purchase Agreement that if the Merger does not close by the required date approved by the parties thereto (as such may be extended from time to time), the Company is required, at Discover's option, in its sole and absolute discretion, to immediately repurchase from Discover all then outstanding Series C Preferred Stock shares acquired by Discover pursuant to the June 2020 Purchase Agreement, by paying to Discover 110% of the aggregate Face Value of all such shares (the "[Repurchase Requirement](#)"), which totals \$6,930,000.

On June 22, 2020, the Company and Discover entered into an Amendment to Stock Purchase Agreement (the "[SPA Amendment](#)"), pursuant to which Discover agreed to terminate the obligation set forth in the February 2020 Stock Purchase Agreement previously entered into between the Company and Discover on February 3, 2020, which contained a Repurchase Requirement substantially similar to the one contained in the June 2020 Purchase Agreement (as to the 525 shares of Series C Preferred Stock sold to Discover on February 3, 2020), which would have required that the Company pay Discover an aggregate of \$5,775,000 in connection with the redemption of the 525 shares of Series C Preferred Stock the Company sold to Discover in the event the Merger was terminated.

Investment in Unconsolidated Entity

The Company accounts for its investment in unconsolidated entities under the equity method of accounting when it owns less than 51% of a controlling interest and does not have the ability to exercise significant influence over the operating and financial policies of the entity. The Company owns 30% of Elysium as of June 30, 2020 (25% from February 3, 2020 to June 25, 2020), as discussed above, and accounts for such ownership under the equity method of accounting. The investment is adjusted accordingly for dividends or distributions it receives and its proportionate share of earnings or losses of the entity. Elysium is involved in oil and gas exploration and production in the United States. The balance sheet of Elysium at June 30, 2020 included current assets of \$2.2 million, total assets of \$32.4 million, total liabilities of \$33.2 million and net assets of \$(0.8) million. The balance sheet of Elysium at March 31, 2020 included current assets of \$4.0 million, total assets of \$37.7 million, total liabilities of \$34.0 million and net assets of \$3.7 million. Additionally, the income statement for Elysium for the three months ended June 30, 2020 included total revenues of \$3.8 million and net loss of \$4.3 million.

The carrying value of the notes receivable was reduced by \$126,186 as the Company's share of losses from Elysium for the three months ended June 30, 2020. In accordance with ASC 323-10-35, the losses from Elysium exceeded the equity investment of the Company which was used to reduce the related notes receivable balance. If the losses were to exceed the notes receivable balance, no additional losses would be recorded for the equity investment.

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Table below shows the changes in the investment in unconsolidated entity for the three-month periods ended June 30, 2020 and 2019, respectively.

	2020	2019
Carrying amount at beginning of period	\$ 957,169	\$ —
Investment in Elysium	—	—
Equity change in net loss of unconsolidated entity applied to Long-Term Notes Receivable	126,186	—
Proportionate Share of Elysium Loss	(1,083,355)	—
Carrying amount at end of period	\$ —	\$ —

NOTE 7 – LONG-TERM NOTES RECEIVABLE

Long-term notes receivable as of June 30, 2020 and March 31, 2020 are comprised of:

	June 30, 2020	March 31, 2020
Notes receivable from Viking Energy Group, Inc. pursuant to 10.5% Secured Promissory Notes dated February 3, 2020 (\$5,000,000) and June 25, 2020 (\$4,200,000) in the original principal amount of \$9,200,000, having an annual interest rate of 10.5%, with interest due quarterly beginning on May 1, 2020, maturing February 3, 2022. Accrued and unpaid interest of \$89,466 and \$83,425 is included in accounts receivable at June 30, 2020 and March 31, 2020, respectively. The Note is secured by secured interests in six Viking Energy Group, Inc. subsidiaries. See also “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”.	\$ 9,200,000	\$ 5,000,000
Note receivable from Lineal Star Holdings, LLC pursuant to a Promissory Note dated effective December 31, 2019, in the original principal amount of \$1,539,719, accruing annual interest of 10.5%, due quarterly beginning on March 31, 2020, maturing December 31, 2021, with accrued and unpaid interest of \$38,388 and \$37,966 included in accounts receivable at June 30, 2020 and March 31, 2020, respectively. See also “Note 1 – General” and “Note 12 – Lineal Merger Agreement and Divestiture”.	1,539,719	1,539,719
Note receivable from Lineal Star Holdings, LLC pursuant to a Promissory Note No. 2 dated effective December 31, 2019, in the original principal amount of \$800,000, accruing annual interest of 8%, due quarterly beginning on March 31, 2020, maturing December 31, 2021, with accrued and unpaid interest of \$15,956 and \$15,781 included in accounts receivable at June 30, 2020 and March 31, 2020, respectively. See also “Note 1 – General” and “Note 12 – Lineal Merger Agreement and Divestiture”.	800,000	800,000
Equity loss of unconsolidated entity applied to notes receivable. See also “Note 6– Plan of Merger and Investment In Unconsolidated Entity”	(126,186)	—
Less: current maturities	—	—
Total	\$ 11,413,533	\$ 7,339,719

NOTE 8 – ASSET RETIREMENT OBLIGATIONS

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of long-term legal obligations associated with the future retirement of oil and natural gas properties for the three-month periods ended June 30, 2020 and 2019, respectively.

	2020	2019
Carrying amount at beginning of period	\$ 71,750	\$ 303,809
Payments	—	—
Accretion	—	2
Revisions of previous estimates	—	8,258
Carrying amount at end of period	\$ 71,750	\$ 312,069

Camber has short-term obligations of \$52,402 and \$30,277 related to the plugging liabilities at June 30, 2020 and March 31, 2020, respectively.

NOTE 9 – DERIVATIVE LIABILITY

The Series C Preferred Stock are convertible into shares of common stock at a fixed \$3.25 conversion rate. Upon conversion, the holder is entitled to dividends as if the shares had been held to maturity, which is referred to as the Conversion Premium. The Conversion Premium may be paid in shares or cash, at the option of the Company. If the Conversion Premium is paid in cash, the amount is fixed and not subject to adjustment. If the Conversion Premium is paid in shares, the conversion ratio is based on a volume weighted average stock price of the Company's common stock ("VWAP") calculation based on the lowest stock price over the Measurement Period. The conversion price is equal to 95% (85% following a Triggering Event) of the five lowest VWAPs over the Measurement Period, less \$0.05 (\$0.10 following a Triggering Event) per share. The Measurement Period is 30 days (or 60 days if there is a Triggering Event) prior to the conversion date and 30 days (or 60 days if there is a Triggering Event) after the conversion date. The VWAP calculation is subject to adjustment if there is a Triggering Event and the Measurement Period is subject to adjustment in the event that the Company is in default of one or more Equity Conditions provided in the COD. For example, the Measurement period may be extended one day for every day the Company is not in compliance with one or more of the Equity Conditions.

At the conversion date, the number of shares due for the Conversion Premium is estimated based on the previous 30-day VWAP. If the Company does not elect to pay the Conversion Premium in cash, the Company will issue all shares due for the conversion and the estimated shares due for the Conversion Premium. If the VWAP calculation for the portion of the Measurement Period following the date of conversion is lower than the VWAP for the portion of the Measurement Period prior to the date of conversion, the holder will be issued additional common shares, referred to as "true-up" shares. If the VWAP calculation is higher, no true-up shares are issued.

Our accounting treatment of the Series C Stock is described below:

Prior to April 20, 2021

Issuance of the Series C Stock

Upon issuance we determined that the Series C Stock included an embedded derivative and, because the conversion was generally outside the control of the Company, the Series C Stock were required to be recorded as temporary equity. Upon issuance of the Series C Stock, we determined the amount to be allocated to the derivative liability to be the Conversion Premium, assuming a cash settlement and we determined the redemption value of the Series C Stock to be the fair value of the common shares issuable to satisfy the conversion of the Series C Stock. To the extent that consideration paid for the Series C Stock was less than the redemption value plus the derivative liability, we first allocated the consideration to the derivative liability and recorded the difference as a loss on derivative liability. The consideration received never exceeded the derivative liability. Consequently, no proceeds were allocated to the redemption value. The redemption value was recorded as temporary equity and a deemed dividend. The cash obligation required to satisfy the Conversion Premium, less cash received was recorded as a derivative liability.

Conversion of the Series C Stock

The Company receives notice of conversion from the holder with a calculation of the number of common shares required to be issued to satisfy the redemption value plus the Conversion Premium. The Company has never elected to satisfy the conversion premium in cash. The Company then issues the number of common shares determined by the holder using a VWAP calculation for the Measurement Period before the conversion date. The shares may be issued over time due to ownership limitations of the holder. Upon conversion of the Series C Stock, the Company reduces the derivative liability by the amount that was originally recorded for the number of Series C Stock converted. Any difference between the current fair value of the common shares issued to satisfy the conversion premium and the originally recorded derivative liability was recorded as a loss on derivative liability. Temporary equity is also reduced by the fair value the common shares issued to satisfy the redemption value (amounts recorded in temporary equity). Any difference is recorded as additional deemed dividend or an equity contribution.

The holder may be entitled to additional shares subsequent to the conversion date if the VWAP calculation for the portion of the Measurement Period following the date of conversion is lower than the VWAP for the portion of the Measurement Period prior to the date of conversion, referred to as "true-up" shares. If the VWAP calculation is higher, no true-up shares are issued.

Management has determined that the potential obligation to issue "true-up" shares under the Conversion Premium creates an additional derivative liability. The determination of the number of true-up shares due, if any, is based on the lowest VWAP calculation over the Measurement Period that extends beyond the conversion date. In addition, if the Company has not complied with certain provisions of the Certificate of Designation, the Measurement Period does not end until the Company is in compliance. The potential obligation to issue true-up shares after the conversion date is a derivative liability.

The derivative liability for the True-Up Shares at the end of each period represents Series C Stock conversions in respect of which the Measurement Period had not expired as of the period end. The fair value of the derivative liability has been estimated using a binomial pricing model, the estimated remaining Measurement Period, the share price and the historical volatility of the Company's common stock.

Adjustments to the Carrying value of the Series C Stock and the Derivative Liability

At each reporting period the Company determined the fair value of the common shares required to satisfy the redemption of the outstanding Series C Stock and recorded an additional deemed dividend or an equity contribution for any differences. The redemption Conversion Premium was assumed to be settled in cash because cash settlement is more favorable to the Company. The fair value of the common shares required to satisfy the redemption of the Series C Stock was determined generally using the closing share price of the Company's stock as of the reporting date. The amount of cash required to settle the Conversion Premium was generally fixed at the time of issuance. Consequently, the fair value of the derivative liability relating to the cash obligation to satisfy the Conversion Premium is generally unchanged until conversion.

The cash required to settle the conversion premium was unchanged until the dividend rate of 24.95% was increased in accordance with the terms of the Series C Stock to 34.95% due to covenant violations. The increase in the conversion premium was recorded as an increase in the derivative liability and a loss on change in fair value of derivative liability.

The fair value of the derivative liability relating to the potential obligation to issue true-up shares is subject to adjustment as the Company's stock price changes. Such changes are recorded as changes in fair value of derivative liability.

April 20, 2021 Amendment to the Series C Stock COD

On April 20, 2021, the Company amended the Series C Stock certificate of designation (COD) to require all conversions to be in common shares, thus removing the cash option for redemption of the Conversion Premium. We determined that the amendment required reclassification of the Series C Stock recorded in temporary equity to be reclassified to permanent equity with no further quarterly adjustments. .

Effect on derivative liability

We determined that the removal of the cash option for conversion of the Conversion Premium changed the cash redemption assumption to assume, in all cases, share redemption. Therefore, the derivative liability is required to be recorded at the fair value of the equivalent number of common shares issuable to satisfy the Conversion Premium. We recorded an adjustment to derivative liability and loss on derivative on April 20, 2021 and we will record changes in fair value of the derivative liability each quarter thereafter as long as any Series C Stock are outstanding. We estimated the fair value of the derivative liability for the outstanding Series C Stock Conversion Premium using the period end number of shares required to satisfy the Conversion Premium at the period end closing share price of the Company’s common stock, except as noted below.

Limitations on using the closing price of the Company’s common stock to determine fair value

The Company is a smaller reporting company and is traded on the NYSE American exchange. Historically, our stock price has been extremely volatile and subject to large and sometimes unexplained price variations on a daily or weekly basis. In addition, the Company declared four reverse stock splits in 2018 and 2019 and the Company’s common stock generally trades at less than \$1.00 per share. These factors have exacerbated daily volatility of our stock price. Consequently, we believe that the closing price of our stock on the reporting date may not, in all cases, represent the fair value of the common share required to satisfy the redemption of the Series C Stock. Recognizing that the closing share price of our publicly traded stock is an observable input to fair value, we used such price for determining fair value in most cases and only considered an alternative measure of fair value when the closing price of the Company’s common stock varied by more than 20% from the five-day moving average immediately prior to the measurement date. In such cases, we used an average closing price of the previous 30 day period as an estimate of fair value, adjusted for stock splits if applicable. In addition, conversion of the Series C shares require a significant number of common shares to be issued in relation to the total number of shares outstanding. We do not believe that the market price of the Company’s common stock appropriately reflects the potential for significant dilution caused by a large conversion and may not be representative of market value. In cases where the number of common shares required to satisfy a conversion of the Series C shares into common stock was significant in relation to the total number of shares outstanding (approximately 30% or greater) we determined the fair value of the embedded features based on the historical market capitalization of the Company.

Activities for Series C Shares derivative liability for the three-month periods ended June 30 , 2020 and 2019 were as follows:

Three months ended June 30,	<u>2020</u>	<u>2019</u>
Carrying amount at beginning of period	\$ 77,636,666	\$ 60,303,474
Change in fair value	12,039,430	2,163,891
Settlement of Obligation (issuance of common shares)	(3,109,054)	-
Carrying amount at end of period	<u>\$ 86,567,042</u>	<u>\$ 62,467,365</u>

Activities for derivative warrant instruments during the three months ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Carrying amount at beginning of period	\$ —	\$ 5
Change in fair value		(5)
Carrying amount at end of period	<u>\$ —</u>	<u>\$ —</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Office Lease. Information regarding the Company’s office space is disclosed in greater detail above under “Note 5 – Property and Equipment – Leases”, above.

Legal Proceedings. From time to time suits and claims against Camber arise in the ordinary course of Camber’s business, including contract disputes and title disputes. Camber records reserves for contingencies when information available indicates that a loss is probable, and the amount of the loss can be reasonably estimated.

Maranatha Oil Matter

In November 2015, Randy L. Robinson, d/b/a Maranatha Oil Co. sued the Company in Gonzales County, Texas (Cause No. 26160). The plaintiff alleged that it assigned oil and gas leases to the Company in April 2010, retaining a 4% overriding royalty interest and 50% working interest and that the Company failed to pay such overriding royalty interest or royalty interest. The interests relate to certain oil and gas properties which the Company subsequently sold to Nordic Oil USA in April 2013. The petition alleges causes of actions for breach of contract, failure to pay royalties, non-payment of working interest, fraud, fraud in the inducement of contract, money had and received, constructive trust, violation of theft liability act, continuing tort and fraudulent concealment. The suit seeks approximately \$100,000 in amounts alleged owed, plus pre-and post-judgment interest. The Company has filed a denial to the claims and intends to vehemently defend itself against the allegations.

PetroGlobe Energy Holdings, LLC and Signal Drilling, LLC

In March 2019, PetroGlobe and Signal sued the Company in the 316th Judicial District of Hutchinson County, Texas (Cause No. 43781). The plaintiffs alleged causes of action relating to negligent misrepresentation; fraud and willful misconduct; gross negligence; statutory fraud; breach of contract; and specific performance, in connection with a purchase and sale agreement entered into between the parties in March 2018, relating to the purchase by plaintiffs of certain oil and gas assets from the Company, and a related joint venture agreement. The lawsuit seeks in excess of \$600,000 in damages, as well as pre- and post-judgment interest, court costs and attorneys' fees, and punitive and exemplary damages. Additionally, a portion of the revenues from the properties in contention are being held in suspense as a result of the lawsuit. On October 31, 2019, the Company brought counterclaims against PetroGlobe and Signal, and Petrolia Oil, LLC and Ian Acrey, including bringing claims for causes of actions including declaratory judgment (that PetroGlobe and certain other plaintiffs represented that a lease and related wells were free of all agreements and rights in favor of third parties and provided a special warranty of title pursuant to the purchase and sale agreement); breach of contract (in connection with the purchase and sale agreement); statutory fraud; common law fraud (against Mr. Acrey and other plaintiffs); fraud by non-disclosure (against Mr. Acrey and other plaintiffs); negligent misrepresentation (against Mr. Acrey and other plaintiffs); breach of fiduciary duty (against Mr. Acrey and other plaintiffs) and seeking attorney's fees and pre- and post-judgment interest.

On May 30, 2019, the Company received a Severance Order from the Texas Railroad Commission (the "TRC") for noncompliance with TRC rules, suspending the Company's ability to produce or sell oil and gas from its Panhandle leases in Hutchinson County, Texas, until certain well performance criteria were met. Subsequent to that date, the Company followed TRC procedures in order to regain TRC compliance for the Panhandle wells.

On January 31, 2020, the Company entered into a Compromise Settlement Agreement (the "Settlement Agreement") with PetroGlobe Energy Holdings, LLC ("PetroGlobe"), Signal Drilling, LLC ("Signal"), Petrolia Oil, LLC ("Petrolia"), Prairie Gas Company of Oklahoma, LLC ("PGCO"), and Canadian River Trading Company, LLC ("CRTC"). Pursuant to the Settlement Agreement, the Company agreed to pay PetroGlobe \$250,000, of which \$100,000 was due upon execution of the Settlement Agreement, which payment has been made, and \$150,000 was paid to an escrow account, which release was subject to approval by the Company upon the successful transfer of all wells and partnership interests of the Company's current wholly-owned subsidiary CE to PetroGlobe, which occurred on July 16, 2020.

On July 16, 2020, the Company completed all of the requirements of the Settlement Agreement and assigned PetroGlobe all of its right, title and interest in all wells, leases, royalties, minerals, equipment, and other tangible assets associated with specified wells and properties, located in Hutchinson County, Texas, the \$150,000 held in escrow was released to PetroGlobe and the Settlement Agreement transactions closed. As a result of the transfers, the Company no longer owns CE, and no longer has any interest in or any liabilities related to the Hutchinson County, Texas wells.

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The Company recognized a net settlement cost of \$204,842 included on the statement of operations for the year ended March 31, 2020 in connection with the settlement. All provisions of the settlement were finalized, and the \$150,000, held in escrow pending final approvals, was released on July 16, 2020.

The Company released the parties to the Settlement Agreement, including Ian Acrey, individually, as well as their officers, directors, or members from any claims asserted in the lawsuit, and the parties to the Settlement Agreement along with Ian Acrey, individually, released the Company, its officers, directors, shareholders and affiliate corporations from any claims asserted in the lawsuit. The Company did not release any claims or causes of action against N&B Energy, LLC, Sezar Energy, LLP related to Richard Azar, or any of their affiliates, or predecessors, or successors.

The parties filed a motion and order to dismiss the lawsuit with prejudice shortly after execution of the Settlement Agreement.

Apache Corporation

In December 2018, Apache Corporation (“Apache”) sued the Company, Sezar Energy, L.P., and Texokcan Energy Management Inc., in the 29th Judicial District Court of Harris County, Texas (Cause 2018-89515). Apache alleged causes of action for Breach of Contract, Money Had & Received and Conversion, relating to amounts Apache alleged it was owed under a joint operating agreement. Apache is seeking \$586,438 in actual damages, exemplary damages, pre- and post-judgment interest, court costs and other amounts which it may be entitled. The Company filed a general denial to the claims and asserted the affirmative defense of failure to mitigate. Apache subsequently filed an amended petition on July 13, 2020.

On October 26, 2020, the Company entered into an agreement with Apache to obtain a release of all liability (both parties provided mutual releases) for \$20,000 which the Company paid in October 2020, which is included in general and administrative expenses on the statement of operations for the nine months ended December 31, 2020. The litigation was dismissed against the Company.

N&B Energy

On September 12, 2019, N&B Energy filed a petition in the District Court for the 285th Judicial District of Bexar County, Texas (Case #2019CI11816). Pursuant to the petition, N&B Energy raises claims against the Company for breach of contract, unjust enrichment, money had and received and disgorgement, in connection with \$706,000 which it alleges it is owed under the July 2018 Asset Purchase Agreement between the Company and N&B Energy (the “Sale Agreement”), for true ups and post-closing adjustments associated therewith. The petition seeks amounts owed, pre- and post-judgment interest and attorney’s fees. The Company denies N&B Energy’s claims, believes it is owed approximately \$400,000 related to the Sale Agreement and intends to vehemently defend itself against the allegations and claims and seek counterclaims.

On October 21, 2020, litigation was settled through binding arbitration and an arbitration award in favor of N&B Energy was granted in the amount of approximately \$52,000, which is included in general and administrative expenses on the statement of operations for the nine months ended December 31, 2020. The Company paid all amounts due in December 2020 and the litigation was dismissed.

NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Oil and Gas Contracts

The following table disaggregates revenue by significant product type for the three months ended June 30, 2020 and 2019, respectively:

	2020	2019
Oil sales	\$ 21,789	\$ 93,699
Natural gas sales	4,164	7,204
Natural gas liquids sales	7,736	20,448
Total oil and gas revenue from customers	<u>\$ 33,689</u>	<u>\$ 121,351</u>

NOTE 12 – LINEAL MERGER AGREEMENT AND DIVESTITURE

Merger Agreement

On July 8, 2019 (the “Closing Date”), the Company entered into, and closed the transactions contemplated by, the Lineal Plan of Merger, by and between the Company, Camber Energy Merger Sub 2, Inc., the Company’s then newly formed wholly-owned subsidiary, Lineal, and the Lineal Members. Pursuant to the Lineal Plan of Merger, the Company acquired 100% of the ownership of Lineal from the Lineal Members in consideration for newly issued shares of Series E Redeemable Convertible Preferred Stock and Series F Redeemable Preferred Stock.

Divestiture

On December 31, 2019, the Company entered into, and closed the transactions contemplated by the a Preferred Stock Redemption Agreement (the “Redemption Agreement”), by and between the Company, Lineal and the holders of the Company’s Series E Preferred Stock and Series F Preferred Stock (the “Preferred Holders”), Pursuant to which, the Company redeemed the Company’s Series E and F Preferred Stock issued in connection with the Lineal Merger and ownership of 100% of Lineal was transferred back to the Preferred Holders, and all of the Series E Preferred Stock and Series F Preferred Stock of the Company outstanding were cancelled through the redemption.

The Redemption Agreement also provided for (a) the entry by Lineal and the Company into a new unsecured promissory note in the amount of \$1,539,719, the outstanding amount of the July 2019 Lineal Note together with additional amounts loaned by Camber to Lineal through December 31, 2019 (the “December 2019 Lineal Note”); (b) the unsecured loan by the Company to Lineal on December 31, 2019 of an additional \$800,000, entered into by Lineal in favor of the Company on December 31, 2019 (“Lineal Note No. 2”); and (c) the termination of the prior Lineal Plan of Merger and Funding Agreement entered into in connection therewith (pursuant to which all funds previously held in a segregated account for future Lineal acquisitions, less amounts loaned pursuant to Lineal Note No. 2, were released back to the Company). The December 2019 Lineal Note and Lineal Note No. 2, accrue interest, payable quarterly in arrears, beginning on March 31, 2020 and continuing until December 31, 2021, when all interest and principal is due, at 8% and 10% per annum (18% upon the occurrence of an event of default), respectively. As of June 30, 2020 and March 31, 2020, \$54,344 and \$53,747, respectively, of interest related to the December 2019 Lineal Note and Lineal Note No. 2 was accrued and included in the consolidated balance sheets in Accounts Receivable.

NOTE 13 – INCOME TAXES

The Company has estimated that its effective tax rate for U.S. purposes will be zero percent for the 2020 and 2019 fiscal years as a result of net losses and a full valuation allowance against the net deferred tax assets. Consequently, the Company has recorded no provision or benefit for income taxes for the three months ended June 30, 2020 and 2019, respectively. The tax liability of \$3,000 as shown on the balance sheet as of June 30, 2020, relates to the Company’s potential Oklahoma franchise tax liability and is not related to income tax.

NOTE 14 – STOCKHOLDERS’ DEFICIT

Common Stock

During the three months ended June 30, 2020, the Company issued 101,514 shares of restricted common stock to service providers in consideration for investor relations and marketing services. The Company recognized \$173,000, based on the grant date fair value of the Company’s common stock, in stock-based compensation expense in prior periods related to the issuance of these shares.

Series C Redeemable Convertible Preferred Stock

On February 3, 2020, the Company sold 525 shares of Series C Preferred Stock for total proceeds of \$5 million. In the event the Merger Agreement entered into with Viking in February 2020 is terminated for any reason, we (until June 22, 2020, when such terms were amended) were required to redeem the 525 shares of Series C Preferred Stock at a 110% premium, in an aggregate amount equal to \$5,775,000. In addition, certain provisions of the Series C Preferred Stock may require the Company to redeem the stock, including the requirement to redeem 525 shares of Series C Preferred Stock in the event the Merger Agreement is terminated, are outside the control of the Company, the Series C Preferred Stock is classified as temporary equity. Temporary equity is a security with redemption features that are outside the control of the issuer, is not classified as an asset or liability in conformity with GAAP, and is not mandatorily redeemable.

During the three months ended June 30, 2020, the Company sold 630 shares of Series C Preferred Stock to Discover in consideration for \$6 million. During the three months ended June 30, 2019, the Company sold no shares of Series C Preferred Stock.

During the three months ended June 30, 2020, Discover converted 498 shares of the Series C Preferred Stock with a face value of \$4,980,000 (recorded value of \$7,289,387, including accrued and unpaid dividends) and a total of 8,059,016 shares of common stock were issued, which includes additional shares for conversion premiums. No conversion occurred during the three months ended June 30, 2019.

As of June 30, 2020 and March 31, 2020, the Company accrued common stock dividends on the Series C Preferred Stock based on the then 24.95% premium dividend rate. The Company recognized a total charge to additional paid-in capital and Series C Preferred Stock of \$1,680,756 and \$1,453,718 related to the stock dividend declared but not issued for the three months ended June 30, 2020 and 2019, respectively.

Subsequent to June 30, 2020, the Company issued 4,794,192 shares of common stock (true- up shares) related to prior conversions of Series C Preferred Stock. The Company did not meet the filing requirement.

As of June 30, 2020 and March 31, 2020, the Series C Preferred shares were convertible into a substantial number of the Company’s common shares which could result in significant dilution of the Company’s existing shareholders. If the outstanding Series C Preferred were converted as of June 30, 2020 and March 31, 2020, the Company estimates that the following common shares would be required to be issued to satisfy the conversion of the Series C Preferred shares:

	June 30, 2020	March 31, 2020
Estimated number of shares issuable for conversion at \$3.25 per share	9,080,000	8,673,846
Estimated number of common shares required to satisfy Conversion Premium using VWAP at period end	77,465,804	129,932,618
	<u>86,545,804</u>	<u>138,606,464</u>

Additionally, if the Series C preferred shares were converted on the above dates, the Company could be required to issue additional common shares (true-up shares).

As of June 30, 2020, the Company had 25,000,000 authorized common shares and 13,161,000 common shares outstanding. Under the terms of the Series C COD in effect as of that date, it did not clearly articulate the issue if there were an insufficient number of shares available for issuance. However, the Company believed that it was under no obligation to satisfy the conversion option in anything other than common shares and had a verbal agreement with the holder of this understanding. This understanding was later memorialized in the April 20, 2021 amendment which specifies that the Company is required to use its best efforts to obtain shareholder approval to increase the number of authorized shares to satisfy conversions. The Company is under no obligation to satisfy any requested conversions if there is an insufficient number of unissued authorized shares available.

The Certificates of Designations with respect to the Company’s Series C Preferred Stock and Series G Preferred Stock (collectively, the “CODs”) and/or the Stock Purchase Agreements regarding the sale of such Series C Preferred Stock and Series G Preferred Stock (collectively, the “SPA’s”), contain covenants requiring the Company to timely file all reports required to be filed by the Company pursuant to the Exchange Act (the “Filing Requirement”). The Company did not satisfy the Filing Requirement and, consequently, on or about March 9, 2022, the preferred stock holders, Discover and Antilles, filed a Verified Complaint against the Company (the “Discover/Antilles Complaint”) **as a result of the default by the Company under the CODs**. A default under the CODs and/or SPA’s is also considered an event of default under each of the Promissory Notes executed by the Company in favor of Discover (collectively, the “Discover Notes”) (see subsequent events), and upon an event of default under the Discover Notes, Discover may, at its option, declare the principal and any and all interest then accrued thereon, at once due and payable, and exercise any other rights under applicable agreements. Discover did not exercise its right to declare the amount owing under the Discover Notes immediately due and payable, but Failure by Discover to exercise such right does not constitute a waiver of the right to exercise the same in the event of any subsequent default. As of April 18, 2022, Discover, Antilles and the Company entered into a Settlement Agreement to settle the Discover/Antilles Complaint, and the Settlement Agreement was approved by the Court on or about May 12, 2022. If the Company fails to satisfy future Filing Requirements, it would be considered a default under the CODs and SPA’s, which in turn would constitute an event of default under the Discover Notes.

Warrants

The following is a summary of the Company’s outstanding warrants at June 30, 2020:

Warrants Outstanding	Exercise Price (\$)	Expiration Date	Intrinsic Value at June 30, 2020
1 (1)	1,171,875.00	April 26, 2021	\$ —
3 (2)	195,312.50	September 12, 2022	—
32 (3)	12,187.50	May 24, 2023	—
36			\$ —

(1) Warrants issued in connection with the sale of convertible notes. The warrants were exercisable on the grant date (April 26, 2016) and remain exercisable until April 26, 2021.

- (2) Warrants issued in connection with funding. The warrants were exercisable on the grant date (September 12, 2017) and remain exercisable until September 12, 2022.
- (3) Warrants issued in connection with a Severance Agreement with Richard N. Azar II, the Company's former Chief Executive Officer. The warrants were exercisable on the grant date (May 25, 2018) and remain exercisable until May 24, 2023.

NOTE 15 – SHARE-BASED COMPENSATION

Camber measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award over the vesting period.

Stock Options

As of June 30, 2020 and March 31, 2020, the Company had 2 stock options outstanding with a weighted average exercise price of \$40,429,700.

Of the Company's outstanding options, no options were exercised or forfeited during the three months ended June 30, 2020. Additionally, no stock options were granted during the three months ended June 30, 2020. Compensation expense related to stock options during the three-month periods ended June 30, 2020 and 2019 was \$0.

Options outstanding and exercisable at June 30, 2020 and March 31, 2020 had no intrinsic value. The intrinsic value is based upon the difference between the market price of Camber's common stock on the date of exercise and the grant price of the stock options.

As of June 30, 2020 and March 31, 2020, there was no remaining unrecognized share-based compensation expense related to all non-vested stock options.

Options outstanding and exercisable as of June 30, 2020:

Exercise Price (\$)	Remaining Life (Yrs.)	Options Outstanding	Options Exercisable
40,429,700	0.25	2	2
	Total	<u>2</u>	<u>2</u>

NOTE 16 – INCOME (LOSS) PER COMMON SHARE

The calculation of earnings (loss) per share for the three months ended June 30, 2020 and 2019 was as follows:

	Three Months Ended June 30, (as restated)	
	2020	2019
Numerator:		
Net loss	\$ (13,634,062)	\$ (3,451,489)
Less preferred dividends	2,217,671	--
Net loss attributable to common stockholders	<u>\$ (15,851,733)</u>	<u>\$ (3,451,489)</u>
Denominator		
Weighted average share – basic	7,527,903	15,348
Dilutive effect of common stock equivalents		
Options/warrants	--	--
Preferred C shares	--	--
Denominator		
Total Weighted average shares – diluted	7,527,903	15,348
Income (loss) per share – basic		
Continuing operations	\$ (2.11)	\$ (224.88)
Income (loss) per share – diluted		
Continuing Operations	\$ (2.11)	\$ (224.88)

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For the three months ended June 30, 2020 and 2019, the following share equivalents related to convertible debt and warrants to purchase shares of common stock were excluded from the computation of diluted net income (loss) per share as the inclusion of such shares would be anti-dilutive.

	<u>2020</u>	<u>2019</u>
Common Shares Issuable for:		
Convertible Debt	276	276
Options and Warrants	38	38
Series C Preferred Shares ⁽¹⁾	82,602,418	7,295,638
Total	<u>82,602,732</u>	<u>7,295,972</u>

(1) Based on the lowest possible conversion rate of the Series C Preferred Stock during the period for the conversion premium.

NOTE 17 – SUPPLEMENTAL CASH FLOW INFORMATION

Net cash paid for interest and income taxes was as follows for the three months ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest	\$ —	\$ 847
Income taxes	\$ —	\$ —

Non-cash investing and financing activities included the following:

	<u>Three Months Ended</u> <u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Issuance of Common Stock of Prior Conversions of Convertible Notes	\$ —	\$ 1,250
Settlement of Common Stock Payable	\$ 173,000	\$ 303,340
Change in Estimate for Asset Retirement Obligations	\$ —	\$ 8,260
Stock Dividends Distributable but not Issued	\$ 1,680,756	\$ 1,453,718
Issuance of Stock Dividends	\$ —	\$ 3

NOTE 18 – FAIR VALUE MEASUREMENTS

When applying fair value principles in the valuation of assets and liabilities, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company has not changed its valuation techniques used in measuring the fair value of any financial assets or liabilities during the fiscal years presented. The fair value estimates take into consideration the credit risk of both the Company and its counterparties.

When active market quotes are not available for financial assets and liabilities, the Company uses industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including credit risk, interest rate curves, foreign currency rates and forward and spot prices for currencies. In circumstances where market-based observable inputs are not available, management judgment is used to develop assumptions to estimate fair value. Generally, the fair value of our Level 3 instruments are estimated as the net present value of expected future cash flows based on internal and external inputs.

Fair Value Measurements

The liabilities carried at fair value as of June 30, 2020 and March 31, 2020 were as follows:

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Derivative liability	\$ 86,567,042	\$ —	\$ —	\$ 86,567,042
Total liabilities at fair value	<u>\$ 86,567,042</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 86,567,042</u>
	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Derivative liability	\$ 77,636,666	\$ —	\$ —	\$ 77,636,666
Total liabilities at fair value	<u>\$ 77,636,666</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 77,636,666</u>

The derivative liabilities relating to the Series C Preferred Stock are considered level 3 because, under certain circumstances the closing price of the Company's common stock as quoted on the NYSE American stock exchange may not represent fair value and require adjustment (see note 9). There were no transfers in or out of Level 3 for the three-month periods ended June 30, 2020 or 2019.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

In addition to the financial instruments that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a non-recurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a non-recurring basis as a result of impairment charges or as part of a business combination. There were no liabilities carried at fair value as of June 30, 2020 and March 31, 2020.

NOTE 19 – SUBSEQUENT EVENTS

Authorized Shares of Common Stock:

On April 16, 2020, pursuant to the authorization and approval provided by the stockholders of the Company at the special meeting of stockholders held on April 16, 2020, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of Nevada to increase its authorized shares of common stock, \$0.001 par value per share, from 5 million shares to 25 million shares, which filing became effective on the same date.

On February 23, 2021, pursuant to the authorization and approval provided by the stockholders of the Company at the special meeting of stockholders held on February 23, 2021, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of Nevada to increase its authorized shares of common stock, \$0.001 par value per share, from 25 million shares to 250 million shares, which filing became effective on the same date.

On December 30, 2021, pursuant to the authorization and approval provided by the stockholders of the Company at the special meeting of stockholders held on December 30, 2021, the Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of Nevada to increase its authorized shares of common stock, \$0.001 par value per share, from 250 million shares to 1 billion shares, which filing became effective on the same date.

Consulting Agreements:

On February 15, 2020, the Company entered into a letter agreement (“Sylva Agreement”) with Sylva International LLC d/b/a SylvaCap Media (“SylvaCap”), pursuant to which SylvaCap agreed to act as the Company’s non-exclusive digital marketing service provider in consideration for an aggregate of 100,000 shares of restricted common stock (the “SylvaCap Shares”), which are fully-earned upon their issuance, and \$50,000 per month during the term of the agreement, which was to end on June 15, 2020. On May 12, 2020, the Company entered into the first amendment to the Sylva Agreement. Pursuant to the amendment, the Company and SylvaCap extended the term of the letter agreement to October 19, 2020. The SylvaCap Shares were issued on May 15, 2020.

On January 6, 2021, the Company entered into a letter agreement SylvaCap (the “2021 Sylva Agreement”), pursuant to which SylvaCap agreed to act as the Company’s non-exclusive digital marketing service provider in consideration for an aggregate of 275,000 shares of restricted common stock, which are fully-earned upon their issuance, and \$50,000 per month during the term of the agreement, which was to end on December 31, 2021. On or about January 1, 2022, the Company and SylvaCap extended the term of the 2021 Sylva Agreement to June 30, 2022, and the Company agreed to issue SylvaCap an additional 150,000 shares of restricted common stock. The monthly cash fee remained the same.

On or about January 11, 2021, the Company entered into a consulting agreement with Agro Consulting, LLC (“Agro”) pursuant to which Agro agreed to provide services, including introductions to business development and acquisition opportunities, to the Company for a 4-month period ending May 11, 2021. The Company agreed to pay Agro a consulting fee of \$195,000, payable, at the Company’s option, in cash or shares of restricted common stock of the Company based on a share price equal to the closing price of the Company’s common stock on January 11, 2021. The Company opted to pay \$25,000 in cash and \$170,000 in stock. On or about February 25, 2021 the parties entered into an amending agreement to extend the term to November 15, 2021, in exchange for which the Company agreed to pay Agro a fee of \$295,000, which the Company opted to pay \$25,000 in cash and \$270,000 in stock (based on the same stock price as per the original agreement). On or about April 22, 2021 the parties entered into a second amending agreement to extend the term to March 15, 2022, in exchange for which the Company agreed to pay Agro a cash fee of \$50,000 and issue to Agro 360,000 shares of restricted common stock. On or about July 28, 2021 the parties entered into a third amending agreement to extend the term to August 31, 2022, in exchange for which the Company agreed to pay Agro a cash fee of \$50,000 and issue to Agro 450,000 shares of restricted common stock.

On or about April 22, 2021, the Company entered into a letter agreement with Regal Consulting LLC (“Regal”), pursuant to which Regal agreed to provide the Company with strategic consulting and business advisory services in consideration for warrants entitling Regal to purchase 100,000 shares of common stock (the “Regal Warrants”), and \$20,000 per month during the term of the agreement, which was to end on October 22, 2021. The Regal Warrants have a one-year term and an exercise price equal to closing price of the Company’s common stock on April 22, 2021. On October 14, 2021, the Company entered into an amendment to the agreement to extend the term to April 22, 2022. Pursuant to the amendment, the Company and SylvaCap extended the term of the letter agreement to October 19, 2020, and the Company agreed to issue Regal 5,000 shares of restricted common stock per month during the extended term.

Shares of Series A, Series B, Series E and Series F Convertible Preferred Stock:

The Company previously designated (a) 2,000 shares of preferred stock as Series A Convertible Preferred Stock (November 2011); (b) 600,000 shares of preferred stock as Series B Redeemable Convertible Preferred Stock (Amended and Restated on August 2016); (c) 50,000 shares of preferred stock as Series D Convertible Preferred Stock (July 2019); (d) 1,000,000 shares of preferred stock as Series E Redeemable Convertible Preferred Stock (July 2019); and (e) 16,750 shares of preferred stock as Series F Redeemable Preferred Stock (July 2019).

Effective May 15, 2020, due to the fact that no shares of Series A Convertible Preferred Stock, Series B Redeemable Convertible Preferred Stock, Series D Convertible Preferred Stock, Series E Redeemable Convertible Preferred Stock or Series F Redeemable Preferred Stock were outstanding, the Board of Directors approved, and the Company filed, Certificate of Withdrawal of Certificate of Designations relating to such series of preferred stock with the Secretary of State of Nevada and terminated the designation of its Series A Convertible Preferred Stock, Series B Redeemable Convertible Preferred Stock, Series D Convertible Preferred Stock, Series E Redeemable Convertible Preferred Stock and Series F Redeemable Preferred Stock effective as of the same date. As a result, the only preferred stock which is currently designated by the Company is the Company’s Series C Redeemable Convertible Preferred Stock.

Shares of Series C Preferred Stock:

Conversions of Series C Stock in 2020:

From April 1, 2020 through December 31, 2020, Discover converted 756 shares of Series C Preferred Stock into approximately 19,823,487 shares of common stock.

Sales of Series C Stock in 2020:

On and effective June 22, 2020, the Company and Discover entered into a Stock Purchase Agreement (the “June 2020 Purchase Agreement”), pursuant to which Discover purchased 630 shares of Series C Preferred Stock for \$6 million, at a 5% original issue discount to the \$10,000 face value of such preferred stock (the “Face Value”). Pursuant to the June 2020 Purchase Agreement, as long as Discover holds any shares of Series C Preferred Stock, the Company agreed that, except as contemplated in connection with the Merger, the Company would not issue or enter into or amend an agreement pursuant to which the Company may issue any shares of common stock, other than (a) for restricted securities with no registration rights, (b) in connection with a strategic acquisition, (c) in an underwritten public offering, or (d) at a fixed price. The Company also agreed that it would not issue or amend any debt or equity securities convertible into, exchangeable or exercisable for, or including the right to receive, shares of common stock (i) at a conversion price, exercise price or exchange rate or other price that is based upon or varies with, the trading prices of or quotations for the shares of common stock at any time after the initial issuance of the security or (ii) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of the security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the common stock.

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Additionally, provided that the Company has not materially breached the terms of the June 2020 Purchase Agreement, the Company may at any time, in its sole and absolute discretion, repurchase from Discover all, but not less than all, of the then outstanding shares of Series C Preferred Stock sold pursuant to the agreement by paying to Discover 110% of the aggregate face value of all such shares.

The Company also agreed to provide Discover a right of first offer to match any offer for financing the Company receives from any person while the shares of Series C Preferred Stock sold pursuant to the June 2020 Purchase Agreement are outstanding, except for debt financings not convertible into common stock, which are excluded from such right to match.

Finally, the Company agreed that if it issues any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to Discover, then the Company would notify Discover of such additional or more favorable term and such term, at Discover's option, may become a part of the transaction documents with Discover.

The Company agreed pursuant to the June 2020 Purchase Agreement that if the Merger does not close by the required date approved by the parties thereto (as such may be extended from time to time), the Company is required, at Discover's option, in its sole and absolute discretion, to immediately repurchase from Discover all then outstanding Series C Preferred Stock shares acquired by Discover pursuant to the June 2020 Purchase Agreement, by paying to Discover 110% of the aggregate Face Value of all such shares (the "Repurchase Requirement"), which totals \$6,930,000.

Finally, the Company agreed to include proposals relating to the approval of the June 2020 Purchase Agreement and the issuance of the shares of common stock upon conversion of the Series C Preferred Stock sold pursuant to the June 2020 Purchase Agreement, as well as an increase in authorized common stock to fulfill the Company's obligations to issue such shares, at the meeting held to approve the Merger or a separate meeting in the event the Merger is terminated prior to shareholder approval, and to use commercially reasonable best efforts to obtain such approvals as soon as possible and in any event prior to December 31, 2020.

On June 22, 2020, the Company and Discover entered into an Amendment to Stock Purchase Agreement (the "SPA Amendment"), pursuant to which Discover agreed to terminate the obligation set forth in the Stock Purchase Agreement previously entered into between the Company and Discover on February 3, 2020, which contained a Repurchase Requirement substantially similar to the one contained in the June 2020 Purchase Agreement (as to the 525 shares of Series C Preferred Stock sold to Discover on February 3, 2020), which would have required that the Company pay Discover an aggregate of \$5,775,000 in connection with the redemption of the 525 shares of Series C Preferred Stock the Company sold to Discover in the event the Merger was terminated.

On December 11, 2020, the Company entered into an Exchange Agreement (the "Exchange Agreement") with Discover. The transactions contemplated by the Exchange Agreement closed on December 11, 2020. Pursuant to the Exchange Agreement, as an accommodation to the Company, and in order to reduce the potential dilutive impact of the Series C Preferred Stock, by reducing the number of outstanding shares of Series C Preferred Stock, the Investor exchanged 600 shares of Series C Preferred Stock, which had an aggregate face value of \$6,000,000 (600 shares each with a face value of \$10,000 per share), for a \$6,000,000 secured Promissory.

Sales of Series C Stock in 2021:

On January 8, 2021, the Company issued, effective December 31, 2020, 1,890 shares of Series C Stock to EMC Capital Partners, LLC, and received 16,153,846 shares of Viking common stock as consideration.

On or about July 9, 2021, Antilles Family Office, LLC purchased 1,575 shares of Series C Stock from the Company for \$15 million.

True-Up Issuances in 2021:

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Between February 23, 2021 and June 17, 2021, the Company issued Discover 43,970,077 shares of common stock in connection with the shares of Series C Stock converted by Discover in 2020. This “true-up” entitlement was a result of the price of the Company’s common stock being lower during the portion of the Measurement Period following the initial conversions than the low VWAP of the common stock during the portion of the Measurement Period prior to the initial conversions.

On September 1, 2021, the Company issued 10,360,076 shares of common stock to Discover in connection with a true-up notice from Discover. The Company disputed the issuance but issued the shares on a without prejudice basis. In October, 2021, as part of a forbearance arrangement entered into with Discover in connection with the Company not filing all reports required with the Securities and Exchange Commission, the Company acknowledged that all prior conversion notices issued by Discover were true and correct.

Conversions of Series C Stock in 2021:

From June 18, 2021 through December 31, 2021, Discover converted 1,575 shares of Series C Preferred Stock into approximately 174,218,536 shares of common stock.

From September 14, 2021 through December 31, 2021, EMC converted 97 shares of Series C Preferred Stock into approximately 12,443,320 shares of common stock.

Redemptions of Series C Stock in 2022:

On or about January 3, 2022, the Company purchased for cancellation 1,664 shares of Series C Stock held by EMC Capital Partners, LLC for a redemption price of \$18,850,000.

True-Up Issuances in 2022:

Between January 18, 2022 and February 22, 2022, the Company issued Discover 38,185,136 shares of common stock in connection with the shares of Series C Stock converted by Discover in 2021. This “true-up” entitlement was a result of the price of the Company’s common stock being lower during the portion of the Measurement Period following the initial conversions than the low VWAP of the common stock during the portion of the Measurement Period prior to the initial conversions

Conversions of Series C Stock in 2022:

On or about January 4, 2022, EMC converted 129 shares of Series C Preferred Stock, entitling EMC to receive 16,548,332 shares of common stock, of which 2,052,507 shares of common stock were issued to EMC and the balance of 14,495,825 were issued on May 16, 2022.

From February 23, 2022 through March 7, 2022, Discover converted 488 shares of Series C Preferred Stock into approximately 62,601,441 shares of common stock. On May 16, 2022, Discover converted their remaining 30 shares of Series C Preferred Stock into 3,848,450 shares of common stock.

On May 16, 2022, Antilles converted 400 shares of Series C Preferred Stock into approximately 35,834,791 shares of common stock.

Outstanding Series C Stock

On May 16, 2022, Discover no longer holds any Series C Preferred Stock and Antilles holds 1,175 shares of Series C Preferred Stock. Based on applicable conversion metrics and entitlements set out in the COD, the Company estimates the number of common shares issuable to Antilles on the conversion of such shares of Series C Preferred Stock to be as follows:

Common Shares Potentially Issuable to Discover:

Common Shares Potentially Issuable to Antilles:

Antilles Family Office - Est. Common Share Calc.	
Conversion Price for Preferred Stock	3.25
	Camber Common Share Price
	0.4503
Price for Calculating Conversion Premium (i.e. 85% of VWAP less \$0.10)	\$ 0.2828
Series C Pref Shares	1,175
Face value per share	\$ 10,000
Total value	\$ 11,750,000
Annual Conversion Premium	4,106,625
Total conversion Premium (7 years guaranteed)	\$ 28,746,375
Underlying common shares for Face Value Portion	3,315,385
Underlying common shares for Conversion Premium	101,649,134
Total Potential Shares	104,394,519
Less: Converted	
Balance	104,394,519

Dealings with Viking Energy Group, Inc.

Amendments to and Termination of 2020 Merger Agreement:

On May 27, 2020, Viking and Camber entered into the First Amendment to Agreement and Plan of Merger (the “First Amendment”) to amend the Merger Agreement to (i) modify the Camber Percentage (as defined below) adjustment mechanism to cap the aggregate Camber Percentage Increase (as defined below) or Camber Percentage Decrease (as defined below) at 5%; (ii) modify the events resulting in such adjustments; (iii) correct a prior error with such calculation which discussed Camber being required to have \$4 million in cash at closing; and (iv) agree that neither party will raise capital from the other party’s existing shareholders without the prior written consent of the other party.

On June 15, 2020, Viking and the Company entered into a Second Amendment to Agreement and Plan of Merger (the “Second Amendment”) to amend the Merger Agreement to extend the date after which the Merger Agreement can be cancelled by either the Company or Viking, if not completed thereby, from June 30, 2020 to September 30, 2020.

On and effective June 22, 2020, the Company and Discover entered into a Stock Purchase Agreement (the “June 2020 Purchase Agreement”), pursuant to which Discover purchased 630 shares of Series C Preferred Stock for \$6 million, at a 5% original issue discount to the \$10,000 face value of such preferred stock (the “Face Value”). Pursuant to the June 2020 Purchase Agreement, as long as Discover holds any shares of Series C Preferred Stock, the Company agreed that, except as contemplated in connection with the Merger, the Company would not issue or enter into or amend an agreement pursuant to which the Company may issue any shares of common stock, other than (a) for restricted securities with no registration rights, (b) in connection with a strategic acquisition, (c) in an underwritten public offering, or (d) at a fixed price. The Company also agreed that it would not issue or amend any debt or equity securities convertible into, exchangeable or exercisable for, or including the right to receive, shares of common stock (i) at a conversion price, exercise price or exchange rate or other price that is based upon or varies with, the trading prices of or quotations for the shares of common stock at any time after the initial issuance of the security or (ii) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of the security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the common stock.

Additionally, provided that the Company has not materially breached the terms of the June 2020 Purchase Agreement, the Company may at any time, in its sole and absolute discretion, repurchase from Discover all, but not less than all, of the then outstanding shares of Series C Preferred Stock sold pursuant to the agreement by paying to Discover 110% of the aggregate face value of all such shares.

The Company also agreed to provide Discover a right of first offer to match any offer for financing the Company receives from any person while the shares of Series C Preferred Stock sold pursuant to the June 2020 Purchase Agreement are outstanding, except for debt financings not convertible into common stock, which are excluded from such right to match.

Finally, the Company agreed that if it issues any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to Discover, then the Company would notify Discover of such additional or more favorable term and such term, at Discover's option, may become a part of the transaction documents with Discover.

The Company agreed pursuant to the June 2020 Purchase Agreement that if the Merger does not close by the required date approved by the parties thereto (as such may be extended from time to time), the Company is required, at Discover's option, in its sole and absolute discretion, to immediately repurchase from Discover all then outstanding Series C Preferred Stock shares acquired by Discover pursuant to the June 2020 Purchase Agreement, by paying to Discover 110% of the aggregate Face Value of all such shares (the "Repurchase Requirement"), which totals \$6,930,000.

Finally, the Company agreed to include proposals relating to the approval of the June 2020 Purchase Agreement and the issuance of the shares of common stock upon conversion of the Series C Preferred Stock sold pursuant to the June 2020 Purchase Agreement, as well as an increase in authorized common stock to fulfill the Company's obligations to issue such shares, at the meeting held to approve the Merger or a separate meeting in the event the Merger is terminated prior to shareholder approval, and to use commercially reasonable best efforts to obtain such approvals as soon as possible and in any event prior to December 31, 2020.

On June 22, 2020, the Company and Discover entered into an Amendment to Stock Purchase Agreement (the "SPA Amendment"), pursuant to which Discover agreed to terminate the obligation set forth in the Stock Purchase Agreement previously entered into between the Company and Discover on February 3, 2020, which contained a Repurchase Requirement substantially similar to the one contained in the June 2020 Purchase Agreement (as to the 525 shares of Series C Preferred Stock sold to Discover on February 3, 2020), which would have required that the Company pay Discover an aggregate of \$5,775,000 in connection with the redemption of the 525 shares of Series C Preferred Stock the Company sold to Discover in the event the Merger was terminated.

On June 25, 2020, the Company and Viking entered into a Third Amendment to Agreement and Plan of Merger, which (i) provided for the entry into the June 2020 SPA (defined below)

On June 25, 2020, the Company loaned Viking an additional \$4.2 million, pursuant to the terms of a Securities Purchase Agreement, which was entered into on the same date (the "June 2020 SPA"). The \$4.2 million loan was evidenced by a 10.5% Secured Promissory Note (the "June 2020 Secured Note") and together with the February 2020 Secured Note, the "Secured Notes"), the repayment of which was secured by the terms of a Security and Pledge Agreement. The June 2020 Secured Note has substantially similar terms as the February 3, 2020 10.5% Secured Note discussed under "Note 6 – Plan of Merger and Investment in Unconsolidated Entity", and substantially similar security obligations of Viking in connection therewith.

As additional consideration for the Company making the loan to Viking, Viking assigned the Company an additional 5% of Elysium pursuant to the terms of an Assignment of Membership Interests dated June 25, 2020, which brings the Company's current total ownership of Elysium up to 30%.

December 23, 2020 Transaction:

On December 23, 2020, the Company entered into a Securities Purchase Agreement with Viking, pursuant to which Camber acquired ("Camber's Acquisition") 26,274,510 shares of Viking common stock ("Camber's Viking Shares"), which constituted 51% of the total outstanding 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 purchase agreement, Viking is obligated to issue additional shares of Viking common stock to Camber to ensure that Camber shall own at least 51% of the common stock of Viking through July 1, 2022.

In connection with Camber's Acquisition, the Company and Viking terminated their previous merger agreement, dated August 31, 2020, as amended, and the Company assigned its membership interests in one of Viking's subsidiaries, Elysium Energy Holdings, LLC, to Viking. Also in connection with Camber's Acquisition, effective December 23, 2020, the Company (i) borrowed \$12,000,000 from an institutional investor; (ii) issued the investor a promissory note in the principal amount of \$12,000,000, accruing interest at the rate of 10% per annum and maturing December 11, 2022 (the "Camber Investor Note"); (iii) granted the Investor a first-priority security interest in Camber's Viking Shares and Camber's other assets pursuant to a pledge agreement and a general security agreement, respectively; and (iv) entered into an amendment to the Company's \$6,000,000 promissory note previously issued to the investor dated December 11, 2020 (the "Additional Camber Investor Note"), amending the acceleration provision of the note to provide that the note repayment obligations would not accelerate if the Company increased its authorized capital stock by March 11, 2021 (and the Company increased its authorized capital stock in February 2021 as required). In order to close Camber's Acquisition, effective December 23, 2020, Viking entered into a Guaranty Agreement, guaranteeing repayment of the Camber Investor Note and the Additional Camber Investor Note.

On December 23, 2020, the Camber Investor Note was funded, and the Company and Viking closed Camber's Acquisition, with the Company paying the Cash Purchase Price to Viking and cancelling Camber's Viking Notes, as additional consideration. In exchange, Viking issued 26,274,510 shares of its common stock to Camber, representing 51% of Viking's total outstanding common shares, the 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.

Extinguishment of \$18.9 million Promissory Note:

On January 8, 2021, the Company entered into another purchase agreement with Viking pursuant to which the Company agreed to acquire an additional 16,153,846 shares of Viking common stock (the "Shares") in consideration of (i) the Company issuing 1,890 shares of Camber's Series C Redeemable Convertible Preferred Stock to EMC Capital Partners, LLC ("EMC"), one of the Viking's lenders which held a secured promissory note issued by Viking 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.

Simultaneously, on January 8, 2021, Viking entered into a Cancellation Agreement with EMC (the "Cancellation Agreement") pursuant to which Viking 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, the Company entered into a purchase agreement with EMC pursuant to which (i) the Company 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 Viking to cancel the EMC Note.

February 2021 Merger Agreement with Viking:

On February 15, 2021, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Viking. 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 Viking (the “Merger”), with Viking surviving the Merger as a wholly-owned subsidiary of the Company.

Pursuant to the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share: (i) of common stock, of Viking (the “Viking Common Stock”) issued and outstanding immediately prior to the Effective Time, other than shares owned by Camber, Viking and Merger Sub, will be converted into the right to receive one share of common stock of the Company; and (ii) of Series C Convertible Preferred Stock of Viking (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 A Convertible Preferred Stock of the Company (the “Camber Series A Preferred Stock”). Each share of Camber Series A Preferred Stock will convert into 890 shares of common stock of Camber (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 the Company’s common stock), will be treated equally with the Company’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 the Company’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. Holders of Viking Common Stock and Viking Preferred Stock will have any fractional shares of Camber common stock or preferred stock after the Merger rounded up to the nearest whole share.

At the Effective Time, each outstanding Viking equity award, will be converted into the right to receive the merger consideration in respect of each share of Viking Common Stock underlying such equity award and, in the case of Viking stock options, be converted into vested Camber stock options based on the merger exchange ratio calculated as provided above (the “Exchange Ratio”).

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 Viking, shall continue to serve as President and Chief Executive Officer 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 Viking and the Company 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. The Company is required to hold a meeting of its stockholders to approve the issuance of Viking Common Stock and Viking Preferred Stock in connection with the Merger (the “[Merger Share Issuances](#)”).

The completion of the Merger is subject to customary conditions, including (i) adoption of the Merger Agreement by the Company’s stockholders and approval of the [Merger Share Issuances](#) by the Company’s stockholders, (ii) receipt of required regulatory approvals, (iii) effectiveness of a registration statement on Form S-4 for the Company’s 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 that in the event the NYSE American determines that the Merger constitutes, or will constitute, a “back-door listing” or “reverse merger”, the Company (and its common stock) would be 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.

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The Merger Agreement can be terminated (i) at any time with the mutual consent of the parties; (ii) by either the Company 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 Viking if the Merger shall not have been consummated on or before August 1, 2021; (iv) by the Company 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 Company or Viking is unable to obtain the affirmative vote of its stockholders for approval of the Merger; (vi) by Viking if Company is unable to obtain the affirmative vote of its stockholders required pursuant to the terms of the Merger Agreement; and (vii) by Company or Viking 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.

As of the date hereof, neither Viking nor Camber has advised of its intention to terminate the Merger Agreement.

July, 2021 Transaction

On July 29, 2021, the Company entered into a Securities Purchase Agreement with Viking to acquire an additional 27,500,000 shares of Viking common stock for an aggregate purchase price of \$11,000,000. The proceeds from the transaction were used by Viking to (i) acquire an approximate 60.5% interest Simson-Maxwell, Ltd, a Canadian company engaged in the manufacture and supply of industrial engines, power generation products, services and custom energy solutions; (ii) acquire a license of a patented carbon-capture system for exclusive use in Canada and for a specified number of locations in the United States; and (iii) for general working capital purposes.

December 2021 Financing Transactions

\$1,000,000 Loan:

On or about December 9, 2021, the Company received \$1,000,000 from Discover and in connection therewith executed and delivered the following in favor of Discover: (i) a promissory note dated on or about December 8, 2021 in the principal amount of \$1,052,631.58, representing a 5% original issue discount (the "Investor Note"), accruing interest at the rate of 10% per annum and maturing March 8, 2022; (ii) a Security Agreement-Pledge granting the Investor a first-priority security interest in Camber's common shares of Viking Energy Group, Inc.; and (iii) a general security agreement granting the Investor a first-priority security interest in Camber's other assets. Discover may convert amounts owing under the Investor Note into shares of common stock of Camber at a fixed price of \$1.25 per share, subject to beneficial ownership limitations. The Investor Note was paid in full by the Company on January 4, 2022.

\$25,000,000 Loan:

On December 31, 2021, Discover loaned the Company \$25,000,000 pursuant to a loan agreement dated on or about December 24, 2021 (the "Loan"). Features of the Loan include: (i) a maturity date of January 1, 2027; (ii) an interest rate equal to the Wall Street Journal Prime Rate, and payable at maturity; (iii) an original issue discount equal to 5%; and (iv) a conversion feature entitling the Investor to convert all or part of the principal amount of the Loan into shares of common stock of the Company at a price equal to \$1.50 per share, subject to a 9.99% beneficial ownership limitation. The Loan is secured by a first-priority security interest in the Company's assets, including a pledge of the shares of common stock owned by the Company in Viking. The Loan is also supported by a Guaranty from Viking.

The Company also executed a Warrant Agreement in favor of Discover entitling Discover to purchase up to 50,000,000 shares of common stock of the Company at an exercise price of ten dollars (\$10.00) per share for the first 25,000,000 shares, and twenty dollars (\$20.00) per share for the remaining 25,000,000 shares. The Warrant Agreement will have a term of five years.

Amendments to Promissory Notes:

Effective December 24 2021, Camber and Discover executed amendments to previously issued Promissory Notes by the Company in favor of Discover, pursuant to which:

- (i) the Maturity Date of each of the Promissory Notes was extended from January 1, 2024 to January 1, 2027;
- (ii) the conversion price was increased from \$1.25 to \$1.50 per share of common stock; and
- (iii) the interest rate was decreased from 10% per annum to the WSJ Prime Rate.

Sale of Series G Preferred Stock:

On December 30, 2021, Antilles Family Office, LLC (“Antilles”) agreed to purchase from the Company 10,544 shares of newly designated Series G redeemable convertible preferred stock (the “Series G Preferred Stock”), having a face value of \$10,000 per share, for an aggregate price of \$100,000,000 (the “Purchase Price”), representing at a 5% original issue discount. The Purchase Price was paid by Antilles via payment of \$5,000,000 in cash on December 31, 2021, and the execution and delivery of four Promissory Notes (each a “Note” and collectively, the “Notes”) from Antilles in favor of Company, each in the amount of \$23,750,000 and payable by Antilles to the Company on March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022, respectively. There are 2,636 shares of Series G Preferred Stock associated with each Note, and Antilles may not convert the shares of preferred stock associated with each Note into shares of common stock or sell any of the underlying shares of common stock (the “Conversion Shares”) unless that Note is paid in full by Antilles. The Company may in its sole discretion redeem the 2,636 shares of Series G Preferred Stock associated with each Note by paying Antilles \$1,375,000 as full consideration for such redemption. Also, Antilles may offset the then outstanding balance of each Note against the 2,636 shares of Series G Preferred Stock associated with that Note by electing to cancel the 2,636 shares as full consideration for cancellation of the Note in the event of a breach or default of any of the transaction documents by the Company.

On December 31, 2021, the Company also executed and delivered a Warrant Agreement (the “Warrant Agreement”) in favor of Antilles entitling Antilles to purchase up to 100,000,000 shares of common stock of the Company (the “Warrant Shares”) at an exercise price of \$2.00 per share for the first 50,000,000 shares and an exercise price of \$4.00 per share for the remaining 50,000,000 shares. The Warrant Agreement has a term of five years.

The Company agreed to use its best efforts to file with the Securities and Exchange Commission as promptly as practicable, and in any event within 30 days after the date on which the Company files all reports required to be filed pursuant to the Securities Exchange Act of 1934 (the “Act”), a Registration Statement on Form S-3 registering the delayed and continuous resale of all Conversion Shares and Warrant Shares pursuant to Rule 415 under the Act, subject to any limitations imposed by applicable securities laws as to the number of Conversion Shares and/or Warrant Shares that are eligible for registration, and to use best efforts to cause such Registration Statement to be declared effective under the Act as promptly as practicable and in any event within 60 days after filing. No Registration Statement will be declared effective unless the Investor pays for the particular tranche of shares of Series G Preferred Stock in full.

Partial Redemption of Series G Preferred Stock

On March 10, 2022, the Company paid Antilles \$1,375,000 and redeemed the 2,636 shares of Series G Preferred Stock associated with the Note due March 31, 2022, thereby canceling such Note and reducing the number of shares of Series G Preferred Stock outstanding from 10,544 to 7,908. As mentioned above, Antilles may not convert any of the remaining shares of preferred stock associated with any remaining Note into shares of common stock or sell any of the underlying shares of common stock unless that Note is paid in full by Antilles, and the Company may redeem the shares of Series G Preferred Stock associated with each Note by paying Antilles \$1,375,000 as full consideration for such redemption.

Terms of Series G Stock

The rights, entitlements and other characteristics of the Series G Preferred Stock are set out in the *Certificate of Designations of Preferences, Powers, Rights and Limitations of Series G Redeemable Convertible Preferred Stock* filed by the Company with the State of Nevada on December 30, 2021 (the “COD”).

Pursuant to the COD, the Series G Preferred Stock may be converted into shares of common stock at any time at the option of the holder at a price per share of common stock equal to one cent above the closing price of the Company’s common stock on the date of the issuance of such shares of Series G Preferred Stock, or as otherwise specified in the Stock Purchase Agreement, subject to adjustment as otherwise provided in the COD. Upon conversion, the Company will pay the holders of the Series G Preferred Stock being converted a conversion premium equal to the amount of dividends that such shares would have otherwise earned if they had been held through the maturity date.

The Series G Preferred Stock, with respect to dividend rights and rights upon liquidation, winding-up or dissolution, rank: (a) senior to the Company's common stock; (b) junior to the Series C Redeemable Convertible Preferred Stock, (c) senior to the Series E Redeemable Convertible Preferred Stock and Series F Redeemable Convertible Preferred Stock, as such may be designated as of the date of this Designation, or which may be designated by the Company after the date of this Designation; (d) senior, *pari passu* or junior with respect to any other series of Preferred Stock, as set forth in the Certificate of Designations of Preferences, Powers, Rights and Limitations with respect to such Preferred Stock; and (d) junior to all existing and future indebtedness of the Company.

Except as prohibited by applicable law or as set forth herein, the holders of shares of Series G Preferred Stock will have the right to vote together with holders of common stock and Series C Preferred on all matters other than: (i) the election of directors; (ii) and any shareholder proposals, including proposals initiated by any holder of shares of Series G Preferred Stock, in each instance on an as-converted basis, subject to the beneficial ownership limitation in the COD even if there are insufficient shares of authorized common stock to fully convert the shares of Series G Preferred Stock into common stock.

Commencing on the date of the issuance of any such shares of Series G Preferred Stock, each outstanding share of Series G Preferred Stock will accrue cumulative dividends at a rate equal to 10.0% per annum, subject to adjustment as provided in the COD, of the Face Value. Dividends will be payable with respect to any shares of Series G Preferred Stock upon any of the following: (a) upon redemption of such shares in accordance with the COD; (b) upon conversion of such shares in accordance with the COD; and (c) when, as and if otherwise declared by the board of directors of the Corporation.

Dividends, as well as any applicable Conversion Premium payable hereunder, will be paid in shares of common stock valued at (i) if there is no Material Adverse Change ("MAC") as at the date of payment or issuance of common shares for the Conversion Premium, as applicable, (A) 95.0% of the average of the 5 lowest individual daily volume weighted average prices of the common stock on the Trading Market during the applicable Measurement Period, which may be non-consecutive, less \$0.05 per share of common stock, not to exceed (B) 100% of the lowest sales price on the last day of such Measurement Period less \$0.05 per share of common stock, or (ii) during the time that any MAC is ongoing, (A) 85.0% of the lowest daily volume weighted average price during any Measurement Period for any conversion by Holder, less \$0.10 per share of common stock, not to exceed (B) 85.0% of the lowest sales price on the last day of any Measurement Period, less \$0.10 per share of common stock.

On the Dividend Maturity Date, the Corporation may redeem any or all shares of Series G Preferred Stock by paying Holder, in registered or unregistered shares of common stock valued at an amount per share equal to 100% of the Liquidation Value for the shares redeemed, and the Corporation will use its best efforts to register such shares.

Legal Proceedings

On October 29, 2021, a Class Action Complaint (i.e. C.A.No.4:21-cv-03574) was filed against the Company, its CEO and CFO by *Ronald E. Coggins, Individually and on Behalf of All Others Similarly Situated v. Camber Energy, Inc., et al.*; in the U.S. District Court for the Southern District of Texas, Houston Division, pursuant to which the Plaintiffs are seeking to recover damages alleged to have been suffered by them as a result of the defendants' violations of federal securities laws. The defendants deny the allegations contained in the Class Action Complaint, and have engaged Baker Botts L.L.P. to defend the action.

On or about April 18, 2022, the Company was made aware of a Shareholder Derivative Complaint filed with the District Court in Clark County, Nevada (Case No.: A-22-848486-B) against the Company and its directors. The allegations contained in the Complaint are similar to those in the above-noted Class Action Complaint. The defendants deny the allegations contained in the Class Action Complaint, and have engaged Baker Botts L.L.P. to defend the action.

Effective as of April 18, 2022, the Company entered into a Settlement Agreement (the "Settlement Agreement") with Discover and Antilles (collectively the "Investors"), pursuant to which the Company agreed to settle claims asserted by the Investors in the Verified Complaint filed by the Investors against the Company in the United States District Court (the "Court") for the Southern District of Texas (Case No. 4:22-cv-755) on or about March 9, 2022, which complaint alleged that the Company breached its Stock Purchase Agreements with the Investors, pursuant to which the Investors had purchased shares of Series C Redeemable Convertible Preferred Stock and Series G Redeemable Convertible Preferred Stock of the Company (collectively the "Preferred Stock"), by failing to timely file all reports required to be filed by the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Conditioned upon the Court approving the Settlement Agreement, the Company and its transfer agent are required to issue "free-trading" shares of Company common stock to the Investors without restrictive legend pursuant to the conversion terms in the Certificates of the Designation governing the Preferred Stock. The Investors and the Company are required to jointly request a stipulated order (a) finding that (i) under Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act") that the exchange of Preferred Stock for shares of Company common stock provided for in the Settlement Agreement is fair, (ii) the shares of Company common stock issued upon conversion of the shares of Preferred Stock previously purchased by the Investors are not required to be registered under the Securities Act, and (iii) the Investors are not required to register as dealers pursuant to Section 15(b) of the Exchange Act; (b) requiring 500,000,000 shares of Company common stock to be reserved for issuance on conversion of all shares Preferred Stock currently held by the Investors, or which the Investors are entitled to acquire under their purchase agreements; and (c) requiring the immediate issuance of free-trading shares of Company common stock on delivery of a conversion request regarding shares of Preferred Stock. On April 18, 2022, the parties submitted that stipulated order to the Court for approval. No payments are due to the Investors pursuant to the Settlement Agreement, and the number of shares of common stock to be issued to the Investors upon conversion of the Preferred Stock will be calculated pursuant to the terms of the applicable Certificate of Designation, the terms of which have not been modified by the Settlement Agreement. On or about May 12, 2022, the Court approved the Settlement Agreement.

The Stock Purchase Agreements between the Investors and the Company remain in full force and effect, as do the Promissory Notes executed and delivered by Antilles Family Office, LLC ("Antilles") in favor of the Company (the "Antilles Notes"). Among other things, (i) Antilles shall not be entitled to sell or convert any Series G Redeemable Convertible Preferred Stock unless Antilles has paid all amounts owing under the Antilles Notes, and (ii) the Company is still entitled to redeem the remaining Series G Redeemable Convertible Preferred Stock pursuant to the terms of the Stock Purchase Agreements and/or Antilles Notes.

NOTE 20 – RELATED PARTY TRANSACTIONS

Effective August 1, 2018, the Company entered into a month-to-month lease at 1415 Louisiana, Suite 3500 Houston, Texas 77002 with BlackBriar Advisors LLC (“BlackBriar”). Pursuant to the sublease, BlackBriar is providing us, without charge, use of the office space in Houston, Texas. BlackBriar is affiliated with the Company’s former Chief Financial Officer.

During the three months ended June 30, 2020 and 2019, the Company paid Louis G. Schott, the interim chief executive officer consulting and other fees of \$85,479 and \$81,138 respectively.

During the three months ended June 30, 2020 and 2019, the Company paid Robert Schleizer, the former chief financial officer, consulting and directors fees of \$133,333 and \$193,333 respectively, either directly or through owned or controlled by him.

During the three months ended June 30, 2020 and 2019 the Company paid Fred Zeidman directors fees of \$13,333.

During the three months ended June 30, 2020 the Company paid James Miller directors fees of \$13,333

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are generally located in the material set forth below under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" but may be found in other locations as well. For a more detailed description of the risks and uncertainties involved, the following discussion and analysis should be read in conjunction with management's discussion and analysis contained in Camber's Annual Report on Form 10-K/A (amendment No. 1) for the fiscal year ended March 31, 2020, as filed with the SEC on November 19, 2021, and related discussion of our business and properties contained therein.

These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, among others:

- the availability of funding and the terms of such funding;
- our ability to integrate and realize the benefits from future acquisitions that we may complete, including our pending Merger with Viking Energy Group, Inc. ("Viking") and the costs of such integrations;
- our ability to close the announced Merger with Viking on the terms disclosed, if at all;
- consideration we may be required to pay under certain circumstances upon termination of the Merger with Viking;
- our ability to timely collect amounts owed to us under secured and unsecured notes payable;
- costs associated with the Viking Merger;
- significant dilution caused by the conversion of Series C Preferred Stock into common stock, as well as downward pressure on our stock price as a result of the sale of such shares;
- our growth strategies;
- anticipated trends in our business;
- our ability to repay outstanding loans and satisfy our outstanding liabilities;
- our liquidity and ability to finance our exploration, acquisition and development strategies;
- market conditions in the oil and gas and pipeline services industries;
- the timing, cost and procedure for future acquisitions;
- the impact of government regulation;
- estimates regarding future net revenues from oil and natural gas reserves and the present value thereof;

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- legal proceedings and/or the outcome of and/or negative perceptions associated therewith;
- planned capital expenditures (including the amount and nature thereof);
- increases in oil and gas production;
- changes in the market price of oil and gas;
- changes in the number of drilling rigs available;
- the number of wells we anticipate drilling in the future;
- estimates, plans and projections relating to acquired properties;
- the number of potential drilling locations;
- our ability to maintain our NYSE listing;
- the voting and conversion rights of our preferred stock;
- the effects of global pandemics, such as COVID-19 on our operations, properties, the market for oil and gas and the demand for oil and gas; and
- our financial position, business strategy and other plans and objectives for future operations.

We identify forward-looking statements by use of terms such as “may,” “will,” “expect,” “anticipate,” “estimate,” “hope,” “plan,” “believe,” “predict,” “envision,” “intend,” “continue,” “potential,” “should,” “confident,” “could” and similar words and expressions, although some forward-looking statements may be expressed differently. You should be aware that our actual results could differ materially from those contained in the forward-looking statements. You should consider carefully the statements under the “Risk Factors” section of this report and other sections of this report which describe factors that could cause our actual results to differ from those set forth in the forward-looking statements, and the following factors:

- the availability of funding and the terms of such funding;
- our ability to integrate and realize the benefits from future acquisitions that we may complete, including the pending Merger with Viking;
- our ability to timely close the Viking Merger on the terms disclosed and closing conditions associated therewith;
- significant dilution caused by the conversion of Series C Preferred Stock into common stock, as well as downward pressure on our stock price as a result of the sale of such shares;
- our growth strategies;
- anticipated trends in our businesses;
- our ability to repay outstanding loans and satisfy our outstanding liabilities;
- our liquidity and ability to finance our acquisition and development strategies;
- market conditions in the oil and gas and pipeline services industries;

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- the timing, cost and procedure for future acquisitions;
- the impact of operational hazards;
- the outcome of competitive bids;
- customer defaults;
- estimates regarding future net revenues from oil and natural gas reserves and the present value thereof;
- legal proceedings and/or the outcome of and/or negative perceptions associated therewith;
- planned capital expenditures (including the amount and nature thereof);
- increases in oil and gas production;
- changes in the market price of oil and gas;
- changes in the number of drilling rigs available;
- the number of wells we anticipate drilling in the future;
- estimates, plans and projections relating to acquired properties, businesses and operations;
- the number of potential drilling locations;
- our ability to maintain our NYSE American listing; and
- our financial position, business strategy and other plans and objectives for future operations.

Forward-looking statements speak only as of the date of this report or the date of any document incorporated by reference in this report. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Review of Information and Definitions

This information should be read in conjunction with the interim unaudited financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the consolidated financial statements and notes thereto and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K/A (amendment No. 1) for the year ended March 31, 2020.

Certain capitalized terms used below and otherwise defined below, have the meanings given to such terms in the footnotes to our consolidated financial statements included above under "Part I – Financial Information – Item 1. Financial Statements".

Unless the context requires otherwise, references to the "Company," "we," "us," "our," "Camber", and "Camber Energy, Inc." refer specifically to Camber Energy, Inc. and its consolidated subsidiaries.

In addition, unless the context otherwise requires and for the purposes of this report only:

- "Exchange Act" refers to the Securities Exchange Act of 1934, as amended;
- "Bbl" refers to one stock tank barrel, or 42 U.S. gallons liquid volume, used in this report in reference to crude oil or other liquid hydrocarbons;

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- “SEC” or the “Commission” refers to the United States Securities and Exchange Commission;
- “Boe” barrels of oil equivalent, determined using the ratio of one Bbl of crude oil, condensate or natural gas liquids, to six Mcf of natural gas;
- “Mcf” refers to a thousand cubic feet of natural gas; and
- “Securities Act” refers to the Securities Act of 1933, as amended.

Overview

Corporate History and Operations

Camber Energy, Inc., a Nevada corporation, is based in Houston, Texas. We are currently primarily engaged in the acquisition, development and sale of crude oil, natural gas and natural gas liquids from various known productive geological formations in Louisiana and Texas. Incorporated in Nevada in December 2003 under the name Panorama Investments Corp., the Company changed its name to Lucas Energy, Inc., effective June 9, 2006, and effective January 4, 2017, the Company changed its name to Camber Energy, Inc. After the divestiture of our South Texas properties during fiscal 2019, we initiated discussions with several potential acquisition and merger candidates to diversify our operations.

Pursuant to those discussions on July 8, 2019, we acquired Lineal Star Holdings, LLC (“Lineal”) pursuant to the terms of an Agreement and Plan of Merger dated as of the same date (the “Lineal Plan of Merger” and the merger contemplated therein, the “Lineal Merger” or the “Lineal Acquisition”), by and between Lineal, Camber, Camber Energy Merger Sub 2, Inc., Camber’s wholly-owned subsidiary (“Merger Sub”), and the Members of Lineal (the “Lineal Members”). Lineal is a specialty construction and oil and gas services enterprise providing services to the energy industry. Pursuant to the Lineal Plan of Merger, Camber acquired 100% of the ownership of Lineal from the Lineal Members in consideration for newly issued shares of Series E Redeemable Convertible Preferred Stock (“Series E Preferred Stock”) and Series F Redeemable Preferred Stock (“Series F Preferred Stock”), as discussed in greater detail under “Note 1 – General” and “Note 12 – Lineal Merger Agreement and Divestiture”, to the consolidated unaudited financial statements included under “Part I. – Item 1. Financial Statements”.

On December 31, 2019, the Company entered into, and closed the transactions contemplated by a Preferred Stock Redemption Agreement, by and between the Company, Lineal and the holders of the Company’s Series E Preferred Stock and Series F Preferred Stock (the “Redemption Agreement” and the “Preferred Holders”). Pursuant to the Redemption Agreement, effective as of December 31, 2019, each holder of Series E Preferred Stock transferred such Series E Preferred Stock to Camber in consideration for their pro rata share (except as discussed below in connection with the Series F Preferred Stock holder, who was also a holder of Series E Preferred Stock) of 100% of the Common Shares of Lineal and the holder of the Series F Preferred Stock transferred such Series F Preferred Stock (and such Series E Preferred Stock shares held by such holder) to Camber in consideration for 100% of the Preferred Shares of Lineal and as a result, ownership of 100% of Lineal was transferred back to the Preferred Holders, the original owners of Lineal prior to the Lineal Merger. Additionally, all of the Series E Preferred Stock and Series F Preferred Stock of the Company were automatically cancelled and deemed redeemed by the Company and the Series F Holder waived and forgave any and all accrued dividends on the Series F Preferred Stock. See also – “Note 1 – General” and “Note 12– Lineal Merger Agreement and Divestiture”, to the consolidated unaudited financial statements included under “Part I. – Item 1. Financial Statements”.

On February 3, 2020, the Company entered into an Agreement and Plan of Merger (as amended to date, the “Merger Agreement”) with Viking Energy Group, Inc. (“Viking”). The Merger Agreement provides that a newly-formed wholly-owned subsidiary of the Company (“Merger Sub”) will merge with and into Viking (the “Merger”), with Viking surviving the Merger as a wholly-owned subsidiary of the Company, as described in greater detail below.

Moving forward, the Company plans to complete the Merger with Viking and then focus on growing through the development of Viking's properties while also seeking new acquisitions to grow its oil and gas production and revenues through the combined entity. The Company anticipates raising additional financing to complete acquisitions following the closing of the Merger, which may be through the sale of debt or equity. As described below, the Merger is subject to various closing conditions which may not be met pursuant to the contemplated timeline, if at all.

Recent Events

The Company is delinquent on its required filings with the SEC and has been working diligently to satisfy all of its filing requirements. The cause for the delinquent filings is primarily due to the restatements described in Note 4. As a result of the delinquent filings, the Company has been unable to complete its merger with Viking and obtain financing. There can be no assurance that financing and other opportunities will be available to the Company once the Company is current on all of its filings.

Restatements of previously issued Financial Statements

On October 31, 2020, the Company received an SEC Comment Letter with respect to Amendment No. 2 to the Registration Statement on Form S-4 filed on October 14, 2020. Among other things, the SEC Comment Letter questioned the Company's historical accounting treatment regarding the sale of our Series C Stock. The Company recorded such sales as permanent equity and the SEC Comment Letter suggested the appropriate accounting classification was something other than permanent equity given certain provisions within the Certificate of Designation for the Series C Stock ("COD"). After considering the SEC Comment letter and reviewing the COD, the Company and the holder of the Series C Stock determined there were several errors made in the drafting of the COD that could result in unintended consequences.

Both parties agreed to subsequently correct the Certificate of Designation, and Certificates of Correction to the COD were filed on December 9, 2020 and on April 20, 2021 to correct the errors. Both parties agreed the corrections would be applied retroactive to the original filing date of the COD, being August 25, 2016. However, US GAAP requires a transaction to be accounted for in accordance with the terms of an agreement in effect during the period of the financial statements and, consequently, the Company determined that in accordance with the terms of the original COD, the Series C Stock should have been recorded as temporary equity instead of permanent equity. In addition, certain provisions of the original COD required the Company to recognize a derivative liability for certain conversions of the Series C Stock into common stock.

As a result of the errors described above, we restated our financial statements to reclassify the Series C Stock from permanent equity to temporary equity and to recognize a derivative liability for the potential obligation to issue additional shares after the Series C shares have been converted to common shares with Amendment No. 1 to our Quarterly Report on Form 10-Q/A ("First Amendment"). We estimated the fair value of the derivative liability at June 30, 2020 and 2019 using a binomial pricing model, the actual conversion rate and the historical volatility rate for the Company's common stock.

After additional consultations with the SEC staff and review of the applicable accounting requirements, the Company determined that the accounting for the Series C Stock required further adjustment from the accounting treatment applied in the First Amendment. The Series C Stock were initially issued in September 2016 and should have been recorded with a deemed dividend to recognize the required conversion premium upon issuance and a loss on derivative liability to recognize the variability if the shares were converted to common shares. Subsequent measurement should have included adjustments to the carrying value of the Series C Stock to recognize changes in fair value due to changes in the Company's stock price and recognition of gains or losses on conversion of the Series C Stock into common stock. Our restatements, accounting treatment and calculations are more fully described in notes 4 and 9.

[Viking Plan of Merger](#)

On February 3, 2020, the Company and Viking entered into the Merger Agreement. Pursuant to the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock of Viking (the “Viking Common Stock”) issued and outstanding, other than certain shares owned by the Company, Viking and Merger Sub, will be converted into the right to receive the pro rata share of 80% of the Company’s post-closing capitalization, subject to certain adjustment mechanisms discussed in the Merger Agreement (and excluding shares issuable upon conversion of the Series C Preferred Stock of the Company). Holders of Viking Common Stock will have any fractional shares of Company common stock after the Merger rounded up to the nearest whole share. Specifically, the percentage of shares retained by Camber shareholders (initially 80%, the “Camber Percentage”) is adjusted as follows: (i) for each (A) \$500,000 in Camber unencumbered cash (without any associated debt) available for use by the combined company (the “Combined Company”) after the Effective Time, with a permitted use being to, among other things, pay debt obligations of Viking outside of Viking’s Ichor division or Elysium division, which comes from equity sold by Camber for cash from February 3, 2020, through the Effective Time, which is not contingent or conditional upon the closing of the Merger (the “Camber Surplus Cash”), or (B) \$500,000 in other unencumbered assets acquired by Camber after February 3, 2020 and prior to closing without increasing Camber’s liabilities (the “Other Camber Surplus Assets”), the Camber Percentage will increase by an incremental 0.5% (a “Camber Percentage Increase”); and (ii) for each additional \$500,000 in Viking unencumbered cash (without any associated debt) for use by the Combined Company after the Effective Time which is not contingent or conditional upon the closing of the Plan of Merger, with a permitted use being to, among other things, pay debt obligations of Viking outside of Viking’s Ichor division or Elysium division in excess of \$500,000 at Closing, which comes from equity sold by Viking for cash from February 3, 2020 through the Effective Time, the Camber Percentage will decrease by an incremental 0.5% (a “Camber Percentage Decrease”). The aggregate Camber Percentage Increase or Camber Percentage Decrease shall not exceed 5% pursuant to this particular section of the Merger Agreement, and neither party will raise capital from the other party’s existing shareholders without the prior written consent of such other party. Finally, any funds advanced to Viking by Camber prior to the Effective Time will not result in an adjustment of the Camber Percentage. The completion of the Merger is subject to certain closing conditions.

The Merger Agreement can be terminated (i) at any time with the mutual consent of the parties; (ii) by either the Company 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 Viking or the Company if the Merger shall not have been consummated on or before September 30, 2020, provided that the Company or Viking shall have the right to extend such date from time to time, until up to December 31, 2020, in the event that the Company has not fully resolved SEC comments on the Form S-4 (which the Company and Viking are in the process of addressing) or other SEC filings related to the Merger, and the Company is responding to such comments in a reasonable fashion, subject to certain exceptions; (iv) by the Company 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 the Company if Viking is unable to obtain the affirmative vote of its stockholders for approval of the Merger; (vi) by Viking if the Company is unable to obtain the affirmative vote of its stockholders required pursuant to the terms of the Merger Agreement; and (vii) by Viking or the Company if the other party’s directors change their recommendation to their stockholders to approve the Merger, subject to certain exceptions set forth in the Merger Agreement, or if there is a willful breach of the Merger Agreement by the other party thereto.

A further requirement to the closing of the Merger was that the Company was required to have acquired 25% of Viking's subsidiary Elysium Energy Holdings, LLC ("Elysium") as part of a \$5,000,000 investment in Viking's Rule 506(c) offering, which transaction was completed on February 3, 2020, and have acquired an additional 5% of Elysium as part of a subsequent \$4,200,000 investment in Viking's Rule 506(c) offering, which transaction was completed on June 25, 2020, as discussed above under "Note 6 – Plan of Merger and Investment In Unconsolidated Entity", to the consolidated unaudited financial statements included under "[Part I. – Item 1. Financial Statements](#)".

In the event of termination of the Merger Agreement, we are required, under certain circumstances described under "Note 6 – Plan of Merger and Investment In Unconsolidated Entity", to the consolidated unaudited financial statements included under "[Part I. – Item 1. Financial Statements](#)", above to redeem 630 shares of Series C Preferred Stock sold on June 22, 2020, which have a redemption value of \$6,930,000.

The Merger Agreement provides that the Secured Notes (defined below) will be forgiven in the event the Merger closes, and the Secured Notes will be due 90 days after the date that the Merger Agreement is terminated by any party for any reason, at which time an additional payment equal to (i) 115.5% of the original principal amount of the Secured Notes (defined above under "Note 6 – Plan of Merger and Investment In Unconsolidated Entity", to the consolidated unaudited financial statements included under "[Part I. – Item 1. Financial Statements](#)"), minus (ii) the amount due to the Company pursuant to the terms of the Secured Notes upon repayment thereof (the "[Additional Payment](#)") is due.

The Company obtained the funds for the Viking loans through the sale of Series C Preferred Stock to Discover as discussed above under "Note 6 – Plan of Merger and Investment In Unconsolidated Entity", to the consolidated unaudited financial statements included under "[Part I. – Item 1. Financial Statements](#)".

As of the date of the filing, the Company holds a 30% interest in Elysium, which through its wholly-owned subsidiary, holds certain working interests and over-riding royalty interests in oil and gas properties in Texas (approximately 71 wells in 11 counties) and Louisiana (approximately 52 wells in 6 parishes), along with associated wells and equipment, and was producing an average of approximately 2,700 Boe per day at June 30, 2020.

December 23, 2020 Transaction

On December 23, 2020, the Company entered into a Securities Purchase Agreement with Viking, pursuant to which Camber acquired ("Camber's Acquisition") 26,274,510 shares of Viking common stock ("Camber's Viking Shares"), which constituted 51% of the total outstanding 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 purchase agreement, Viking is obligated to issue additional shares of Viking common stock to Camber to ensure that Camber shall own at least 51% of the common stock of Viking through July 1, 2022.

In connection with Camber's Acquisition, the Company and Viking terminated their previous merger agreement, dated August 31, 2020, as amended, and the Company assigned its membership interests in one of Viking's subsidiaries, Elysium Energy Holdings, LLC, to Viking. Also in connection with Camber's Acquisition, effective December 23, 2020, the Company (i) borrowed \$12,000,000 from an institutional investor; (ii) issued the investor a promissory note in the principal amount of \$12,000,000, accruing interest at the rate of 10% per annum and maturing December 11, 2022 (the "Camber Investor Note"); (iii) granted the Investor a first-priority security interest in Camber's Viking Shares and Camber's other assets pursuant to a pledge agreement and a general security agreement, respectively; and (iv) entered into an amendment to the Company's \$6,000,000 promissory note previously issued to the investor dated December 11, 2020 (the "Additional Camber Investor Note"), amending the acceleration provision of the note to provide that the note repayment obligations would not accelerate if the Company increased its authorized capital stock by March 11, 2021 (and the Company increased its authorized capital stock in February 2021 as required). In order to close Camber's Acquisition, effective December 23, 2020, Viking entered into a Guaranty Agreement, guaranteeing repayment of the Camber Investor Note and the Additional Camber Investor Note.

On December 23, 2020, the Camber Investor Note was funded, and the Company and Viking closed Camber's Acquisition, with the Company paying the Cash Purchase Price to Viking and cancelling Camber's Viking Notes, as additional consideration. In exchange, Viking issued 26,274,510 shares of its common stock to Camber, representing 51% of Viking's total outstanding common shares, the 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.

Extinguishment of \$18.9 million promissory note

On January 8, 2021, the Company entered into another purchase agreement with Viking pursuant to which the Company agreed to acquire an additional 16,153,846 shares of Viking common stock (the “Shares”) in consideration of (i) the Company issuing 1,890 shares of Camber’s Series C Redeemable Convertible Preferred Stock to EMC Capital Partners, LLC (“EMC”), one of the Viking’s lenders which held a secured promissory note issued by Viking 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.

Simultaneously, on January 8, 2021, Viking entered into a Cancellation Agreement with EMC (the “Cancellation Agreement”) pursuant to which Viking 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, the Company entered into a purchase agreement with EMC pursuant to which (i) the Company 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 Viking to cancel the EMC Note.

February 2021 Merger Agreement with Viking

On February 15, 2021, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Viking. 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 Viking (the “Merger”), with Viking surviving the Merger as a wholly-owned subsidiary of the Company.

Pursuant to the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share: (i) of common stock, of Viking (the “Viking Common Stock”) issued and outstanding immediately prior to the Effective Time, other than shares owned by Camber, Viking and Merger Sub, will be converted into the right to receive one share of common stock of the Company; and (ii) of Series C Convertible Preferred Stock of Viking (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 A Convertible Preferred Stock of the Company (the “Camber Series A Preferred Stock”). Each share of Camber Series A Preferred Stock will convert into 890 shares of common stock of Camber (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 the Company’s common stock), will be treated equally with the Company’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 the Company’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. Holders of Viking Common Stock and Viking Preferred Stock will have any fractional shares of Camber common stock or preferred stock after the Merger rounded up to the nearest whole share.

At the Effective Time, each outstanding Viking equity award, will be converted into the right to receive the merger consideration in respect of each share of Viking Common Stock underlying such equity award and, in the case of Viking stock options, be converted into vested Camber stock options based on the merger exchange ratio calculated as provided above (the “Exchange Ratio”).

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 Viking, shall continue to serve as President and Chief Executive Officer 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 Viking and the Company 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. The Company is required to hold a meeting of its stockholders to approve the issuance of Viking Common Stock and Viking Preferred Stock in connection with the Merger (the “[Merger Share Issuances](#)”).

The completion of the Merger is subject to customary conditions, including (i) adoption of the Merger Agreement by the Company’s stockholders and approval of the [Merger Share Issuances](#) by the Company’s stockholders, (ii) receipt of required regulatory approvals, (iii) effectiveness of a registration statement on Form S-4 for the Company’s 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 that in the event the NYSE American determines that the Merger constitutes, or will constitute, a “back-door listing” or “reverse merger”, the Company (and its common stock) would be 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 the Company 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 Viking if the Merger shall not have been consummated on or before August 1, 2021; (iv) by the Company 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 Company or Viking if the Company is unable to obtain the affirmative vote of its stockholders for approval of the Merger; (vi) by Viking if Company is unable to obtain the affirmative vote of its stockholders required pursuant to the terms of the Merger Agreement; and (vii) by Company or Viking 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.

As of the date hereof, neither Viking nor Camber has advised of its intention to terminate the Merger Agreement.

July, 2021 Transaction

On July 29, 2021, the Company entered into a Securities Purchase Agreement with Viking to acquire an additional 27,500,000 shares of Viking common stock for an aggregate purchase price of \$11,000,000. The proceeds from the transaction were used by Viking to (i) acquire an approximate 60.5% interest Simson-Maxwell, Ltd, a Canadian company engaged in the manufacture and supply of industrial engines, power generation products, services and custom energy solutions; (ii) acquire a license of a patented carbon-capture system for exclusive use in Canada and for a specified number of locations in the United States; and (iii) for general working capital purposes.

Corporate Information and Summary of Current Operations

Our website address is <http://www.camber.energy>. Our fiscal year ends on the last day of March of each year. The information on, or that may be accessed through, our website is not incorporated by reference into this report and should not be considered a part of this report. We refer to the twelve-month periods ended March 31, 2021, 2020 and March 31, 2019 as our 2021 Fiscal Year, 2020 Fiscal Year and 2019 Fiscal Year, respectively.

As of June 30, 2020, the Company had leasehold interests (working interests) covering approximately 221 / 3,500 (net / gross) acres, producing from the Cline and Wolfberry formations. The remaining Texas acreage as of March 31, 2020 consisted of leasehold covering approximately 555 / 638 (net / gross) acres and wellbores located in the Panhandle in Hutchinson County, Texas, which was acquired by the Company in March 2018, and which was transferred as part of the PetroGlobe settlement discussed in “[Part I. Financial Information – Item 1. Financial Statements](#)” – “[Note 10 – Commitments and Contingencies](#)” – “[Legal Proceedings](#)”, in July 2020. On May 30, 2019, the Company received a Severance Order from the Texas Railroad Commission (the “[TRC](#)”) for noncompliance with TRC rules, suspending the Company’s ability to produce or sell oil and gas from its Panhandle leases in Hutchinson County, Texas, until certain well performance criteria are met. The Company subsequently followed TRC procedures in order to regain TRC compliance for the Panhandle wells. Additionally, as a result of a notice from its working interest partner, PetroGlobe Energy, and related litigation, all prior production on the Panhandle wells was held in suspense for the past several fiscal quarters. The Company cured the issues raised by the TRC transferred its ownership of its Hutchinson County, Texas properties and wells to PetroGlobe on July 16, 2020. As a result of such transfer, the Company no longer holds any interests in such Hutchinson County, Texas wells or assets.

As of June 30, 2020, Camber was producing an average of approximately 29.8 net barrels of oil equivalent per day (“Boepd”) from 25 active well bores. The ratio between the gross and net production varies due to varied working interests and net revenue interests in each well. Our production sales totaled 2,707 Boe, net to our interest, for the three months ended June 30, 2020. At June 30, 2020, Camber’s total estimated proved producing reserves were 133,442 Boe, of which 98,600 Bbls were crude oil and NGL reserves, and 207,823 Mcf were natural gas reserves. None of these reserves relate to the Company’s Panhandle properties, which has since been divested.

Camber holds an interest in 25 producing wells in Glascock County.

On July 12, 2018, we entered into an Asset Purchase Agreement, which closed on September 26, 2018, with N&B Energy. Pursuant to the Asset Purchase Agreement and the related Assumption Agreement, the Company transferred a significant portion of its assets to N&B Energy in consideration for N&B Energy assuming all of its debt owed to International Bank of Commerce.

Notwithstanding the sale of the Company’s assets to N&B Energy, the Company retained its assets in Glascock County and Hutchinson County, Texas (which Hutchinson County, Texas assets have now been divested), and also retained a 12.5% production payment (effective until a total of \$2.5 million has been received); a 3% overriding royalty interest in its existing Okfuskee County, Oklahoma asset; and an overriding royalty interest on certain other undeveloped leasehold interests, pursuant to an Assignment of Production Payment and Assignments of Overriding Royalty Interests. No payments were received in regard to any of the retained items noted through June 30, 2020 or through the date of this filing.

As of June 30, 2020, Camber had no employees, and utilized independent contractors on an as-needed basis.

Moving forward, the Company plans to complete the Merger with Viking and then focus on growing through the development of Viking’s properties while also seeking new acquisitions to grow its oil and gas production and revenues through the combined entity. The Company anticipates raising additional financing to complete acquisitions following the closing of the Merger, which may be accomplished through the sale of debt or equity. As described above, the Merger is subject to various closing conditions which may not be met pursuant to the contemplated timeline, if at all.

Recent Reverse Stock Splits and Amendments to Articles

On March 1, 2018, the Company filed a Certificate of Amendment to the Company’s Articles of Incorporation with the Secretary of State of Nevada to affect a 1-for-25 reverse stock split of all outstanding common stock shares of the Company which was effective on March 5, 2018. On December 20, 2018, the Company filed a Certificate of Change with the Secretary of State of Nevada to affect another 1-for-25 reverse stock split of the Company’s (a) authorized shares of common stock (from 500,000,000 shares to 20,000,000 shares); and (b) issued and outstanding shares of common stock, which was effective on December 24, 2018. Effective on April 10, 2019, the Company amended its Articles of Incorporation to increase the number of the Company’s authorized shares of common stock, \$0.001 per value per share, from 20,000,000 shares to 250,000,000 shares. On July 3, 2019, the Company filed a Certificate of Amendment to the Company’s Articles of Incorporation with the Secretary of State of Nevada to affect another 1-for-25 reverse stock split of all outstanding common stock shares of the Company, which was effective on July 8, 2019. On October 28, 2019, the Company filed a Certificate of Change with the Secretary of State of Nevada to affect a 1-for-50 reverse stock split of the Company’s (a) authorized shares of common stock (from 250,000,000 shares to 5,000,000 shares); and (b) issued and outstanding shares of common stock. The reverse stock split was effective on October 29, 2019. The effect of the reverse stock split was to combine every 50 shares of outstanding common stock into one new share, with a proportionate 1-for-50 reduction in the Company’s authorized shares of common stock, but with no change in the par value per share of the common stock. The result of the reverse stock split was to reduce the number of common stock shares outstanding on the effective date of the reverse, from approximately 74.5 million shares to approximately 1.5 million shares (prior to rounding). Effective on April 16, 2020, with the approval of the Company’s stockholders at its April 16, 2020 special meeting of stockholders, the Company filed a Certificate of Amendment to its Articles of Incorporation to increase its authorized shares of common stock to 25 million shares of common stock, which filing was effective the same date.

All issued and outstanding shares of common stock, conversion terms of preferred stock, options and warrants to purchase common stock and per share amounts contained herein have been retroactively adjusted to reflect the reverse splits for all periods presented.

Industry Segments

Our operations during the three months ended June 30, 2020 and 2019 were all crude oil and natural gas exploration and production related, respectively. During the period from July 8, 2019 to December 31, 2019, we also owned and operated Lineal, which operated as an oil and gas service company and generated oil and gas service revenues. As described above under “[Part I. Financial Information – Item 1. Financial Statements](#)” – “Note 1 – General” and “Note 12 – Lineal Merger Agreement and Divestiture”, on December 31, 2019, we divested our entire interest in Lineal, in conjunction with the Lineal Divestiture.

Operations

Oil and Gas Properties

We operate and invest in areas that are known to be productive, with a reasonably established production history, in order to decrease geological and exploratory risk. The Company has certain interests in wells producing from various formations in Louisiana and Texas.

Financing

A summary of our financing transactions, funding agreements and other material funding and loan transactions can be found under [Part I. Financial Information – Item 1. Financial Statements](#) – “Note 1 – General”, “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”, “Note 7 – Long-Term Notes Receivable”, “Note 12 – Lineal Merger Agreement and Divestiture” and “Note 13 – Stockholders’ Equity (Deficit)”, above.

The Company believes that it will not have sufficient liquidity to operate as a going concern for the next twelve months following the issuance of the financial statements included herein unless it can close the Viking Merger, which is the Company’s current plan, which Merger is anticipated to close in the third or fourth calendar quarter of 2020, and which required closing date is currently September 30, 2020, but can be extended until up to December 31, 2020, pursuant to certain conditions in the Merger Agreement.

Market Conditions and Commodity Prices

Our financial results depend on many factors, particularly the price of natural gas, natural gas liquids and crude oil and our ability to market our production on economically attractive terms. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by weather conditions, inventory storage levels, basis differentials and other factors. As a result, we cannot accurately predict future commodity prices and, therefore, we cannot determine with any degree of certainty what effect increases or decreases in these prices will have on our production volumes or revenues. We expect prices to remain volatile for the remainder of the year. For information about the impact of realized commodity prices on our crude oil revenues, refer to “[Results of Operations](#)” below.

Novel Coronavirus (“COVID-19”)

In December 2019, a novel strain of coronavirus, which causes the infectious disease known as COVID-19, was reported in Wuhan, China. The World Health Organization declared COVID-19 a “Public Health Emergency of International Concern” on January 30, 2020 and a global pandemic on March 11, 2020. In March and April, many U.S. states and local jurisdictions, including Texas, where the Company has its operations, began issuing ‘stay-at-home’ orders, which continue in various forms as of the date of this report. Notwithstanding the above, because all of the Company’s properties are non-operated, the Company’s operations have not been materially affected by COVID-19 to date.

However, the oil and gas industry experienced multiple factors which lowered both the demand for, and prices of, oil and gas as a result of the pandemic. First, the COVID-19 pandemic lowered global demand for hydrocarbons, as social distancing and travel restrictions were implemented across the world. Second, the lifting of Organization of the Petroleum Exporting Countries (OPEC)+ supply curtailments, and the associated increase in production of oil, drove the global supply of hydrocarbons higher through the first quarter of calendar 2020. In addition, while global gross domestic product (GDP) growth was impacted by COVID-19 during the first half of calendar 2020, we expect GDP to continue to decline globally throughout the remainder of calendar 2020 and for at least the early part of calendar 2021, as a result of the COVID-19 pandemic. As a result, we expect oil and gas related markets will continue to experience significant volatility in 2020 and 2021.

The full extent of the impact of COVID-19 on our business and operations currently cannot be estimated and will depend on a number of factors including the scope and duration of the global pandemic.

Currently we believe that we have sufficient cash on hand to support our operations for the foreseeable future, through the closing of the Merger Agreement; however, we will continue to evaluate our business operations based on new information as it becomes available and will make changes that we consider necessary in light of any new developments regarding the pandemic.

The pandemic is developing rapidly and the full extent to which COVID-19 will ultimately impact us depends on future developments, including the duration and spread of the virus, as well as potential seasonality of new outbreaks.

RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations for the three-month periods ended June 30, 2020 and 2019 should be read in conjunction with our consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q/A (amendment No. 1) under “Part I. Financial Information – Item 1. Financial Statements”. The majority of the numbers presented below are rounded numbers and should be considered as approximate.

Three Months Ended June 30, 2020 vs. Three Months Ended June 30, 2019

We reported a net loss for the three months ended June 30, 2020 of \$13.6 million (net loss attributable to common shareholders of \$15.6 million), or \$2.11 per share of common stock. We reported a net loss for the three months ended June 30, 2019 of \$3.5 million (net loss attributable to common shareholders of \$3.5 million), or \$224.88 per share of common stock. The increase in net loss of \$10.1 million relates primarily to the loss on fair value of derivatives contracts of \$12.0 million for the three months ended June 30, 2020 as compared to a loss of \$2.2 million for the same period in 2019 and a \$1.1 million loss associated with the operations of Elysium, an unconsolidated entity, which we owned 30% of as of June 30, 2020, and held 25% of as of March 31, 2020 (having first acquired such 25% interest on February 3, 2020, and an additional 5% interest on June 25, 2020).

Oil and Gas Exploration and Production Segment Information

The following table sets forth the operating results and production data for our oil and gas exploration and production segment, for the periods indicated:

	Three Months Ended		Increase (Decrease)	% Increase (Decrease)
	June 30,			
	2020	2019		
Sale Volumes:				
Crude Oil (Bbbls)	1,192	1,561	(369)	(24)%
Natural Gas (Mcf)	3,671	4,350	(679)	(16)%
NGL (Gallons)	37,915	46,899	(8,984)	(19)%
Total (Boe) ⁽¹⁾	<u>2,707</u>	<u>3,402</u>	<u>(695)</u>	<u>(20)%</u>
Crude Oil (Bbbls per day)	13	17	(4)	(24)%
Natural Gas (Mcf per day)	40	48	(8)	(16)%
NGL (Gallons per day)	417	515	(98)	(19)%
Total (Boe per day) ⁽¹⁾	<u>29</u>	<u>37</u>	<u>(8)</u>	<u>(20)%</u>
Average Sale Price:				
Crude Oil (\$/Bbl)	\$ 18.28	\$ 60.02	\$ (41.74)	(70)%
Natural Gas (\$/Mcf)	\$ 1.13	\$ 1.66	\$ (0.53)	(32)%
NGL (\$/Bbl)	\$ 8.57	\$ 18.31	\$ (9.74)	(53)%
Net Operating Revenues:				
Crude Oil	\$ 21,789	\$ 93,699	\$ (71,910)	(77)%
Natural Gas	4,164	7,204	(3,040)	(42)%
NGL	7,736	20,448	(12,712)	(62)%
Total Oil and Gas Revenues	<u>\$ 33,689</u>	<u>\$ 121,351</u>	<u>\$ (87,662)</u>	<u>(72)%</u>

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Sales volumes decreased by approximately 20% from the three months ended June 30, 2019 to the three months ended June 30, 2020, due to a significant drop in the market price of oil and gas compared to the same period in the prior year, due mainly to decreased demand due to COVID-19, including an approximate 70% decline in the average sales price of crude oil.

(1) Assumes 6 Mcf of natural gas equivalents and 42 gallons of NGL to 1 barrel of oil, respectively.

Operating and Other Expenses

The following table summarizes our production costs and operating expenses for the periods indicated:

	Three Months Ended June 30, (Restated)		Increase (Decrease)	% Increase (Decrease)
	2020	2019		
Direct lease operating expense	\$ 57,549	\$ 98,935	\$ (41,386)	(42)%
Other	11,742	24,622	(12,880)	(52)%
Lease Operating Expenses	<u>\$ 69,291</u>	<u>\$ 123,557</u>	<u>\$ (54,266)</u>	<u>(44)%</u>
Severance and Property Taxes	\$ 1,349	\$ 2,574	\$ (1,225)	(48)%
Depreciation, Depletion, Amortization and Accretion	2,295	4,242	(1,947)	(46)%
General and Administrative ("G&A")	686,663	1,304,301	(617,638)	(47)%
Share-Based Compensation	—	27,690	(27,690)	(100)%
Total G & A Expense	686,663	1,331,991	(645,328)	(48)%
Interest Expense	\$ —	\$ 847	\$ (847)	(100)%
Equity in Loss of Unconsolidated Entity	\$ 1,083,355	\$ —	\$ 1,083,355	100%
Loss on Derivative Liability	12,039,430	2,163,891	9,875,540	456%
Other Expense (Income), Net	\$ (214,632)	\$ (54,262)	\$ (160,370)	296%

Lease Operating Expenses

There was a decrease in lease operating expense of approximately \$54,000 when comparing the current quarter to the prior year's quarter. The decrease is primarily due to the decline in production due to significant price declines as a result of decreased demand due to COVID-19 and governmental responses thereto.

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Depreciation, Depletion, Amortization and Accretion (“DD&A”)

DD&A decreased for the current quarter as compared to the prior year’s quarter by approximately \$2,000 due to the decline in production due to significant price declines.

General and Administrative (G&A) Expenses

G&A expenses decreased by approximately \$0.6 million for the three months ended June 30, 2020, compared to the prior year’s period. The decrease was due primarily to costs incurred in the prior year’s period related to the Lineal merger that were not present in the current period.

Interest Expense

Interest expense for the three months ended June 30, 2020 decreased by approximately \$1,000 when compared to the three-month period ended June 30, 2019, due to the absence of any interest-bearing obligations in the current period.

Equity in Loss of Unconsolidated Entity

Equity in loss of unconsolidated entity for the three months ended June 30, 2020 increased by approximately \$1.1 million when compared to the three-month period ended June 30, 2019, due to the inclusion of the equity loss of Elysium Holdings, LLC, which the Company acquired 25% of on February 3, 2020 and an additional 5% of on June 25, 2020.

Loss on derivative liability

Loss on derivative liability increased by \$9.9 million or 456% as compared to the prior comparative period. The loss on derivative liability relates to the Series C Shares Conversion Premium. Management has determined that the Conversion Premium and the potential obligation to issue additional shares under the Conversion Premium upon conversion are derivative liabilities. The increase in the loss on derivative liabilities is due primarily to stock price declines. Such derivative liabilities are described in more detail under “Part I. Financial Information – Item 1. Financial Statements” – “Note 9 – Derivative Liability.”

Other Expense (Income), Net

Other income, net, for the three months ended June 30, 2020 increased by approximately \$0.2 million, compared to the same period ended June 30, 2019, due to the interest earned on the December 2019 Lineal Note and Lineal Note No. 2 and the Secured Notes due from Viking.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Additionally, recent oil and gas price volatility as a result of geopolitical conditions and the global COVID-19 pandemic have already had, and are expected to continue to have, a negative impact on the Company’s financial position and results of operations. Negative impacts could include but are not limited to: the Company’s ability to sell its oil and gas production, reduction in the selling price of the Company’s oil and gas, failure of a counterparty to make required payments, possible disruption of production as a result of worker illness or mandated production shutdowns or ‘stay-at-home’ orders, and access to new capital and financing.

Our primary sources of cash for the three months ended June 30, 2019 were from funds generated from the sale of preferred stock, and the primary sources of cash for the three months ended June 30, 2020 were from funds generated from the sale of preferred stock. The primary uses of cash were funds used in operations and funds invested in connection with Viking’s Rule 506(c) convertible note offering, as described above under “Part I. Financial Information – Item 1. Financial Statements” – “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”, and “Note 7 – Long-Term Notes Receivable”. As of June 30, 2020, the Company had working capital of approximately \$0.5 million. The Company believes that it will not have sufficient liquidity to operate as a going concern for the next twelve months following the issuance of the financial statements included herein unless it can close the Viking Merger, which is the Company’s current plan, which Merger is anticipated to close in the third calendar quarter of 2020, and which required closing date is currently September 30, 2020, but can be extended until up to December 31, 2020, pursuant to certain conditions in the Merger Agreement.

Pursuant to the December 31, 2019 Redemption Agreement, we entered into a new unsecured promissory note in the amount of \$1,539,719 with Lineal, evidencing the repayment of the prior July 2019 Lineal Note, together with additional amounts loaned by Camber to Lineal through December 31, 2019; and loaned Lineal an additional \$800,000, which was evidenced by an unsecured promissory note in the amount of \$800,000, entered into by Lineal in favor of the Company on December 31, 2019. The December 2019 Lineal Note and Lineal Note No. 2, accrue interest, payable quarterly in arrears, beginning on March 31, 2020 and continuing until December 31, 2021, when all interest and principal is due, at 8% and 10% per annum (18% upon the occurrence of an event of default), respectively. The December 2019 Lineal Note and Lineal Note No. 2 are unsecured. Such loans are described in greater detail above under “[Part I. Financial Information – Item 1. Financial Statements](#)” – “Note 1 – General”, “Note 7 – Long-Term Notes Receivable” and “Note 12 – Lineal Merger Agreement and Divestiture”.

On February 3, 2020, the Company and Discover entered into a Stock Purchase Agreement pursuant to which Discover purchased 525 shares of Series C Preferred Stock for \$5 million, at a 5% original issue discount to the \$10,000 face value of such preferred stock.

On February 3, 2020, we advanced the \$5.0 million raised from the sale of Series C Preferred Stock to Discover to Viking, and Viking provided us, among other things, a \$5 million, 10.5% Secured Promissory Note. On June 25, 2020, we advanced an additional \$4.2 million to Viking in consideration for, among other things, an additional 10.5% Secured Promissory Note in the principal amount of \$4.2 million. The Secured Notes accrue interest at the rate of 10.5% per annum, payable quarterly and are due and payable on February 3, 2022. The notes include standard events of default, including certain defaults relating to the trading status of Viking’s common stock and change of control transactions involving Viking. The Secured Notes can be prepaid at any time with prior notice as provided therein, and together with a pre-payment penalty equal to 10.5% of the original amount of the Secured Notes. The Secured Notes are secured by a security interest, *pari passu* with the other investors in Viking’s Secured Note offering (subject to certain pre-requisites) in Viking’s 70% ownership of Elysium and 100% of Ichor Energy Holdings, LLC. Additionally, pursuant to a separate Security and Pledge Agreement, Viking provided the Company a security interest in the membership, common stock and/or ownership interests of all of Viking’s existing and future, directly owned or majority owned subsidiaries, to secure the repayment of the Secured Notes. As additional consideration for providing the Secured Notes, Viking assigned us 30% of Elysium, which is fully or partially assignable back to Viking upon termination of the Merger, under certain circumstances as discussed in greater detail above under “[Part I. Financial Information – Item 1. Financial Statements](#)” – “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”, and “Note 7 – Long-Term Notes Receivable”.

On June 22, 2020, the Company and Discover entered into a Stock Purchase Agreement pursuant to which Discover purchased 630 shares of Series C Preferred Stock for \$6 million (of which \$4.2 million of such funds were subsequently loaned to Viking as discussed above). In the event the Merger Agreement is terminated in specified circumstances, upon termination thereof, the Company is required to redeem the 630 shares of Series C Preferred Stock held by Discover at an aggregate price of \$6,930,000, provided that if the Merger is terminated, Viking has agreed to pay the Company, a break-up fee equal to (i) 115.5% of the original principal amount of the Secured Notes, minus (ii) the amount due to the Company pursuant to the terms of the Secured Notes upon repayment thereof (the “[Additional Payment](#)”), which Additional Payment, if timely paid, should enable the Company to redeem the Series C Preferred Stock required to be redeemed upon termination of the Merger.

Plan of Operations

As described in greater detail above under “[Part I. Financial Information – Item 1. Financial Statements](#)” – “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”, on February 3, 2020, the Company entered into a Merger Agreement with Viking, which contemplates Viking merging with and into a newly-formed wholly-owned subsidiary of the Company, with Viking surviving the Merger as a wholly-owned subsidiary of the Company. Moving forward, the Company plans to complete the Merger with Viking and then focus on growing through the development of Viking’s properties while also seeking new acquisitions to grow its oil and gas production and revenues through the combined entity. The Company anticipates raising additional financing to complete acquisitions following the closing of the Merger, which may through the sale of debt or equity. As described above, the Merger is subject to various closing conditions which may not be met pursuant to the contemplated timeline, if at all.

Separately, the price Camber receives for its oil heavily influences its revenue and cash flows, and the present value and quality of its reserves. Oil, NGL and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. The price of crude oil has experienced significant volatility over the last five years, with the price per barrel of West Texas Intermediate (“WTI”) crude rising from a low of \$27 in February 2016 to a high of \$76 in October 2018, then, in 2020, dropping below \$20 per barrel due in part to reduced global demand stemming from the recent global COVID-19 outbreak, until more recently increasing back to above \$40 a barrel. A prolonged period of low market prices for oil and natural gas, or further declines in the market prices for oil and natural gas, due to the COVID-19 outbreak, governmental responses thereto, decreased demand in connection therewith, or other factors will likely adversely affect Camber’s business, financial condition and liquidity and its ability to meet obligations, targets or financial commitments and could ultimately lead to restructuring or filing for bankruptcy.

Working Capital

At June 30, 2020, the Company’s total current assets of \$2.2 million were less than its total current liabilities of approximately \$88.2 million, resulting in a working capital deficit of \$86 million, while at March 31, 2020, the Company’s total current assets of \$1.1 million were less than its total current liabilities of approximately \$79.7 million, resulting in a working capital deficit of \$78.6 million. The increase in the working capital deficit of of \$7.4 million is due primarily to an increase in the recognized loss on the Series C Derivative Liability .

Cash Flows

	Year Ended June 30,	
	2020	2019
Cash flows used in operating activities	\$ (751,241)	\$ (1,298,906)
Cash flows used in investing activities	(4,200,000)	(75,000)
Cash flows provided by financing activities	6,000,000	—
Net (decrease) increase in cash	\$ 1,048,759	\$ (1,373,906)

Net cash used in operating activities was \$0.8 million for the three months ended June 30, 2020, compared to \$1.3 million for the same period a year ago. Net cash used in operating activities decreased mainly due to the reduction in G&A and operating costs during the three months ended June 30, 2020, offset by the increase in net loss.

Net cash used in investing activities was \$4.2 million for the three months ended June 30, 2020, compared to \$0.1 million for the same period a year ago. The increase in net cash used in investing activities was primarily due to the \$4.2 loan made to Viking during the three months ended June 30, 2020, as discussed above.

Net cash provided by financing activities was \$6.0 million for the three months ended June 30, 2020, and cash provided by financing activities was \$0 for the three months ended June 30, 2019. The increase in net cash provided by financing activities was due to the sale of 630 shares of Series C Preferred Stock for \$6 million in June 2020.

Financing

A summary of our financing transactions, funding agreements, lending transactions and other material funding transactions can be found under “Part I – Item 1. Financial Statements” — “Note 1 – General”, “Note 6 – Plan of Merger and Investment In Unconsolidated Entity”, “Note 7 – Long-Term Notes Receivable”, “Note 12 – Lineal Merger Agreement and Divestiture”, and “Note 14 – Stockholders’ Equity (Deficit)”.

Off-Balance Sheet Arrangements

Camber does not participate in financial transactions that generate relationships with unconsolidated entities or financial partnerships, other than the Company’s 30% interest in Elysium which it held as of June 30, 2020 (25% as of March 31, 2020) as discussed herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices. We are exposed to risks related to increases in the prices of fuel and raw materials consumed in exploration, development and production. We currently do not engage in commodity price hedging activities.

Commodity Price Risk

All of our revenues for the three months ended June 30, 2020 and 2019 were derived from the sale of our crude oil, natural gas and natural gas liquids production. Based on projected sales volumes for the remainder of our fiscal year, changes in the prices we receive for our crude oil, natural gas and natural gas liquids production could have a significant impact on our revenues.

We may seek to reduce our exposure to commodity price volatility by hedging a portion of production through commodity derivative instruments. In the settlement of a typical hedge transaction, we will have the right to receive from the counterparties to the hedge the excess of the fixed price specified in the hedge over a floating price based on a market index multiplied by the quantity hedged. If the floating price exceeds the fixed price, we are required to pay the counterparties this difference multiplied by the quantity hedged.

We would be required to pay this difference regardless of whether we have sufficient production to cover the quantities specified in the hedge. Significant reductions in production at times when the floating price exceeds the fixed price could require us to make payments under the hedge agreements even though such payments are not offset by sales of production. Hedging may also prevent us from receiving the full advantage of increases in oil or gas prices above the fixed amount specified in the hedge.

Interest Rate Risk

We may seek to reduce our exposure to interest volatility through financial instruments such as interest rate swap agreements to manage the interest rate on our variable rate debt. Under these arrangements, we would agree to exchange, at specified intervals, the difference between fixed and floating interest amounts, calculated by reference to an agreed upon notional principal amount.

ITEM 4. CONTROLS AND PROCEDURES.

Management has identified the following material weaknesses in the Company’s system of internal control over financial reporting:

1. The Company does not have sufficient staff to maintain a proper segregation of duties;
2. The Company lacks sufficient internal resources to analyze and interpret accounting for certain complex features of the Series C Preferred shares and other complex accounting issues; and
3. The Company does not have enough competent accounting staff and senior management that can provide proper oversight and detection of errors.

Disclosure Controls and Procedures.

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to management, including the interim Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer), to allow timely decisions regarding required disclosures. The Company’s management, including the interim Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer), evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company’s interim Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer) concluded that the Company’s disclosure controls and procedures were not effective as of June 30, 2020, due to a lack of segregation of duties.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Camber is periodically named in legal actions arising from normal business activities. Camber evaluates the merits of these actions and, if it determines that an unfavorable outcome is probable and can be reasonably estimated, Camber will establish the necessary reserves. The Company is subject to legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations, except as described in “[Part I. Financial Information – Item 1. Financial Statements](#)” – “[Note 10 – Commitments and Contingencies](#)” – “[Legal Proceedings](#)”, of this Form 10-Q. We may become involved in material legal proceedings in the future.

The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts in excess of management’s expectations, the Company’s financial condition and operating results for that reporting period could be materially adversely affected.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors previously disclosed in the Company’s Annual Report on Form 10-K/A (amendment No. 1) for the year ended March 31, 2020, filed with the Commission on November 19, 2021 (the “[Form 10-K](#)”) under the heading “Item 1A. Risk Factors”, except as provided and discussed below, and investors should review the risks provided below and in the Form 10-K prior to making an investment in the Company. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the Form 10-K for the year ended March 31, 2020, under “Risk Factors”, and below, any one or more of which could, directly or indirectly, cause the Company’s actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company’s business, financial condition, operating results and stock price.

General Business and Other Risks

We currently have only limited oil and gas operations.

Our Hutchinson County, Texas leases which make up approximately 30% of our historical total producing properties, were transferred in July 2020 as part of the Settlement Agreement. Although prior to the settlement, we were in the process of performing workovers on the wells on the leases and had very limited production from the properties, our oil and gas revenues, results of operations and prospects may be materially adversely affected as a result of such transfer. Notwithstanding the above, we believe that our current non-operated properties will be immaterial to the combined company following the merger and following the merger the combined company’s management will determine what course to take regarding such combined company assets, including our non-operated properties.

Our Business and operations may be adversely affected by the recent COVID-19 pandemic or other similar outbreaks.

As a result of the recent COVID-19 outbreak or other adverse public health developments, including voluntary and mandatory quarantines, travel restrictions and other restrictions, our operations, and those of our subcontractors, customers and suppliers, have and may continue to experience delays or disruptions and temporary suspensions of operations. In addition, our financial condition and results of operations have been and may continue to be adversely affected by the coronavirus outbreak.

The timeline and potential magnitude of the COVID-19 outbreak is currently unknown. The continuation or amplification of this virus could continue to more broadly affect the United States and global economy, including our business and operations, and the demand for oil and gas (as it has already). For example, a significant outbreak of coronavirus or other contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect our operating results. In addition, the effects of COVID-19 and concerns regarding its global spread have recently negatively impacted the domestic and international demand for crude oil and natural gas, which has contributed to price volatility, impacted the price we receive for oil and natural gas and materially and adversely affected the demand for and marketability of our production. As the potential impact from COVID-19 is difficult to predict, the extent to which it may negatively affect our operating results or the duration of any potential business disruption is uncertain. Any impact will depend on future developments and new information that may emerge regarding the severity and duration of COVID-19 and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our operating results, notwithstanding the fact that the impact of COVID-19 has already negatively affected our first quarter and second quarter results of operations.

Furthermore, COVID-19 and the measures being taken to address and limit the spread of the virus have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that has negatively impacted, and may continue to negatively impact, global demand and prices for crude oil and NGLs. If the COVID-19 outbreak should continue or worsen, we may also experience disruptions to commodities markets, equipment supply chains and the availability of personnel, which could adversely affect our ability to conduct our business and operations. There are still too many variables and uncertainties regarding the COVID-19 pandemic - including the ultimate geographic spread of the virus, the duration and severity of the outbreak and the extent of travel restrictions and business closures imposed in affected countries - to fully assess the potential impact on our business and operations.

Lineal and Viking owe us a substantial amount of money which may not be timely repaid, if at all.

Pursuant to a December 31, 2019 Redemption Agreement entered into between us and the prior owners of Lineal, we entered into a new unsecured promissory note in the amount of \$1,539,719 with Lineal, evidencing the outstanding amount of a prior July 2019 promissory note, together with additional amounts loaned by us to Lineal through December 31, 2019 (the "December 2019 Lineal Note"); and loaned Lineal an additional \$800,000, which was evidenced by an unsecured promissory note in the amount of \$800,000, entered into by Lineal in favor of us on December 31, 2019 ("Lineal Note No. 2"). The December 2019 Lineal Note and Lineal Note No. 2, accrue interest, payable quarterly in arrears, beginning on March 31, 2020 and continuing until December 31, 2021, when all interest and principal is due, at 8% and 10% per annum (18% upon the occurrence of an event of default), respectively. The December 2019 Lineal Note and Lineal Note No. 2 are unsecured.

On February 3, 2020 and June 25, 2020, we advanced \$5 million and \$4.2 million, respectively, to Viking and Viking provided us, among other things, the Secured Notes. The Secured Notes accrue interest at the rate of 10.5% per annum, payable quarterly and are due and payable on February 3, 2022. The notes include standard events of default, including certain defaults relating to the trading status of Viking's common stock and change of control transactions involving Viking. The Secured Notes can be prepaid at any time with prior notice as provided therein, and together with a prepayment penalty equal to 10.5% of the original amount of the Secured Notes. The Secured Notes are secured by a security interest, *pari passu* with the other investors in Viking's Secured Note offering (subject to certain pre-requisites) in Viking's 70% ownership of Elysium and 100% of Ichor Energy Holdings, LLC. Additionally, pursuant to a separate Security and Pledge Agreement, Viking provided us a security interest in the membership, common stock and/or ownership interests of all of Viking's existing and future, directly owned or majority owned subsidiaries, to secure the repayment of the Secured Notes. The Secured Notes will be forgiven upon the closing of the Merger.

In the event the Lineal notes or the Secured Notes are not paid when due and/or the interest thereon is not timely paid, we may have to take legal action to enforce the repayment of such notes. Furthermore, Lineal and/or Viking may not have sufficient cash to repay such notes when due, including, but not limited to interest due thereon. The Lineal notes are unsecured and as such, secured credits of Lineal may have priority rights to Lineal's assets in connection with any liquidation or bankruptcy. Although the Secured Notes are secured by Viking, such security interest may not be sufficient to repay the notes and other creditors may have priority rights to such collateral. In the event the notes payable to us are not timely paid and/or not paid in full, it could have a material adverse effect on our cash flows and our ability to pay our debts as they become due. Any failure by Viking or Lineal to timely repay their debt obligations to us could cause the value of our securities to decline in value or become worthless.

We currently have limited production and revenues from our non-operated properties.

Our interest in non-operated properties are producing limited revenues. As such, we do not anticipate generating any significant revenues until the closing date of the Merger, and will need to rely on cash on hand, funds which we can raise through the sale of equity (including shares of Series C Preferred Stock) and other borrowings to support our operations, pay operational expenses, and funds due in connection the preparation and negotiation of the merger documents and related filing documents, and our filings with the SEC. Such funds may not be available on favorable terms if at all. In the event that we run out of available funds prior to the date of the Merger, we may be forced to abandon the Merger and/or our filings with the SEC, and may be forced to seek bankruptcy protection.

Declines in oil and, to a lesser extent, NGL and natural gas prices, have in the past, and will continue in the future to, adversely affect our business, financial condition and results of operations may adversely affect our ability to meet our capital obligations or targets and financial commitments.

The price we receive for oil, natural gas and NGLs, heavily influences our revenue, profitability, cash flows, liquidity, access to capital, present value and quality of reserves, the nature and scale of our operations and future rate of growth. Oil, NGL and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. In recent years, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. Further, oil prices and natural gas prices do not necessarily fluctuate in direct relation to each other. In general, our financial results are more sensitive to movements in oil prices. The price of crude oil has experienced significant volatility over the last five years, with the price per barrel of West Texas Intermediate (“WTI”) crude rising from a low of \$27 in February 2016 to a high of \$76 in October 2018, then, in 2020, dropping below \$20 per barrel due in part to reduced global demand stemming from the recent global COVID-19 outbreak, provided that pricing has since increased to over \$40 per barrel prior to the filing of this Report. A prolonged period of low market prices for oil and natural gas, or further declines in the market prices for oil and natural gas, will likely result in capital expenditures being further curtailed and will adversely affect our business, financial condition and liquidity and our ability to meet obligations, targets or financial commitments and could ultimately lead to restructuring or filing for bankruptcy, which would have a material adverse effect on our stock price and indebtedness. Additionally, lower oil and natural gas prices have, and may, in the future, cause a decline in our stock price. During the calendar year ended December 31, 2019, the daily NYMEX WTI oil spot price ranged from a high of \$66.24 per Bbl to a low of \$46.31 per Bbl and the NYMEX natural gas Henry Hub spot price ranged from a high of \$4.25 per MMBtu to a low of \$1.75 per MMBtu. During the calendar six months ended June 30, 2020, the daily NYMEX WTI oil spot price ranged from a high of \$63.27 per Bbl to a low of \$(37.63) per Bbl in April 2020 and the NYMEX natural gas Henry Hub spot price ranged from a high of \$2.03 per MMBtu to a low of \$1.42 per MMBtu.

Risks Relating to the Merger

Because the Exchange Ratio in the Merger will be set based on a number of factors immediately prior to closing the Merger that cannot be determined now, Camber stockholders cannot be certain how many shares of Camber common stock will be issued to the Viking stockholders, in the merger.

At the Effective Time of the Merger, each share of Viking common stock issued and outstanding immediately prior to the Effective Time (other than Viking shares owned by Camber and Viking) will be converted into the right to receive the pro rata share of an adjustable percentage (initially 80% prior to adjustment) of Camber’s post-effective time capitalization (Camber’s 20% share is referred to as the “Camber Percentage”), taking into account the number of shares of common stock of Camber outstanding on a fully-diluted basis, but without taking into account any shares of common stock which the holder of Camber’s Series C Preferred Stock can receive upon conversion of the Series C Preferred Stock (which are currently convertible into approximately 75,699,471 shares of common stock, subject to adjustment as provided in the designation of such Series C Preferred Stock). Holders of Viking common stock will have any fractional shares of Camber common stock after the Merger rounded up to the nearest whole share.

The Camber Percentage is subject to adjustment as provided in the Merger Agreement, provided that the Camber Percentage will not be decreased to lower than 15% or increased to more than 25%. As a result of the above, the specific Camber Percentage, and therefore the number of shares of Camber common stock issuable in the Merger, will not be known at the time of the vote to approve such Merger, provided that we anticipate such Merger resulting in substantial dilution to existing shareholders and resulting in a change of control of the Company.

The termination of the Merger Agreement could negatively impact us.

In the event the Merger Agreement is terminated, our business may be adversely impacted by our failure to pursue other beneficial opportunities due to the focus of management on the Merger, and the market price of our common stock might decline to the extent that the current market price reflects a market assumption that the Merger will be completed. If the Merger Agreement is terminated and our Board of Directors seeks another merger or business combination, stockholders cannot be certain that we will be able to find a party willing to offer equivalent or more attractive consideration than the consideration provided for by the Merger. If the merger agreement is terminated under certain circumstances, we may be required to transfer Viking back the 30% interest in Elysium and will be required to redeem 630 shares of Series C Preferred Stock held by Discover at a price of \$6,930,000. Although Viking has agreed to repay the Secured Notes upon the termination of the Merger Agreement and to pay us an additional amount as a break-up fee upon termination of the Merger, which if paid will be sufficient for us to pay the amount it owes to Discover in connection with the redemption of 630 shares of Series C Preferred Stock (\$6,930,000), Viking may be unable to pay such amounts when due and we may be unable to pay any difference in amounts owed. If we are unable to timely pay Discover amounts due in connection with the required redemption of the Series C Preferred Stock it could have a material adverse effect on our cash flows, operations, and our ability to continue as a going concern, all of which could cause the value of our common stock to decline in value or become worthless.

In the event the Merger closes, it will cause immediate and substantial dilution to existing stockholders and a change of control of the Company.

Upon the terms and subject to the conditions set forth in the merger agreement, at the Effective Time of the Merger, each share of common stock of Viking issued and outstanding immediately prior to the Effective Time will convert into the right to receive a pro rata share of 80% of our post-effective time capitalization in the Merger, taking into account the number of shares of common stock we have outstanding on a fully-diluted basis and without taking into account any shares of common stock which the holder of our Series C Preferred Stock can receive upon conversion of the Series C Preferred Stock, subject to certain adjustment mechanisms discussed in the Merger Agreement. As such, in the event the contemplated merger closes, the issuance of the common stock consideration to Viking stockholders will result in immediate and substantial dilution to the interests of our then stockholders and result in a change of control of the Company.

Failure to complete the Merger could negatively impact our stock price and future business and financial results.

If the Merger is not completed, our ongoing business may be adversely affected and we would be subject to a number of risks, including the following:

- we will not realize the benefits expected from the Merger, including a potentially enhanced competitive and financial position, expansion of assets and therefore opportunities, and will instead be subject to all the risks we currently face as an independent company;
- we may experience negative reactions from the financial markets and our partners and employees;
- under the Merger Agreement, we may be required to transfer back to Viking the 30% interest in Elysium which we have acquired to date, and will be required to redeem 630 shares of Series C Preferred Stock held by Discover at a price of \$6,930,000 if the Merger is terminated. If such termination fee is payable, the payment of this fee could have material and adverse consequences to our financial condition and operations. Furthermore, although Viking has agreed to pay us a break-up fee in the event the Merger is terminated, which will allow us to redeem the 630 shares of Series C Preferred Stock required to be redeemed from Discover, Viking may be unable to pay such amount when due;
- the merger agreement places certain restrictions on the conduct of our business prior to the completion of the merger or the termination of the Merger Agreement. Such restrictions, the waiver of which is subject to the consent of Viking, may prevent us from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the Merger; and
- matters relating to the Merger (including integration planning) may require substantial commitments of time and resources by our management, which would otherwise have been devoted to other opportunities that may have been beneficial to Camber as an independent company.

Risks Relating to the Series C Preferred Stock

The issuance of common stock upon conversion of the Series C Preferred Stock will cause immediate and substantial dilution and the sale of such stock will cause significant downward pressure on our stock price.

The issuance of common stock upon conversion of the Series C Preferred Stock will result in immediate and substantial dilution to the interests of other stockholders. Although Discover may not receive shares of common stock exceeding 9.99% of our outstanding shares of common stock immediately after affecting such conversion, this restriction does not prevent Discover from receiving shares up to the 9.99% limit, selling those shares, and then receiving the rest of the shares it is due, in one or more tranches, while still staying below the 9.99% limit. If Discover chooses to do this, it will cause substantial dilution to the then holders of our common stock. Additionally, the continued sale of shares issuable upon successive conversions will likely create significant downward pressure on the price of our common stock as Discover sells material amounts of our common stock over time and/or in a short period of time. This could place further downward pressure on the price of our common stock and in turn result in Discover receiving an ever increasing number of additional shares of common stock upon conversion of its securities, and adjustments thereof, which in turn will likely lead to further dilution, reductions in the exercise/conversion price of Discover's securities and even more downward pressure on our common stock, which could lead to our common stock becoming devalued or worthless.

Discover holds an approximately \$81 million liquidation preference in the Company.

Each share of Series C Preferred Stock held by Discover includes a liquidation preference, payable to Discover upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, after payment or provision for payment of debts and other liabilities of the Company, *prior to* any distribution or payment made to the holders of preferred stock or common stock, by reason of their ownership thereof equal to \$10,000, plus an amount equal to any accrued but unpaid dividends thereon. Because the dividends currently require that interest be paid on the Face Value of 24.95% per annum, for the entire seven year term of the Series C Preferred Stock (even if payable sooner than seven years after the issuance date), the total liquidation value required to be paid to Discover upon a liquidation, dissolution or winding up of the Company is approximately \$81 million as of the date of this report. As referenced above, this liquidation preference would be payable prior to any amount being distributed the holders of our common stock. Because our net assets total significantly less than \$81 million, it is likely that our common stockholders would not receive any amount in the event the Company was liquidated, dissolved or wound up, and that Discover would instead receive the entire amount of available funds after liquidation.

The Shares of Series C Preferred Stock sold pursuant to the June 2020 Purchase Agreement include the obligation for us to redeem such shares under certain circumstances.

We agreed pursuant to the June 2020 Purchase Agreement that if the Merger does not close by the required date approved by the parties thereto (as such may be extended from time to time), which date is currently September 30, 2020, but which may be extended until December 31, 2020, in the event that we have not fully resolved SEC comments on the Form S-4 relating to the Merger or other SEC filings related to the Merger, and we are responding to such comments in a reasonable fashion, subject to certain exceptions, and, we are required, at Discover's option in its sole and absolute discretion, to immediately repurchase from Discover all then outstanding Series C Preferred Stock shares acquired by Discover pursuant to the June 2020 Purchase Agreement, by paying to Discover 110% of the aggregate face value of all such shares (\$6,930,000). Viking also agreed pursuant to the Merger Agreement to pay a break-up fee upon termination of the Merger Agreement, which if paid, would allow us to pay Discover the amount we would owe in connection with the required redemption of the 630 shares of Series C Preferred Stock (\$6,930,000). The required redemption of the Series C Preferred Stock, if legally authorized under Nevada law, could reduce the amount of cash we have available for working capital and could require Camber to raise additional funding in the future, which funding may not be available on favorable terms, if at all. . Due to certain redemption provisions that are outside the control of the Company, the Company has recorded the Series C Preferred Stock in temporary equity.

Because the conversion discounts related to the conversion premiums payable in connection with the Series C Preferred Stock are fixed, and not based on percentages, the percentage of such discounts increase as our stock price declines.

The conversion rate of such premiums and dividends payable on the Series C Preferred Stock equals 95% of the average of the lowest 5 individual daily volume weighted average prices during the applicable Measuring Period, not to exceed 100% of the lowest sales prices on the last day of the Measuring Period (the “Non-Triggering Event Percentage Discounted VWAP”), less \$0.05 per share of common stock, unless a triggering event (described in the Series C Preferred Stock Designation) has occurred, in which case the conversion rate equals 85% of the lowest daily volume weighted average price during the Measuring Period (the “Triggering Event Percentage Discounted VWAP” and together with the Non-Triggering Event Percentage Discounted VWAP, as applicable, the “Percentage Discounted VWAP”), less \$0.10 per share of common stock, not to exceed 85% of the lowest sales prices on the last day of such Measuring Period, less \$0.10 per share. Because the \$0.05 and \$0.10 discounts (the “Fixed Conversion Discounts”) which apply to the already discounted Percentage Discounted VWAPs are fixed, the percentage of such discounts increase as the value of its common stock decreases. For example, see the table below:

\$0.05 Discount to Percentage Discounted VWAP				\$0.10 Discount to Percentage Discounted VWAP			
Percentage Discounted VWAP	Conversion Price*	Percentage of Discount (\$0.05) Compared to Percentage Discounted VWAP		Percentage Discounted VWAP	Conversion Price*	Percentage of Discount (\$0.10) Compared to Percentage Discounted VWAP	
\$ 2.00	\$ 1.95	2.5%	\$	2.00	\$ 1.90	5.0%	
\$ 1.75	\$ 1.70	2.9%	\$	1.75	\$ 1.65	5.7%	
\$ 1.50	\$ 1.45	3.3%	\$	1.50	\$ 1.40	6.7%	
\$ 1.25	\$ 1.20	4.0%	\$	1.25	\$ 1.15	8.0%	
\$ 1.00	\$ 0.95	5.0%	\$	1.00	\$ 0.90	10.0%	
\$ 0.75	\$ 0.70	6.7%	\$	0.75	\$ 0.65	13.3%	
\$ 0.50	\$ 0.45	10.0%	\$	0.50	\$ 0.40	20.0%	
\$ 0.25	\$ 0.20	20.0%	\$	0.25	\$ 0.15	40.0%	
\$ 0.10	\$ 0.05	50.0%	\$	0.10	\$ 0.001	99.0%	
\$ 0.05	\$ 0.001	98.0%	\$	0.05	\$ 0.001	98.0%	

* Minimum conversion price is \$0.001 per share (the par value of the common stock).

As a result, as shown above, as the trading price of our common stock decreases in value, the percentage discount to the Percentage Discounted VWAP which each further \$0.05/\$0.10 discount results in, increases exponentially, and in certain cases may result in the ultimate conversion price being less than 0, which would result in a conversion price of \$0.001 per share, the par value of Camber's common stock (which occurred in 2019), and the minimum conversion price at which the Series C Preferred Stock is convertible.

The effects of the Fixed Conversion Discounts will be further exacerbated in the event of a reverse stock split of Camber's outstanding common stock. For example, if in the future Camber completes a 1-for-25 reverse stock split of Camber's outstanding shares of common stock, the \$0.05/\$0.10 Fixed Conversion Discounts will be automatically adjusted to equal a fixed conversion discount to the Percentage Discounted VWAP of \$1.25/\$2.50 per share, which will likely result in a conversion price significantly below such values, and any decrease in the Percentage Discounted VWAP below \$1.25/\$2.50 per share, will result in a conversion price of the Series C Preferred Stock of \$0.001 per share, which will cause substantial dilution to existing shareholders upon conversion of such preferred stock.

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

There have been no sales of unregistered securities during the year ended March 31, 2020 and from the period from April 1, 2020 to the filing date of this report, which have not previously been disclosed in our Annual Report on Form 10-K or in a Current Report on Form 8-K, except as set forth below:

Since April 1, 2020, and through August 13, 2020, (a) Discover converted 59 shares of Series C Preferred Stock into 1,544,354 shares of common stock, which shares have been fully issued to date, and which conversions of 59 shares of Series C Preferred Stock occurred on August 5, 2020 (30 Series C Preferred Stock shares) and August 12, 2020 (29 Series C Preferred Stock shares), and (b) Discover was issued an additional 4,974,192 shares of common stock in connection with the conversion of shares of Series C Preferred into common stock during the quarter ended June 30, 2020, which shares were previously held in abeyance, subject to Discover's 9.99% ownership limitation set forth in the designation of the Series C Preferred Stock.

The sales and issuances of the securities described above have been determined to be exempt from registration under the Securities Act in reliance on Sections 3(a)(9) and 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated thereunder and Regulation S promulgated thereunder, as transactions by an issuer not involving a public offering. The preferred stock holder (Discover) has represented that it is an accredited investor, as that term is defined in Regulation D, it is not a U.S. Person, and that it is acquiring the securities for its own account.

As of August 10, 2020, the 2,892 outstanding shares of Series C Preferred Stock can convert, pursuant to their terms, into 75,699,471 shares of our common stock, which number includes 177,969 shares of common stock convertible upon conversion of all of the outstanding shares of outstanding Series C Preferred Stock at a conversion price of \$162.50 per share (based on the \$10,000 face amount of the Series C Preferred Stock) and approximately 75,521,502 shares of common stock for premium shares due thereunder (based on the current dividend rate of 24.95% per annum), and a conversion price of \$0.6688 per share (the last conversion price provided in a conversion notice provided by Discover), which may be greater than or less than the conversion price that currently applies to the conversion of the Series C Preferred Stock pursuant to the terms of the Designation, which number of premium shares may increase significantly from time to time as the trading price of our common stock decreases, upon the occurrence of any trigger event under the Designation of the Series C Preferred Stock and upon the occurrence of certain other events, as described in greater detail in the Designation of the Series C Preferred Stock. The lowest possible conversion price of the Series C Preferred Stock is \$0.001 per share. If converted in full at the lowest possible conversion price, the Series C Preferred Stock would convert into a maximum of 50,508,957,969 shares of common stock.

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Use of Proceeds from Sale of Registered Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAMBER ENERGY, INC.
(Registrant)

/s/ James A. Doris

James A. Doris
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 17, 2022

/s/ Frank W. Barker

Frank W. Barker
Chief Financial Officer
(Principal Financial/Accounting Officer)

Date: May 17, 2022

EXHIBIT INDEX

Exhibit No.	Description
2.1+	Agreement and Plan of Merger by and Between Viking Energy Group, Inc., and Camber Energy, Inc. dated as of February 3, 2020 (Filed as Exhibit 2.1 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)
2.2	First Amendment to Agreement and Plan of Merger, dated as of May 27, 2020, by and between Viking Energy, Inc. and Camber Energy, Inc. (Filed as Exhibit 2.2 to the Company's Report on Form 8-K, filed with the Commission on June 1, 2020 and incorporated herein by reference) (File No. 001-32508)
2.3	Second Amendment to Agreement and Plan of Merger, dated as of June 16, 2020, by and between Viking Energy, Inc. and Camber Energy, Inc. (Filed as Exhibit 2.3 to the Company's Report on Form 8-K, filed with the Commission on June 16, 2020 and incorporated herein by reference) (File No. 001-32508)
2.4	Third Amendment to Agreement and Plan of Merger, dated as of June 25, 2020, by and between Viking Energy, Inc. and Camber Energy, Inc. (Filed as Exhibit 2.4 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)
3.1	Articles of Incorporation (Filed as Exhibit 3.1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended November 30, 2005 filed with the SEC on February 14, 2006, and incorporated herein by reference)(File No. 000-51414)
3.2	Certificate of Amendment to Articles of Incorporation (Incorporated by reference herein to Exhibit B to the Company's Information Statement on Schedule 14C filed with the SEC on June 1, 2006) (File No. 000-51414)
3.3	Certificate of Amendment to Articles of Incorporation (Incorporated by reference herein to Exhibit B to the Company's Information Statement on Schedule 14C filed with the SEC on February 20, 2007)(File No. 000-51414)
3.4	Certificate of Amendment to Articles of Incorporation (Incorporated by reference herein to Exhibit B to the Company's Proxy Statement on Schedule 14A filed with the SEC on March 11, 2010) (File No. 001-32508)
3.5	Certificate of Amendment to Articles of Incorporation (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on January 11, 2011, and incorporated herein by reference)(File No. 001-32508)
3.6	Certificate of Amendment to Articles of Incorporation (1-for-25 Reverse Stock Split of Common Stock) (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on July 2, 2015, and incorporated herein by reference)(File No. 001-32508)
3.7	Certificate of Amendment to the Articles of Incorporation, amending the Company's name to "Camber Energy, Inc.", filed with the Secretary of State of Nevada on January 3, 2017 (Filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed with the Commission on February 14, 2017, and incorporated herein by reference)(File No. 001-32508)
3.8	Certificate of Amendment to the Company's Articles of Incorporation to increase the number of our authorized shares of common stock from 200,000,000 to 500,000,000, as filed with the Secretary of State of Nevada on January 10, 2018 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on January 12, 2018 and incorporated herein by reference) (File No. 001-32508)
3.9	Certificate of Amendment to Articles of Incorporation (1-for-25 Reverse Stock Split of Common Stock) filed with the Nevada Secretary of State on March 1, 2018, and effective March 5, 2018 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on March 2, 2018 and incorporated herein by reference) (File No. 001-32508)
3.10	Certificate of Change Pursuant to Nevada Revised Statutes Section 78.209, as filed by Camber Energy, Inc. with the Secretary of State of the State of Nevada on December 20, 2018 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on December 26, 2018 and incorporated herein by reference)(File No. 001-32508)
3.11	Certificate of Amendment to the Company's Articles of Incorporation to increase the number of our authorized shares of common stock from 20,000,000 to 250,000,000, as filed with the Secretary of State of Nevada on April 10, 2019 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on April 11, 2019, and incorporated herein by reference)(File No. 001-32508)

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<u>3.12</u>	<u>Certificate of Amendment to Articles of Incorporation (1-for-25 Reverse Stock Split of Common Stock) filed with the Nevada Secretary of State on July 3, 2019, and effective July 8, 2019 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on July 8, 2019 and incorporated herein by reference) (File No. 001-32508)</u>
<u>3.13</u>	<u>Camber Energy, Inc. Amended and Restated Certificate of Designations of Preferences, Powers, Rights and Limitations of Series C Redeemable Convertible Preferred Stock as filed with the Secretary of State of Nevada on July 8, 2019 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on July 9, 2019 and incorporated herein by reference) (File No. 001-32508)</u>
<u>3.14</u>	<u>State of Delaware Certificate of Merger of Domestic Corporation Into Domestic Limited Liability Company, filed with the Secretary of State of Delaware on July 10, 2019, and effective July 9, 2019, merging Camber Energy Merger Sub 2, Inc. into Lineal Star Holdings LLC (Filed as Exhibit 3.8 to the Company's Quarterly Report on Form 10-Q, filed with the Commission on August 14, 2019 and incorporated herein by reference) (File No. 001-32508)</u>
<u>3.15</u>	<u>Certificate of Change Pursuant to Nevada Revised Statutes Section 78.209, filed by Camber Energy, Inc. with the Secretary of State of Nevada on October 25, 2019 and effective on October 29, 2019 (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Commission on October 29, 2019 and incorporated herein by reference) (File No. 001-32508)</u>
<u>3.16</u>	<u>Certificate of Amendment to Articles of Incorporation (Increase in Authorized Common Stock to 25 Million Shares) filed with the Nevada Secretary of State on April 16, 2020, and effective April 16, 2020</u>
<u>3.17</u>	<u>Certificate of Withdrawal of Certificate of Designation of Series A Convertible Preferred Stock filed with the Secretary of State of Nevada on May 15, 2020 (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on May 19, 2020, and incorporated herein by reference)(File No. 001-32508)</u>
<u>3.18</u>	<u>Certificate of Withdrawal of Certificate of Designation of Series B Redeemable Convertible Preferred Stock filed with the Secretary of State of Nevada on May 15, 2020 (Filed as Exhibit 3.2 to the Company's Report on Form 8-K, filed with the Commission on May 19, 2020, and incorporated herein by reference)(File No. 001-32508)</u>
<u>3.19</u>	<u>Certificate of Withdrawal of Certificate of Designation of Series D Convertible Preferred Stock filed with the Secretary of State of Nevada on May 15, 2020 (Filed as Exhibit 3.3 to the Company's Report on Form 8-K, filed with the Commission on May 19, 2020, and incorporated herein by reference)(File No. 001-32508)</u>
<u>3.20</u>	<u>Certificate of Withdrawal of Certificate of Designation of Series E Redeemable Convertible Preferred Stock filed with the Secretary of State of Nevada on May 15, 2020 (Filed as Exhibit 3.4 to the Company's Report on Form 8-K, filed with the Commission on May 19, 2020, and incorporated herein by reference)(File No. 001-32508)</u>
<u>3.21</u>	<u>Certificate of Withdrawal of Certificate of Designation of Series F Redeemable Preferred Stock filed with the Secretary of State of Nevada on May 15, 2020 (Filed as Exhibit 3.5 to the Company's Report on Form 8-K, filed with the Commission on May 19, 2020, and incorporated herein by reference)(File No. 001-32508)</u>
<u>3.22</u>	<u>Amended and Restated Bylaws (effective March 29, 2016) (Filed as Exhibit 3.1 to the Company's Report on Form 8-K, filed with the Commission on April 1, 2016, and incorporated herein by reference)(File No. 001-32508)</u>
<u>10.1</u>	<u>\$1,539,719 Promissory Note effective December 31, 2019, evidencing amounts owed by Lineal Star Holdings, LLC to Camber Energy, Inc. (Filed as Exhibit 10.1 to the Company's Report on Form 8-K, filed with the Commission on January 3, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.2</u>	<u>\$800,000 Promissory Note No. 2 effective December 31, 2019, evidencing amounts owed by Lineal Star Holdings, LLC to Camber Energy, Inc. (Filed as Exhibit 10.2 to the Company's Report on Form 8-K, filed with the Commission on January 3, 2020 and incorporated herein by reference) (File No. 001-32508)</u>

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<u>10.3+</u>	<u>Form of Stock Purchase Agreement relating to the purchase of \$5 million in shares of Series C Redeemable Convertible Preferred Stock dated February 3, 2020 (Filed as Exhibit 10.1 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.4</u>	<u>Form of Waivers and Amendments to Stock Purchase Agreements dated February 3, 2020, by and between Camber Energy, Inc. and the Investor Named Therein (Filed as Exhibit 10.2 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.5+</u>	<u>Securities Purchase Agreement dated as of February 3, 2020 by and Between Camber Energy, Inc. (Purchaser) and Viking Energy Group, Inc. (Filed as Exhibit 10.3 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.6</u>	<u>\$5,000,000 10.5% Secured Promissory Note Issued by Viking Energy Group, Inc. to Camber Energy, Inc. Dated February 3, 2020 (Filed as Exhibit 10.4 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.7</u>	<u>Security and Pledge Agreement, dated as of February 3, 2020 by and among Viking Energy Group, Inc. and Camber Energy, Inc. (Filed as Exhibit 10.5 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.8</u>	<u>Security and Pledge Agreement, dated as of February 3, 2020 by and among Viking Energy Group, Inc. and Camber Energy, Inc. (Filed as Exhibit 10.6 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.9</u>	<u>Assignment of Membership Interests by Viking Energy Group, Inc. in favor of Camber Energy, Inc. dated February 3, 2020 (Filed as Exhibit 10.7 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.10</u>	<u>Compromise Settlement Agreement executed January 31, 2020 between PetroGlobe Energy Holdings, LLC, Signal Drilling, LLC, Petrolia Oil, LLC, Prairie Gas Company of Oklahoma, LLC, Canadian River Trading Company, LLC, and Camber Energy, Inc. (Filed as Exhibit 10.8 to the Company's Report on Form 8-K, filed with the Commission on February 5, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.11</u>	<u>February 15, 2020 Letter Agreement with Sylva International LLC dba SylvaCap Media (Filed as Exhibit 10.1 to the Company's Report on Form 8-K, filed with the Commission on May 13, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.12</u>	<u>Form of Stock Purchase Agreement relating to the purchase of \$6 million in shares of Series C Redeemable Convertible Preferred Stock dated June 22, 2020 (Filed as Exhibit 10.1 to the Company's Report on Form 8-K, filed with the Commission on June 23, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.13</u>	<u>Form of Amendment to Stock Purchase Agreements dated June 22, 2020, by and between Camber Energy, Inc. and the Investor Named Therein (Filed as Exhibit 10.2 to the Company's Report on Form 8-K, filed with the Commission on June 23, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.14+</u>	<u>Securities Purchase Agreement dated as of June 25, 2020 by and Between Camber Energy, Inc. (Purchaser) and Viking Energy Group, Inc. (Filed as Exhibit 10.1 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.15</u>	<u>\$5,000,000 10.5% Secured Promissory Note Issued by Viking Energy Group, Inc. to Camber Energy, Inc. Dated June 25, 2020 (Filed as Exhibit 10.2 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.16</u>	<u>Security and Pledge Agreement, dated as of June 25, 2020 by and among Viking Energy Group, Inc. and Camber Energy, Inc. (Filed as Exhibit 10.3 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)</u>

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<u>10.17</u>	<u>Amended and Restated Security and Pledge Agreement, dated as of June 25, 2020 by and among Viking Energy Group, Inc. and Camber Energy, Inc. (Filed as Exhibit 10.4 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>10.18</u>	<u>Assignment of Membership Interests by Viking Energy Group, Inc. in favor of Camber Energy, Inc. dated June 25, 2020 (Filed as Exhibit 10.5 to the Company's Report on Form 8-K, filed with the Commission on June 26, 2020 and incorporated herein by reference) (File No. 001-32508)</u>
<u>31.1*</u>	<u>Section 302 Certification of Periodic Report of Principal Executive Officer</u>
<u>31.2*</u>	<u>Section 302 Certification of Periodic Report of Principal Financial Officer</u>
<u>32.1**</u>	<u>Section 906 Certification of Periodic Report of Principal Executive Officer</u>
<u>32.2**</u>	<u>Section 906 Certification of Periodic Report of Principal Financial Officer</u>

* Exhibits filed herewith.

** Exhibits furnished herewith.

*** Management contract or compensatory plan.

+ Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) and/or Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Commission upon request; provided

CAMBER ENERGY, 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/A of Camber Energy, 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 17, 2022

/s/ James Doris
James Doris
Principal Executive Officer

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

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

1. I have reviewed this quarterly report on Form 10-Q/A of Camber Energy, 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 17, 2022

/s/ Frank W. Barker, Jr.

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

CAMBER ENERGY, 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 Camber Energy, Inc. (the Company) on Form 10-Q/A for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, James Doris, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 17, 2022

/s/ James Doris

James Doris
Principal Executive Officer

CAMBER ENERGY, 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 Camber Energy, Inc. (the Company) on Form 10-Q/A for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Frank W. Barker, Jr., Principal Financial and Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 17, 2022

/s/ Frank W. Barker, Jr.

Frank W. Barker, Jr.

Principal Financial and Accounting Officer