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VICTORY ENERGY CORPORATION AND SUBSIDIARIES  
(A Development Stage Company)  
Consolidated Balance Sheets

**ASSETS**

	March 31, 2006 (Unaudited)	December 31, 2005
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 28,098	\$ 4,074
Short Term Investments	88,300	88,300
Total Curent Assets	116,398	92,374
<b>FIXED ASSETS, NET</b>	<b>1,096</b>	<b>1,096</b>
<b>OTHER ASSETS</b>		
Deposits	-	-
<b>TOTAL ASSETS</b>	<b>\$ 117,494</b>	<b>\$ 93,470</b>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITES</b>		
Accounts Payable	\$ 330,970	\$ 330,970
Accrued Liabilities	-	11,416
Accrued Payroll and Payroll Taxes	316,006	240,000
Short term notes	149,458	
Total Curent Liabilities	796,434	582,386
<b>LONG TERM LIABILITIES</b>		
Notes Payable	146,431	146,431
<b>OTHER LIABILITIES</b>		
Loan from Officer	141,721	83,367
Account Payable - Related Party	172,179	172,179
Accrued Liabilities - Related	121,000	121,000
Total Other Liabilities	434,900	376,546
<b>Total Liabilities</b>	<b>1,377,765</b>	<b>1,105,363</b>
<b>Commitments and contingencies (Note 6)</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock, \$0.001 par value, 200,000,000 shares authorized,		

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59,543,592 issued and outstanding	59,544	41,960
Additonal paid-in capital	3,202,020	2,692,104
Deficit accumulated in the development stage	(4,521,835)	(3,745,957)
Total Stockholders' Deficit	(1,260,271)	(1,011,893)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 117,494	\$ 93,470

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VICTORY ENERGY CORPORATION AND SUBSIDIARIES  
(A Development Stage Company)  
Consolidated Statement of Operations  
(Unaudited)

	For the Three Months Ended March 31,		For the period of Inception, from January 2, 1982 through March 31, 2006
	2006	2005	
Revenues	\$ -	\$ -	\$ 20,207
<b>Costs and Expenses</b>			
Consulting Expense	600,240		3,339,831
Land Leases	25,000		25,000
Wages and Salaries	22,500		270,500
General & Administrative	128,138	26,421	809,544
Total Expenses	775,878	26,421	4,444,875
Operating Loss	(775,878)	(26,421)	(4,424,668)
<b>Other Income and (expenses)</b>			
Loss on abandonment of subsidiary			(50,900)
Loss from reduction in debt			(48,363)
Other Income		(177)	2,096
Net Loss	\$ (775,878)	\$ (26,598)	\$ (4,521,835)
Basic and Dilutive net loss per share	\$ (0.01)	\$ (0.00)	\$
Weighted average number of shares outstanding	55,574,019	22,100,258	

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

VICTORY ENERGY CORPORATION AND SUBSIDIARIES  
(A Development Stage Company)  
Consolidated Statement of Stockholders' Equity (Deficit)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit During Development Stage	Total
Balances at January 7, 1982	-	\$ -	\$ -	\$ -	\$ -
Common stock issued for cash at \$7.50 per share	6,000	6	45,000	-	45,006
Common stock issued for cash at \$0.39 per share	168,503	169	65,819	-	65,988
Net loss from inception Jan 7, 1982 to Dec. 31, 1982	-	-	-	(39,597)	(39,597)
Balances at Dec. 31, 1982	174,503	175	110,819	(39,597)	71,397
Net loss for the year ended Dec. 31, 1983	-	-	-	(71,397)	(71,397)
Balances at Dec. 31, 1983	174,503	175	110,819	(110,994)	(0)
Common stock issued for cash at \$25.00 per share	57	0	1,425	-	1,425
Common stock issued for cash at \$25.00 per share	3	0	75	-	75
Common stock issued for cash at \$0.025 per share	1,580,000	1,580	38,373	-	39,953
Net loss - FYE 12/31/84	-	-	-	-	-
Balances at Dec. 31, 1984	1,754,563	1,755	150,692	(110,994)	41,453
Cancellation of common stock	(1,296,132)	(1,297)			(1,297)
Net loss - FYE 12/31/85	-	-	-	-	-
Balances at Dec. 31, 1985	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/86	-	-	-	-	-
Balances at Dec. 31, 1986	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/87	-	-	-	-	-
Balances at Dec. 31, 1987	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/88	-	-	-	-	-
Balances at Dec. 31, 1988	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/89	-	-	-	-	-

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Balances at Dec. 31, 1989	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/90	-	-	-	-	-
Balances at Dec. 31, 1990	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/91	-	-	-	-	-
Balances at Dec. 31, 1991	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/92	-	-	-	-	-
Balances at Dec. 31, 1992	458,431	458	150,692	(110,994)	40,156
Net loss - FYE 12/31/93	-	-	-	-	-
Balances at Dec. 31, 1993	458,431	458	150,692	(110,994)	40,156
Cancellation of common stock	(316,000)	(316)			(316)
Net loss - FYE 12/31/94	-	-	-	(6,656)	(6,656)
Balances at Dec. 31, 1994	142,431	142	150,692	(117,650)	33,184
Common stock issued for cash at \$0.001 per share	2,357,895	2,359	-	-	2,359
Net loss - FYE 12/31/95	-	-	-	(49,097)	(49,097)
Balances at Dec. 31, 1995	2,500,326	2,500	150,692	(166,747)	(13,555)
Common stock issued for cash at \$0.001 per share	120,000	120	-	-	120
Net loss - FYE 12/31/96	-	-	-	(1,681)	(1,681)
Balances at Dec. 31, 1996	2,620,326	2,620	150,692	(168,428)	(15,116)
Net loss - FYE 12/31/97	-	-	-	(3,517)	(3,517)
Balances at Dec. 31, 1997	2,620,326	2,620	150,692	(171,945)	(18,633)
Net loss - FYE 12/31/98	-	-	-	(2,479)	(2,479)
Balances at Dec. 31, 1998	2,620,326	2,620	150,692	(174,424)	(21,112)
Net loss - FYE 12/31/99	-	-	-	(6,307)	(6,307)
Balances at Dec. 31, 1999	2,620,326	2,620	150,692	(180,731)	(27,419)
Net loss - FYE 12/31/00	-	-	-	(9,011)	(9,011)
Balances at Dec. 31, 2000	2,620,326	2,620	150,692	(189,742)	(36,430)
Net loss - FYE 12/31/01	-	-	-	(19,461)	(19,461)
Balances at Dec. 31, 2001	2,620,326	2,620	150,692	(209,203)	(55,891)
Contributed capital for rent and other compensation					