

VICTORY ENERGY CORP
Form 10-Q
May 23, 2011
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____.

Commission file number 002-76219NY
VICTORY ENERGY CORPORATION
(Exact Name of Company as Specified in its Charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

87-0564472
(I.R.S. Employer
Identification No.)

20341 Irvine Avenue, Newport Beach,
California (Address of principal executive
offices)

92660
(Zip Code)

(714) 480-0300

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

L a r g e Accelerated
a c c e l e r a t e d filer
filer

Non-accelerated Smaller
filer reporting
company x

(Do not check if
a smaller
reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No x

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes No

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 20, 2011, there were 136,719,608 shares of common stock, par value \$0.001, issued and outstanding.

VICTORY ENERGY CORPORATION
QUARTERLY REPORT ON
FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2011
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Cautionary Notice Regarding Forward Looking Statements

Victory Energy Corporation desires to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. This report contains a number of forward-looking statements that reflect management's current views and expectations with respect to business, strategies, future results and events and financial performance. All statements made in this Annual Report other than statements of historical fact, including statements that address operating performance, events or developments that management expects or anticipates will or may occur in the future, including statements related to revenues, cash flow, profitability, adequacy of funds from operations, statements expressing general optimism about future operating results and non-historical information, are forward looking statements. In particular, the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” “will,” variations words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements and their absence does not mean that the statement is not forward-looking.

Readers should not place undue reliance on these forward-looking statements, which are based on management’s current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions and apply only as of the date of this report. Victory Energy Corporation’s actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the “Risk Factors” as well as those discussed elsewhere in this report, and the risks discussed in press releases and other communications to stockholders issued by Victory Energy Corporation from time to time which attempt to advise interested parties of the risks and factors that may affect the business. Except as may be required under the federal securities laws, Victory Energy Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Part I

Item 1. Financial Statements

VICTORY ENERGY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2011 (Unaudited)	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 187,494	\$ 111,572
Accounts receivable, net	70,567	74,828
Prepaid expenses	22,745	24,898
Total current assets	280,806	211,298
FIXED ASSETS		
Furniture and equipment	10,623	2,294
Accumulated depreciation	(2,491)	(2,294)
Total furniture and fixtures	8,132	-
Option to acquire leases and mineral interests	25,000	25,000
Drilling in process costs	205,539	-
Oil and natural gas properties	1,466,813	1,466,813
Accumulated depletion	(965,089)	(953,084)
Oil and natural gas properties, net	732,263	538,729
OTHER ASSETS		
Fund held at court	13,006	13,006
TOTAL ASSETS	\$ 1,034,207	\$ 763,033
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ 388,097	\$ 342,285
Accrued liabilities	100,093	74,088
Accrued interest	41,994	10,501
Line of credit - bank	62,067	68,667
Notes payable - related parties	-	50,000
Liability for unauthorized preferred stock issued	85,654	85,654
Total current liabilities	677,905	631,195
OTHER LIABILITIES		
Senior convertible debenture, net of debt discount	297,424	127,338
Deferred tax liability	489,550	238,000
Asset retirement obligation	27,282	27,282
TOTAL LIABILITIES	1,492,161	1,023,815

STOCKHOLDERS' DEFICIT

Common Stock, \$0.001 par value, 490,000,000 shares authorized, 136,719,608 and 136,719,608 issued and outstanding, respectively	136,720	136,720
Additional paid in capital	32,359,395	31,740,090
Accumulated deficit	(32,954,069)	(32,137,592)
TOTAL STOCKHOLDERS' DEFICIT	(457,954)	(260,782)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 1,034,207	\$ 763,033

