

Victory Energy Corporation

OTCQB: VYEQ

Experienced Leadership, Growth Focused



February 2012 Company Fact Sheet

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VICTORY ENERGY CORPORATION “Victory” or the “Company” Victory Energy Corporation is engaged in the exploration, acquisition, development, and exploitation of domestic oil and gas properties. The Company now leverages both internal capabilities and strategic industry relationships to acquire working interest positions in low-to-moderate risk oil and gas prospects. Future investment will focus primarily on oil or liquid-rich gas projects within longer-life reservoirs that offer lower F&D costs per BOE. The Company had nine wells on production entering FY 2011 and had seventeen on production at the end of the calendar year. Current held acreage provides a pipeline of eighteen additional gross wells that could be drilled in FY 2012; however, the Company has line of sight to incremental projects beyond current acreage with generally higher working interest participation.

INVESTMENT STRATEGY

Low-Risk Growth. Through its partnership with Aurora Energy Partners, Victory is building a portfolio of working interests in oil and gas prospects. Its strategy is to diversify those interests and target prospects with multiple well locations, with proven undeveloped reserves in established trends, and with longer-term potential. Its primary objectives are three-fold: 1) increase oil and gas reserves through the drill bit and analysis of existing reserves, 2) improve returns, and 3) continue to manage and improve its balance sheet. To support these new objectives, Victory recently hired a veteran CFO, Mark W. Biggers, who brings over 30 years of broad experience in energy finance, most of which was in the upstream oil and gas industry. His capabilities will be leveraged to aggressively raise capital and grow the Company in a profitable manner. Also, Kenneth “Kenny” Hill was recently named CEO and has been a key contributor to the turnaround effort over the past year and in the development of Victory’s upstream oil and gas portfolio. Senior management are all veteran oil and gas executives.

Production to Profitability. Victory’s targeted prospect acquisitions are ideally weighted toward oil and high-Btu natural gas projects. To further improve returns, Victory is looking to reduce expenses such as finding and development costs by adding higher working interest projects and focusing on liquids-rich plays. By spending less on G&A and by raising additional capital, Victory will invest in developing its reserves and will increasingly use its in-house technical and geological capabilities to generate additional oil and gas drilling prospects. Currently, it is reviewing a significant pipeline of new projects for potential acquisition.

Growing Portfolio of Producing and Development Prospects. Victory currently has 17 producing wells and several development prospects underway. Its current portfolio of producing assets include the Adams-Baggett Canyon Sandstone Gas Field, the Atwood secondary oil recovery project in

Oklahoma, the Jones County oil play, the Bootleg Canyon (formerly Tunis Creek) oil and gas project, the Uno Mas oil well and the ClearWater Wolfberry resource play. These projects are located in established basins in Texas and Oklahoma. Development prospects include the previously-producing Padre Island gas field in South Texas. Eighteen (18) gross wells are available to be drilled on existing acreage.

Multiple Investment Opportunities Available. Utilizing an established group of investors and its access to additional sources of capital, the Company intends to invest heavily over the next twelve months in low to moderate risk conventional oil plays. Opportunities within established oil rich shale plays will also be evaluated. The Company has significant access to deal flow and will continue to add new projects as fast as capital allows.

Balance Sheet and Sources of Capital. A key milestone on improving its financial structure was the completion of a 50:1 reverse stock split on January 13, 2012. As previously announced, the Company also intends to convert all remaining debt to equity and bring its debt balance to zero. Going forward, Victory plans to leverage larger private equity sources and use its established source of capital from Aurora Energy Partners to more rapidly grow the Company. Last December, Victory increased its interest in Aurora to 50% and signed a revised agreement giving it direct access to additional capital up to \$15 million.

Price (February 10, 2012)		\$1.74
Stock Data		
Fiscal Year-End:	December	
Symbol / Exchange:	VYEQ / OTCQB	
Diluted Common Shares	7.6 mm	
Market Capitalization:	\$13.3 mm	
Average Daily Volume:	110,660	
Financial Data (000s, unaudited)		
	9/30/2011	9/30/2010
Total Revenues	\$109.1	\$124.9
EPS	(\$0.00)	(\$0.00)
Capitalization	9/30/2011	12/31/2010
Cash & Cash Equivalents	\$223.2	\$111.6
Senior Convertible Debt	0.0	177.3
Shareholders' Equity	(5.2)	(260.8)
Total Capitalization	(5.2)	(83.4)
Reserve Data		12/31/2010
Proved Developed Reserves (mmcf)	709.7	
PV-10 Value (\$000)	\$981.1	
Stock Price (Year-to-date)		

**OPERATIONAL HIGHLIGHTS, OIL/GAS PROSPECTS**

Uno Mas. The Company commenced the drilling of a re-entry well (the V-F Petroleum Uno Mas No. 1) on October 31, 2011, targeting the Mississippian Detrital formation in Lea County, New Mexico. The well was successfully reentered, perforated and swab flow tested the week of November 28 and the operator began fracture stimulation procedures on December 16. Flowback of fluids began shortly thereafter. At the request of the operator, Victory Energy will not be publishing flow rate data until it becomes part of the public regulatory filings made by the operator. Both oil and gas sales from this well began in late December 2011. Production is anticipated to increase as fluids from the fracture stimulation are pumped off. The Company owns a 10 % WI (7.5 % NRI) in the V-F Petroleum Uno Mas No. 1 well. Total drilling and completion costs to the Company's interest are expected to be approximately \$160,000.

Jones County. Supported by 82-square miles (52,480 acres) of 3D seismic imaging, the oil-focused Jones County prospect in north central Texas is targeting 20,000–45,000 barrels of recoverable oil per well with natural gas as a secondary target. The first well drilled on this property produced over 2,000 BO before water encroachment caused the well to decline. Two wells are currently on production. As part of a multi-year drilling program, the operator plans to drill one to two wells per quarter. Two additional wells are scheduled to begin drilling by the end of February, and will take about three weeks to complete. The Company owns a 1.5% WI in the first two wells and a 5% WI in all wells going forward.

Bootleg Canyon Ellenberger Oil Field (Tunis Creek). The 2,397 acre oil field is currently producing oil and gas in the prolific Permian Basin in west Texas. The first well (University "6" #1) was completed in late June 2011 and has continued to produce oil since that time. The well was tested flowing at a daily rate of 252 barrels of oil and 300 Mmcf of natural gas with tubing pressure of 600 psi on a 12/64-inch choke. The well was later recognized as a "discovery" well by the Railroad Commission of Texas and then shortly thereafter the held acreage was designated as The Bootleg Canyon Ellenberger Field. Preliminary flow testing of the first well indicate that total oil reserves for this well could exceed pre-drilling estimates of 500,000 barrels with an additional 2.5 Bcf of natural gas. These flow tests were performed using the wells' natural bottom-hole pressure and was limited to the lower bottom percent of the Ellenberger formation in the wellbore. The Company has commissioned an SEC qualified reserve report and will release that information as it becomes available. Several additional wells will be drilled. The Company owns a 5% WI and 3.75% NRI in the prospect.

ClearWater Wolfberry Resource Play. On December 12, 2011, Victory announced its first investment in a "resource" play. The Company acquired an interest in the ClearWater project, which is a established multi-well oil and gas focused project. Drilling on the 3,186 held acres has been underway since May of 2011. The project is located in the heart of the Wolfberry and Wolfcamp resource trend (Howard County). Three wells have been drilled and fracture completed and an additional seven are planned for this acreage. These 10,000 to 11,000 foot wells are renowned for their consistent oil and gas production and their more than twenty-five year life spans. Each well completed in this trend will average between 30-100 BOPD and 150-300 mcf per day. The Company owns a 1.5% WI and 1.125% NRI.

Adams-Baggett Gas Field. This prolific, low-permeability liquid-rich gas play in the Val Verde basin in southwest Texas targets the Canyon Sandstone at depths of 4,300 – 4,900 feet. Natural gas from the Canyon Sandstone generally receives at least a 25% premium market price due to its higher Btu content per cubic foot. Currently nine gas wells are producing and four are awaiting completion. Completion timing is impacted by current market prices. Victory received its first production revenue from this field in March, 2008. Additional drilling opportunities are being evaluated. Victory holds a working interest in nine wells: 100% WI and a 75% NRI in seven wells and a 50% WI with 38% NRI in two wells.

Atwood Secondary Oil Recovery Prospect. The Atwood prospect is an established multi-well oil-focused play on 1,240 acres. The acreage holds 31 wells, each with an average depth of 3,200 feet. They have been in production since the late 1970's. These wells have produced approximately 527,000 barrels of oil. A recent geologic study has indicated that an additional 500,000 to 1,000,000 barrels of recoverable oil may exist. Oil recovery at a higher ratio is possible. The Company will be utilizing a secondary waterflood oil recovery procedure that has been proven in this geographic area. The waterflood is expected to begin late in the first quarter of 2012. Although several wells are currently producing oil, peak production is not expected to occur until later in 2012. The Company owns a 2% WI and 1.58% NRI.

Padre Island Gas Field. On December 31, 2010, the Company entered into an option agreement to acquire leases and available oil and gas mineral rights within a 1,000- acre tract on South Padre Island in south Texas that gives the Company the exclusive right to develop the property for a period of one year. The Company will have the right to acquire a 100% WI and 75% NRI in the project. Three previously producing wells are currently shut-in and are being evaluated for recompletion. It is believed that one of the wells could be recompleted at 6,000 feet, and another



could be put on pump to flow gas. A successful completion of this sand could have potential of 2 BCF proved undeveloped reserves. There is an intact pipeline available to transport gas to onshore facilities, and compression facilities could be installed to further recover gas. The Company is evaluating potential partnerships for the development of this project.

THIRD QUARTER 2011 RESULTS

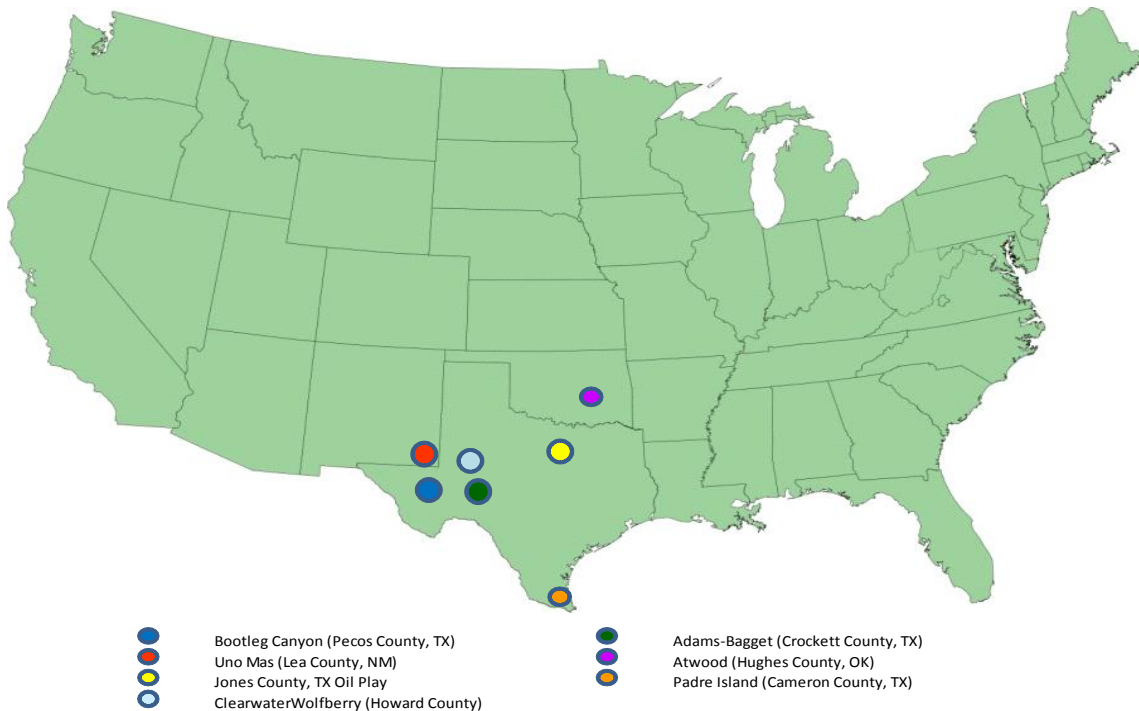
As of September 30, 2011, the Company had \$223,231 of cash and cash equivalents, as compared to \$111,572 at December 31, 2010. At September 30, 2011, total assets increased by \$519,283 to \$1,282,316 as compared to total assets of \$538,729 as of December 31, 2010. This increase in total assets includes a net increase of \$377,388 of investments in oil & natural gas properties.

Revenue for the three months ended September 30, 2011 totaled \$124,890, compared to revenue of \$109,130 in the third quarter of last year an increase of 14.4%. The Increase reflected the sale of 111 barrels of oil at a weighted average

price of \$87.75 per barrel compared to no sale of oil in the 2010 third period. The increase also reflects the sale of 15,595 mcf of natural gas at \$7.38 per mcf compared to 18,256 mcf in the 2010 third quarter. The decline in physical gas production was attributable to normal production declines. Also, new wells that were completed and brought into production during the third quarter are expected to take ninety days or more for first revenues to appear. The results will be reflected in the upcoming fourth quarter reporting.

The Company reported a net loss of \$765,134 for the third quarter of 2011 compared to a net loss of \$188,589 in the prior year period. This larger loss is primarily the result of one-time higher expenses related to the non-cash amortization of the debt discount to interest expense, net of the tax benefit related to the 10% senior secured debentures. Higher non-cash charges for compensation expense and stock options also contributed to the greater loss.

Map of U.S. Projects





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Reader Advisory and Forward Looking Statements

This Fact Sheet is presented as a brief company overview for the information of investors, analysts and other parties with an interest in Victory Energy Corporation, Inc. (the Company). Company management hopes that this Fact Sheet will encourage analysts and investors to investigate more about the Company through its Securities and Exchange Commission (SEC) filings, press releases and other public materials. This Fact Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company. This Fact Sheet contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which Victory discusses factors it believes may affect its performance in the future. These statements are based on the Company’s current assumptions, expectations and projections about future events, which are subject to a wide range of business risks. The Company encourages investors to review the information regarding the risks inherent to Victory and its industry, as described in its Annual Report on Form 10-K for the year ended December 31, 2010, copies of which are available at <http://www.sec.gov> and at the Company’s website at www.Victory.com. This Fact Sheet does not purport to be all-inclusive or to contain all of the information that a reader may desire regarding the structure or the affairs of the Company. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, the Company can give no assurance that these assumptions will prove to be correct or that financial or market forecasts, savings or other benefits anticipated in the forward-looking statements will be achieved. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected. The information contained in this Fact Sheet is only current as of the publish date and the Company undertakes no obligation to update this Fact Sheet.