



# ***NEWS RELEASE***

CONTACTS: Victory Energy Corporation  
Robert J. Miranda, CEO  
714-480-0305

**FOR IMMEDIATE RELEASE**

Investor Relations:  
Dennard Rupp Gray & Lascar, LLC  
Ken Dennard / Ben Burnham  
713-529-6600

## **VICTORY ENERGY ANNOUNCES THIRD QUARTER FINANCIAL AND OPERATING RESULTS**

**NEWPORT BEACH, CA – November 15, 2011** – Victory Energy Corporation (OTCQB: [VYFY](#)), today announced that it has released unaudited financial and operating results for the third quarter ended September 30, 2011 and has filed a corresponding Form 10-Q with the Securities and Exchange Commission. The Company is pleased to provide the following highlights and summary information from that filing. For more detail, please review the filed Form 10-Q.

### **Highlights of The 10-Q Filing Include:**

#### **Financial**

- Sourced a net of \$2,151,333 of cash from financing activities
- As of November 15, 2011, raised a total of \$2,695,000 of funds from a private placement memorandum of 10% senior secured convertible debentures
- Total cash and cash equivalents increased to \$223,000
- Total assets increased by \$519,583 over total assets as of December 31, 2010.
- Current liabilities decreased to \$330,192

#### **Oil and Gas Development**

- The Tunis Creek University 6 #1 discovery well went on production in the first month of the quarter and has consistently been producing oil and gas under natural pressure since that time. Revenues from the initial production began in late September. An acreage expansion of 48% also occurred that same month and the field was renamed to “The Bootleg Canyon Ellenberger Field”.
- The Jones County prospect has finally begun to have the momentum we hoped for when initially joining this play in early Q1. Two wells are now on production and producing over 2,000 barrels of oil per month.

- The recent success at Jones County and the addition of two new highly encouraging 3D seismic supported prospects were the basis for a decision by the company to increase its interest by three fold in the play this quarter. Specifically, the Company increased its interest in the most prolific well (Nassau #1) from 1.5% to 2.0% on Sept 1, 2011 and from 1.5% to 5.0% on all future wells to be drilled in the 82 square mile prospect area.
- In late September the company produced its first internally generated oil and gas prospect. The prospect offers the opportunity for the company to take its first 50% working interest in a well. A participation agreement, confidentiality agreement and area of mutual interest (AMI) agreement have been completed with an operator. Additional details will be provided to the market upon completion of the lease and mineral rights acquisition.
- The Uno Mas #1 3D supported well re-entry operation began on October 31<sup>st</sup>. This is the biggest single well investment made by the company this year. The well is on schedule to be completed in November and then a frac will follow. A correlated well (*Devon Energy South Shoobar 15 State #2*) has a cumulative production of 4,002,512 Mcf (4 BCF) and 90,678 Bo.

Robert J. Miranda, Victory Energy's chairman and chief executive officer, stated, "The current fiscal quarter represents a turning point for the company. We are continuing to improve our balance sheet by investing in new oil & gas properties, reducing debt and raising capital. Our management team will remain focused on continued growth through acquisitions, development of existing assets, identifying sources of growth capital, and driving down our non oil and gas based operating expenses."

## **Summary of Financial Results**

Revenue for the three months ended September 30, 2011 totaled \$124,890 compared to revenue of \$109,130 for the third quarter of 2010, an increase of 14.4%. The increase reflects the initial sales of oil from the Company's recent investments in the Jones County, Texas and the Bootleg Canyon (Tunis Creek), Texas, properties at a weighted average price of \$87.75 per barrel. This increased oil revenue offset a decline in gas revenue at the Adams-Baggett Canyon Sandstone Gas Field where the decline in physical gas production is attributable to the normal productivity decline that occurs with these types of wells over time. This natural gas production decline was offset in part by an increase in the average realized price of \$7.38 per MCF in the three months ended September 30, 2011 compared to an average price of \$5.91 per MCF for the three months ended September 30, 2010. The average natural gas produced from the Adams-Baggett Canyon Sandstone Gas Field carries a high Btu content, thus selling at a premium price to the Henry Hub NYMEX gas price. New wells completed and brought into production during this reporting quarter generally take ninety days or more for first revenues to appear in the company financials.

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 comparable prior year period. The loss is primarily the result of significant cash and non cash interest expenses associated with the Company's 10% convertible secured debentures, legal expenses for the several law suits brought by the Company against the former operators of the company gas properties, the increased administrative costs associated with the two new officer employees, the operations of the Austin office which opened in January 2011, and the legal and administrative expenses associated with raising the funds in the private placement.

During the nine months ended September 30, 2011, the Company used \$1,613,778 of cash in operating activities, used \$425,896 of cash in investing activities, and sourced a net of \$2,151,333 of cash from financing activities, for a net increase in cash of \$111,659 during the nine month period.

At September 30, 2011, total assets increased by \$519,283 over the total assets as of December 31, 2010. This increase in total assets includes a net increase of \$377,388 of investments in oil & natural gas properties. At September 30, 2011, we had positive working capital of \$15,263 compared to a working capital deficit of \$419,897 at December 31, 2010, for a net improvement of \$435,160 in the Company's working capital position. Current liabilities decreased to \$330,192 at September 30, 2011 from \$631,195 at December 31, 2010 through pay downs of its debt.

## **Summary of Liquidity and Capital Resources**

The Company reported that as of November 11, 2011, it has raised a total of \$2,695,000 of funds from a private placement memorandum of 10% senior secured convertible debentures. The board of directors of the Company has authorized up to \$3.0 million to be raised from this private placement memorandum.

As of September 30, 2011, the Company had \$223,000 of cash and cash equivalents, as compared to \$111,600 at December 31, 2010.

## **Summary of Oil and Gas Development**

**Production to Profitability.** Victory's targeted prospect acquisitions are ideally weighted toward oil and high-Btu natural gas projects. Returns on invested capital from these prospects are expected to occur in less than a year, and ideally within six months. The company is also using its own in-house resources to generate additional oil and gas drilling prospects. The company anticipates consideration of the first of these prospects in the fourth quarter of 2011.

**Growing Portfolio of Producing and Development Prospects.** Victory currently has three income-producing multi-well assets and three development prospects underway. Its current portfolio of producing assets include the Adams-Baggett Canyon Sandstone Gas Field, the Jones County oil play,

and the Tunis Creek (Bootleg Canyon) oil and gas project, all of which are located in established basins in Texas. Development prospects include the Uno Mas prospect in New Mexico, Atwood secondary oil recovery project in Oklahoma, and the previously-producing Padre Island gas field in South Texas.

**Multiple Investment Opportunities Available.** Utilizing an established group of investors and access to additional sources of capital, the Company intends to invest up to \$5 million over the next twelve months in low to moderate risk plays, while also expanding the successful investments already made in Adams-Baggett, the Jones County, and Tunis Creek. Jones County and Tunis Creek alone may offer an additional 15 to 20 new well drilling opportunities. The company will also be evaluating additional opportunities as appropriate.

**Uno Mas.** Through its partnership with Aurora Energy Partners, Victory 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 previously produced 3,410 bbls of oil and 118 mmcf of natural gas before being plugged. The operator, V-F Petroleum will attempt to re-enter, complete, and frac the Uno Mas No. 1 after a tieback of the production string of casing procedure. Total drilling and completion costs to Aurora's interest are expected to be approximately \$160,000. The re-entry is supported by 3D seismic. Management believes it can be correlated to an analogous well, the Devon Energy South Shoebar 15 State #2, which has had a cumulative production of 4 bcf of gas and 90,678 bbls of oil since December 1999. Victory owns a 10 % WI (7.5 % NRI) in the V-F Petroleum Uno Mas No. 1 re-entry well.

**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 20–45,000 barrels of recoverable oil per well with natural gas as a secondary target. Some wells are expected to hold reserves over 100,000 BO. 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 with combined monthly flows averaging 2,000 BO. After the operator recently completed a reprocessing of the 3-D seismic data and drilled a successful well from that data, Victory now believes that well success rates should improve. Based on this assumption, the company recently increased its working interest to 5.0% from 1.5% on all new wells drilled, and increased its working interest to 2% from 1.5% in the Nassau #1. The operator plans to drill 1-2 wells per month as part of a large, multi-year drilling program. Four out of six wells have been successful, and the most recent well, Nassau #1, found multiple significant pay zones and has an estimated recoverable reserve of 100,000 barrels of oil.

**Tunis Creek (Bootleg Canyon) Oil Field.** The 2,397 acre multi-well Tunis Creek (Bootleg Canyon) 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 off-pump since that time. The well was later recognized as a "discovery" well by the Railroad Commission of Texas and then shortly thereafter the area was designated as The Bootleg Canyon Field. Sustained flow tests to evaluate bottom-hole pressure and to develop optimal flow rates for this well have continued. Shortly after the first wells' completion, preliminary testing indicates that oil reserves 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 20 percent of the Ellenburger formation in the wellbore. The company has commissioned an SEC qualified reserve report and will release that information as available. Several additional development wells may be drilled. Victory owns a 5% WI and 3.75% NRI in the prospect.

**Adams-Baggett Gas Field.** This prolific, low-permeability 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. The Corporation received its first production revenue from this field in March, 2008. Additional drilling opportunities are being evaluated. VYEV 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 with 31 wells at 3,200 feet in production since the late 1970's. These wells have produced approximately 527,000 barrels of oil, and a geologic study has indicated that an additional 500,000 barrels of recoverable oil may exist. Oil recovery at a higher ratio of 1:1.6 is possible, giving the project a possible recovery range of 500,000 to 1 million barrels. The company will be utilizing a secondary waterflood oil recovery procedure that has been proven in this geographic area, which is expected to conclude in the fourth quarter of 2011. Peak production is expected in 12-18 months. Victory owns a 2% WI and 1.58% NRI.

**Padre Island Gas Field.** On December 31, 2010, Victory 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. Victory 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.

**Please note that Victory Energy intends to use its website, [www.vyey.com](http://www.vyey.com), as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included on the Victory Energy website in the "Investor Relations" section. Accordingly, investors should monitor such portions of the Victory Energy website in addition to following press releases, SEC filings and public conference calls and webcasts.**

To subscribe to our email news distribution service, please click the "E-News Sign-Up" link on our website.

## **About Victory Energy Corporation**

Victory Energy Corporation is engaged in the exploration, acquisition, development, and exploitation of oil and gas properties. The company endeavors to utilize its broad range of oil and gas industry relationships to acquire small interests in a large volume of low- to moderate-risk oil and gas prospects. A cornerstone of this strategy is an emphasis on developing and maintaining relationships with proven, well established oil and gas exploration and development companies.

Prospect acquisitions are ideally weighted toward oil, although natural gas projects with high btu content, favorable above-market pricing and modest decline rates will also be targeted. Targeted prospects generally provide the company with a rapid return of capital while offering multiple well locations for additional drilling on an established trend. The model asset portfolio is geologically and geographically diversified. The company's current producing oil and gas assets are located in the United States.

Victory Energy is current with its SEC filings and is a full reporting company. The Company is traded under the ticker symbol [VYEV](#) on the OTCQB tier, operated by OTC Markets Group.

Victory Energy intends to provide periodic updates to the investment community as progress is made across its asset base. These updates may occur via the company web site or via the company “E-News” service. For more information about the company or to subscribe to our email news distribution service, please visit our website <http://www.vyey.com>.

### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

There are forward-looking statements contained in this news release. They use such words as “intend,” “will,” “may,” “expect,” “believe,” “plan,” or other similar terminology. These statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different than those expressed or implied in such statements. These factors include, but are not limited to: risks associated with the implementation of the Company’s strategic growth plan; legislation and government regulation including the ability to obtain satisfactory regulatory approvals; conditions beyond the Company’s control such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting the Company’s customer base or acts of war or terrorism; availability and cost of materials and labor; demand for natural gas; cost and availability of capital; competition; the Company’s overall marketing, operational and financial performance; economic and political conditions; the continued service of the Company’s executive officer; adverse developments in and increased or unforeseen legal costs related to the Company’s litigation; the success of the Company’s strategic partnerships and joint venture relationships; the Company’s ability to pay certain debts; adoption of new, or changes in, accounting policies and practices; adverse court rulings; results of other litigation in which the company is involved; and other factors discussed from time to time in the Company’s news releases, public statements and/or filings with the Securities and Exchange Commission. Forward-looking information is provided by Victory Energy Corporation pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. In addition, the Company disclaims any intent or obligation to update these forward-looking statements.

**VICTORY ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Unaudited)

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES	\$ 124,890	\$ 109,130	\$ 343,040	\$ 377,429
<b>COSTS AND EXPENSES</b>				
Costs of production	65,533	38,818	201,724	90,604
General and administrative expense	558,392	222,942	1,720,471	568,144
Depletion and accretion	10,166	24,983	40,770	74,949
Gain on settlement with former officer	-	-	-	(404,623)
Total expenses	<u>634,091</u>	<u>286,743</u>	<u>1,962,965</u>	<u>329,074</u>
INCOME (LOSS) FROM OPERATIONS	<u>(509,201)</u>	<u>(177,613)</u>	<u>(1,619,925)</u>	<u>48,355</u>
<b>OTHER EXPENSE</b>				
Interest expense	<u>332,604</u>	<u>10,976</u>	<u>1,511,019</u>	<u>30,097</u>
Total other expense	<u>332,604</u>	<u>10,976</u>	<u>1,511,019</u>	<u>30,097</u>
NET INCOME (LOSS) BEFORE TAX BENEFIT	(841,805)	(188,589)	(3,130,944)	18,258
TAX BENEFIT	76,671	-	466,703	-
NET INCOME (LOSS)	<u>\$ (765,134)</u>	<u>\$ (188,589)</u>	<u>\$ (2,664,241)</u>	<u>\$ 18,258</u>
Weighted average shares, basic and diluted	<u>382,307,294</u>	<u>136,719,608</u>	<u>224,128,604</u>	<u>136,719,608</u>
Net income (loss) per share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>

**VICTORY ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	September 30, 2011	December 31, 2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 223,231	\$ 111,572
Accounts receivable, net	88,389	74,828
Accounts receivable - related party	26,333	-
Prepaid expenses	7,502	24,898
Total current assets	345,455	211,298
<b>FIXED ASSETS</b>		
Furniture and equipment	10,623	2,294
Accumulated depreciation	(2,885)	(2,294)
Total furniture and fixtures, net	7,738	-
Option to acquire leases and mineral interests	25,000	25,000
Oil and natural gas properties	1,884,380	1,466,813
Accumulated depletion	(993,263)	(953,084)
Oil and natural gas properties, net	916,117	538,729
<b>OTHER ASSETS</b>		
Funds held at court	13,006	13,006
<b>TOTAL ASSETS</b>	\$ 1,282,316	\$ 763,033
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,409	\$ 342,285
Accounts payable - related parties	92,673	-
Accrued interest	92,222	10,501
Accrued liabilities	95,724	74,088
Line of credit - bank	-	68,667
Notes payable - related parties	-	50,000
Liability for unauthorized preferred stock issued	32,164	85,654
Total current liabilities	330,192	631,195
<b>OTHER LIABILITIES</b>		
Senior convertible debenture, net of debt discount	386,682	127,338
Deferred tax liability	543,352	238,000
Asset retirement obligation	27,282	27,282
<b>TOTAL LIABILITIES</b>	1,287,508	1,023,815
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock, \$0.001 par value, 490,000,000 shares authorized, 382,307,294 and 136,719,608 issued and outstanding respectively	382,308	136,720
Additional paid in capital	34,414,327	31,740,090
Accumulated deficit	(34,801,827)	(32,137,592)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	(5,192)	(260,782)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$ 1,282,316	\$ 763,033