

UNIVERSAL ENERGY

UNIVERSAL ENERGY CORP.

TICKER SYMBOL (UVSE.PK)

ANNUAL UPDATE

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PART A. GENERAL COMPANY INFORMATION

Item I. The exact name of the issuer and its predecessor (if any).

From May 2006 to Present	Universal Energy Corp.
From Incorporation to May 2006	Universal Tanning Ventures, Inc.

Item II. The address of the issuer's principal executive offices.

Universal Energy Corp.
1540 International Pkwy
Suite 2000
Lake Mary, Florida 32746

(i) Phone: (407) 391-9048
Fax: (800) 805-4561

(ii) www.universalenergycorp.info

(iii) braley@universalenergycorp.info

Item III. The jurisdiction(s) and date of the issuer's incorporation or organization.

The issuer is a corporation organized under the laws of the State of Delaware on January 4, 2002.

PART B. SHARE STRUCTURE

Item IV. The exact title and class of securities outstanding.

Class of Stock Outstanding:	Common
CUSIP:	91349R 208
Trading Symbol:	UVSE

Item V. Par or stated value and description of the security.

- A. Par or Stated Value.
Common Stock - \$0.0001
- B. Common or Preferred Stock
1. Holders of Common Stock are entitled to one vote for each share held of record on all matters to be voted on by the shareholders. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voting for the election of directors can elect all of the directors. The holders of the Common Stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available for them. In the event of our liquidation, dissolution or winding up, our holders of Common Stock are entitled to share ratably in all assets remaining which are available for distribution to them after payment of liabilities and after provision has been made for each class of stock, if any, having preference over the Common Stock. Holders of shares of Common Stock, as such, have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to the Common Stock. All of the outstanding shares of Common Stock are, and the Common Stock offered hereby when issued will be, fully paid and non-assessable shares of capital stock.
 2. Not applicable. The Company does not have any class of Preferred Stock.

3. Not applicable. There are no other material rights of the Company's Common Stock holders other than those listed in Item V (B) (1) above.
4. There is no provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.

Item VI. The number of shares or total amount of the securities outstanding for each class of securities authorized.

Common Stock

	Most Recent Fiscal Year	Last Fiscal Year	Previous to Last Fiscal Year
(i) Period end date	December 31, 2010	December 31, 2009	December 31, 2008
(ii) Number of shares authorized	100,000,000,000	100,000,000,000	6,500,000,000
(iii) Number of shares outstanding	86,188,033,465	80,835,212,465	3,254,175,258
(iv) Freely tradable shares (public float)	42,888,071,047	37,535,250,047	3,254,175,258
(v) Total number of beneficial shareholders	7,298	7,298	2,385
(vi) Total number of shareholders of record	475	475	495

PART C. BUSINESS INFORMATION

Item VII. The name and address of the transfer agent.

Madison Stock Transfer, Inc.
 1688 East 16th Street, Suite #7
 Brooklyn, New York 11229
 Telephone: (718) 627-4453
 Fax: (718) 627-6341

Madison Stock Transfer, Inc. is a Transfer Agent that is registered under the Securities and Exchange Act of 1933.

Item VIII. The nature of the issuer's business.

A. Business Development.

We are a small independent energy company engaged in the acquisition and development of crude oil and natural gas leases in the United States. We pursue oil and gas prospects in partnership with oil and gas companies with

exploration, development and production expertise. Our prospect areas currently consist of land in Louisiana and Texas.

As of December 31, 2010, we have participated in drilling the following wells with the interests and results indicated as follows:

Well Name	Interest		Approximate Depth	Current Status
	Working	Net Revenue		
Amberjack	7.500 %	4.05 %	10,000'	In production as of December 2007
Lake Campo	12.50 %	6.75 %	10,000'	In production as of January 2008, Shut-in and worked over various times during 2008, 2009 and 2010
Caviar #1	10.00 %	5.40 %	10,600'	In production as of July 2008
W. Rosedale	15.00 %	7.92 %	10,300'	Plugged and abandoned in Nov. 2007
Caviar #4	10.00 %	5.40 %	10,800'	In production as of July 2008
East OMG	17.50 %	9.45 %	16,500'	Plugged and abandoned in Dec. 2007
Lone Oak #1	5.000 %	2.93 %	12,600'	Plugged and abandoned in July 2008

We plan to grow our business by acquiring (i) low risk in-field oil and gas rights that are primarily developmental in nature that offset existing production and (ii) energy companies that when combined with our management expertise in that area will display strong top line growth and cash flows. As we expand our business we will eventually seek to act as the operator of those properties in which we have an interest.

We believe that we will require additional funds to operate throughout the next 12 months. Furthermore any expansion beyond our current plans, will require additional capital funding. We intend to continue to seek drilling opportunities on the acreage in which we currently have an interest or in other acreage and to consider the possible acquisition of producing properties. We do not have funds to undertake any of these activities and would have to obtain funding from external sources.

We estimate the drilling and completion costs to operate our prospects and our business for the next twelve months are as follows:

Caviar	\$ 200,000
Amberjack	125,000
Lake Campo	175,000
Drilling opportunities	800,000
General and administrative	<u>750,000</u>
Total	\$ 2,050,000

Since inception, we have funded our operations primarily from private placements of our common stock and debt issuances. Although we expect that, during the next 12 months, our operating capital needs will be met from our current economic resources and by additional private capital stock transactions, there can be no assurance that funds required will be available on terms acceptable to us or at all. Without additional financing, we do not expect that our current working capital will be able to fund our operations through 2011. If we are unable to raise sufficient funds on terms acceptable to us, we may be unable to complete our business plan. If equity financing is available to us on acceptable terms, it could result in additional dilution to our stockholders.

1. The form of organization of the Issuer.

Universal Energy Corp. is a Delaware Corporation.

2. The year that the issuer was organized.

Universal Energy Corp. was incorporated on January 4, 2002.

3. Issuer's fiscal year end date.

The Company's fiscal year end is December 31.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

Universal Energy Corp. has never been in a bankruptcy, receivership or any similar proceeding.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

The Company has not had any material reclassification, merger, consolidation or purchase or sale of significant assets.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.

During the past three years, the Company has been in default under the terms of the following:

- a) June 2007 – Promissory Notes
- b) September 2007 – Debentures
- c) November 2007 – Debentures
- d) October 2007 – Promissory Notes
- e) March 2008 – Promissory Notes
- f) May 2009 – Promissory Notes

The only indebtedness requiring the Company to make payments is certain indebtedness from the September 2007 financing which resulted in a judgment against the Company. The Company is currently making payments based on monthly revenue towards the judgment.

7. Any change of control.

Universal Energy Corp. has not had any change of control as it relates to changes in management over the past three years. See item #8 below as it relates to the issuance of equity securities during that time.

8. Any increase of 10% or more of the same class of outstanding equity securities.

During 2010, the Company converted approximately \$130,300 in debt and accrued interest into 1,302,821,000 shares of our Common Stock. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2009, the Company converted approximately \$4,691,934 in debt and accrued interest into 35,580,987,207 shares of our Common Stock. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2009, the Company issued a total of 50,000 shares to members of its advisory board. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2009, the Company issued 42,000,000,000 shares of common stock to management as part of new ten year employment agreements. The issued securities were priced at the closing market price of \$0.00013 and therefore a charge of \$5,460,000 has been included in the statement of operations for this issuance. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2008, the Company converted approximately \$5,195,800 in debt and accrued interest into 3,254,177,525 shares of our Common Stock. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2008, the Company issued a total of 150,000 shares to members of its advisory board. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;

On February 20, 2007, the Company declared a two and one-half-for-one stock split in the form of a stock dividend, payable March 14, 2007 to stockholders of record as of March 13, 2007. The Company retained the current par value of \$0.0001 for all shares of common stock. Stockholders' equity has been restated to give retroactive recognition to the stock split in prior periods by reclassifying from additional paid-in-capital to common stock the par value of the 11,347,500 shares arising from the split.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board;

On May 5, 2010, Universal Energy Corp. filed a Form 15 with the Securities and Exchange Commission (the "SEC"). Universal filed the Form 15 with the SEC in order to effect a termination of registration of its common stock under the Securities and Exchange Act of 1934. Upon the filing of Form 15, the Company's obligation to file periodic and current reports with the SEC, including Forms 10-K, 10-Q and 8-K, were immediately suspended.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

Please refer to the Notes to the Financial Statements attached to this disclosure statement as **Exhibit A** and **Exhibit B** for more information regarding certain of the Company's debts.

B. Business of Issuer. Describe the issuer's business so a potential investor can clearly understand it. To the extent material to an understanding of the issuer, please also include the following:

1. The issuer's primary and secondary SIC Codes;

The Issuer's SIC Code is 1311 - Crude petroleum and natural gas.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations;

We are currently conducting operations.

3. Whether the issuer is or has at any time been a "shell company";

The Company has never been classified as a “shell company”.

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement;

Universal Energy Corp. has three wholly owned subsidiaries, Universal Explorations Corp., UT Holdings, Inc. and Universal Energy Services Corp. We currently conduct our operations, as noted in our financial statements, in our Universal Explorations Corp. subsidiary. No operations are conducted in UT Holdings, Inc. or Universal Energy Services Corp.

5. The effect of existing or probable governmental regulations on the business;

Our operations are subject to regulation under a wide range of state and federal statutes, rules, orders and regulations. State and federal statutes and regulations govern, among other matters, the amounts and types of substances and materials that may be released into the environment, the discharge and disposition of waste materials, the reclamation and abandonment of wells and facility sites and remediation of contaminated sites. They also require permits for drilling operations, drilling bonds and reports concerning operations.

The region where we own property and conduct exploration activities, and other localities where we may acquire properties, may have regulations governing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum rates of production from oil and natural gas wells and the regulation of the spacing, plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil and natural gas we can produce from our wells, if any, and to limit the number of wells or the locations at which we can drill. Moreover, each governmental agency generally imposes an ad valorem, production or severance tax with respect to the production and sale of crude oil, natural gas and gas liquids within its jurisdiction.

Environmental Regulations

Our exploration, production and marketing operations are regulated extensively at the federal, state and local levels. These regulations affect the costs, manner and feasibility of our operations. As an owner of oil and gas properties, we are subject to federal, state and local regulation regarding the discharge of materials into, and protection of, the environment. We have no material outstanding site restoration or other environmental liabilities, and we do not anticipate that we will incur any material environmental liabilities with respect to our properties in the future. We believe we utilize operating practices that are environmentally responsible and meet, or exceed, regulatory requirements with respect to environmental and safety matters. Despite the above, however, we may be required to make significant expenditures in our efforts to comply with the requirements of these environmental regulations, which may impose liability on us for the cost of pollution clean-up resulting from operations, subject us to liability for pollution damages and require suspension or cessation of operations in affected areas. Changes in or additions to regulations regarding the protection of the environment could increase our compliance costs and might adversely affect our business.

We are subject to state and local regulations that impose permitting, reclamation, land use, conservation and other restrictions on our ability to drill and produce. These laws and regulations can require well and facility sites to be closed and reclaimed.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers;

None.

7. Costs and effects of compliance with environmental laws (federal, state and local); and

We did not incur any material costs relating to our compliance with federal, state or local laws during the years ended December 31, 2010, 2009 or 2008.

8. The number of total employees and number of full-time employees.

The Company currently has one full-time employee, which is also an officer and director of the Company.

Item IX. The nature of products or services offered

A. principal products or services, and their markets;

The Company's principal products are crude, petroleum and natural gas products.

B. distribution methods of the products or services;

Products are sold to gatherers, which then sell to refineries.

C. status of any publicly announced new product or service;

The status of any publicly announced new products or services are provided via news releases.

D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition;

The Company is a small independent energy company in a highly competitive industry.

E. sources and availability of raw materials and the names of principal suppliers;

Raw materials are in ample supply.

F. dependence on one or a few major customers;

The Company is not dependent on one or a few major customers.

G. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and

None

H. the need for any government approval of principal products or services and the status of any requested government approvals.

None.

Item X. The nature and extent of the issuer’s facilities

Our principal executive offices are located at 1540 International Parkway, Suite 200, Lake Mary, Florida 32746. We rent one office on a month-to-month lease at a rate of approximately \$400 per month in rent and incidentals.

Oil and Gas Properties

The following is a brief description of the oil and gas properties in which we held an interest as of December 31, 2010:

<u>Agreement</u>	<u>Approximate Acreage</u>	<u>Universal’s Interest</u>	<u>Location</u>
Amberjack	840	7.50 %*	Louisiana, USA
Caviar	932	10.0 %*	Louisiana, USA
Lake Campo	190	12.5 %*	Louisiana, USA
W. Rosedale	204	15.0 % *	Louisiana, USA
Lone Oak	3,526	5.00 %*	Texas, USA

* Working interest before casing point

Part D. Management Structure and Financial Information

Item XI. The name of the chief executive officer, members of the board of directors, as well as control persons

- A. Officers and Directors. In responding to this item, please provide the following information for each of the issuer’s executive officers, directors, general partners and control persons, as of the date of this information statement:**
- 1. Full name;**
 - 2. Business address;**
 - 3. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);**
 - 4. Board memberships and other affiliations;**
 - 5. Compensation by the issuer; and**
 - 6. Number and class of the issuer’s securities beneficially owned by each such person.**

Billy Raley, Chief Executive Officer and Director

Business Address: 1540 International Parkway Suite 200, Lake Mary, Florida 32746

Employment History / Board Memberships and other affiliations: Mr. Raley was appointed to serve as CEO in September 2006. Prior to joining Universal, Mr. Raley was the Regional Vice President for Progress Energy Florida, Inc., a Progress Energy Company. At Progress, Mr. Raley was responsible for operations and community relations throughout Central Florida. His team consisted of 400 company employees and 200 contract employees, most of who were responsible for distribution construction and operations to nearly 400,000 customers. Prior to joining Progress Energy Florida in 2002, Mr. Raley held the position of Vice President of Transmission for Carolina Power & Light, also a Progress Energy Company. In that position, he was responsible for the construction and maintenance of all transmission facilities in North and South Carolina. He also provided oversight for all transmission engineering and maintenance for the Florida transmission system. Mr. Raley’s background is comprised of over 25 years of electric utility industry experience, including expertise in the areas of Transmission and Distribution Operations, Construction and Maintenance, and Nuclear Generation. Mr. Raley currently serves as a

trustee of Stetson University and was previously the Chairman of the Foundation Board of Seminole State College.

Compensation by the issuer: Salary is \$120,000.

Number and class of the issuer's securities beneficially owned: 22,821,906,667 shares of Common Stock.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, the last five years, been the subject of:

1. **A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);**

None.

2. **The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;**

None.

3. **A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or**

None.

4. **The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.**

None.

C. Disclosure of Family Relationships. Describe any family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.

None.

D. Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:

1. **The name of the related person and the basis on which the person is related to the issuer;**
2. **The related person's interest in the transaction;**
3. **The approximate dollar value involved in the transaction (in the case of indebtedness, disclose the largest aggregate amount of principal outstanding during the time period for which disclosure is required, the amount thereof outstanding as of the latest**

practicable date, the amount of principal and interest paid during the time period for which disclosure is required, and the rate or amount of interest payable on the indebtedness);

4. The approximate dollar value of the related person's interest in the transaction; and
5. Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.

Promissory Note - \$200,000. On October 4, 2007, the Company issued an unsecured promissory note in the amount of \$200,000 to Billy Raley, the Company's CEO and Director. Interest accrued on the outstanding principal balance from October 4, 2007 at a rate of 11 percent per annum. Interest was calculated on the basis of a 360-day year, and was charged on the principal outstanding from time to time for the actual number of days elapsed. The Company was required to pay the holder all accrued interest and the outstanding principal on the maturity date of April 4, 2008. The note was not paid on maturity and therefore was in default. On September 30, 2009, the Company issued 1,819,444,167 shares of common stock for the \$200,000 in remaining principal and \$18,333 in accrued interest under the note.

Promissory Note - \$150,000. On October 4, 2007, the Company issued an unsecured promissory note in the amount of \$150,000 to Dyron M. Watford, the Company's CFO and Chairman. Interest accrued on the outstanding principal balance from and after October 4, 2007 at a rate of 11 percent per annum. Interest was calculated on the basis of a 360-day year, and was charged on the principal outstanding from time to time for the actual number of days elapsed. The Company was required to pay the holder all accrued interest and the outstanding principal on the maturity date of April 4, 2008. The note was not paid on maturity and therefore was in default. On September 30, 2009, the Company issued 1,364,583,333 shares of common stock for the \$150,000 in remaining principal and \$13,750 in accrued interest under the note.

- E. **Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.**

None.

Item XII. Financial information for the issuer's most recent fiscal period

Attached as **Exhibit A** are the Balance Sheet, Statement of Income, Statement of Cash Flows, Statement of Changes in Stockholders' Equity and the Notes to the Financial Statements for the fiscal year ending December 31, 2010.

Item XIII. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

Attached as **Exhibit B** are the Balance Sheet, Statement of Income, Statement of Cash Flows, Statement of Changes in Stockholders' Equity and the Notes to the Financial Statements for the fiscal years ending December 31, 2010, 2009 and 2008.

Item XIV. Beneficial Owners

<u>Name</u>	<u>Address</u>	<u>Shareholdings</u>
Billy Raley	1540 International Pkwy, Ste 2000, Lake Mary, Florida 32746	22,821,906,667
Dyron Watford	1540 International Pkwy, Ste 2000, Lake Mary, Florida 32746	22,365,870,333

Item XV. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure.

1. Investment Banker

None.

2. Promoters

None.

3. Counsel

Gary R. Henrie, Attorney at Law
3518 N. 1450 W.
Pleasant Grove, UT 84062
Telephone: 702-616-3093
E-mail: grhlaw@hotmail.com

4. Accountant or Auditor

None.

5. Public Relations Consultant(s)

None.

6. Investor Relations Consultant

None.

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the telephone number and email address of each advisor.

None.

Item XVI. Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation.

Not required as the Company has had revenues from operations in each of the last two years.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

1. Full Fiscal Years.

Comparison of the Fiscal Year Ended December 31, 2008 and December 31, 2007.

Revenues, net. For the year ended December 31, 2008, we realized \$678,016 in revenue from sales of natural gas and natural gas liquids compared to \$1,100 in the prior year. Revenue increased due to successful drilling operations in the 4th quarter of 2007 and the 1st quarter of 2008. The successful completion of our Louisiana prospects (Amberjack, Caviar #1, Caviar #4 and Lake Campo) has resulted in increased production volumes during fiscal 2008. In August 2008, the Company's four producing wells in Louisiana (Caviar #1, Caviar #4, Amberjack and Lake Campo) were shut-in as ordered by the State of Louisiana for storm preparations. Production facilities at all four wells were damaged during the hurricane. Caviar #1, Caviar #4 and Amberjack were returned into production in late October 2008. When Lake Campo was returned to production, excessive water production created disposal well capacity problems and was shut-in after a few days. A workover on Lake Campo was performed in November 2008 to perforate the Tex W-5 sand which returned the well to production.

Impairment of oil and gas properties. During the twelve months ended December 31, 2008 and December 31, 2007, we expensed \$1,504,112 and \$2,702,147 of impairment charges of our oil and gas properties, respectively. During 2007, the charges related to the unsuccessful drilling operations at our East OMG and W. Rosedale prospects along with a charge relating to an impairment of our Pembina Nisku Reef prospect in Canada. During 2008, due to a decline in oil and gas prices, the capitalized costs of our proved reserves exceeded their estimated realizable value, resulting in an impairment charge.

Investor awareness/public relations expense. Investor/public relations expenses for the fiscal year ended December 31, 2008 decreased \$1,542,886 to \$129,645 from \$1,672,531 for the same period in 2007. The decrease was attributable to a cost control measure.

Selling, General and Administrative. Selling, general and administrative expenses for the twelve months ended December 31, 2008 decreased \$291,921 (or 11%) to \$2,443,673 from \$2,735,594 for the same period in 2007. The decrease was primarily attributable to decreased stock-based compensation expense during 2008 as a result of a decline in our stock price.

Other income (expenses). Other income (expense) for the twelve months ended December 31, 2008 increased \$11,624,952 to \$4,796,343 from \$(6,828,609) for the same period in 2007. The increase was attributable to adjustments associated with the valuation of the debentures and warrants that were issued during 2007 and 2008. This valuation was affected by the decrease in our stock price during 2008.

Comparison of the Fiscal Year Ended December 31, 2009 and December 31, 2008.

RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Fiscal Year Ended December 31,	
	2009	2008
Revenues, net	\$ 379,215	\$ 678,016
Cost of revenue	174,698	111,643
Gross Profit	204,517	566,373
Operating expenses	8,291,723	4,742,987
Other income (expense)	(3,484,273)	4,796,343
Net income (loss)	\$ (11,571,479)	\$ 619,729

Daily Sales Volumes (Mcf), Working Interest after royalties

	Fiscal Year Ended December 31,	
	2009	2008
Caviar #1	63	29
Caviar #4	106	29
Amberjack	38	54
Lake Campo	25	74
Total daily sales volumes	232	186

* Barrels of oil converted into Thousand Cubic Feet Equivalent (“Mcf”) on a basis of 6:1

Daily sales volumes for the fiscal year ended December 31, 2009 and 2008 increased approximately 25 percent. The increase during the fiscal year ended December 31, 2009 was attributable to increased production at our Caviar #1 and Caviar #4 wells which were shut-in during 2008 for hurricane preparations. Since the storm preparations in 2008, Lake Campo has generated excessive water production which has created disposal well capacity problems throughout 2009. An unsuccessful workover on Lake Campo was performed in November 2008 to perforate the Tex W-5 sand which returned the well to production.

Net Operating Results

	Fiscal Year Ended December 31,	
	2009	2008
Volumes (Mcf)	84,644	68,111
Price (\$/Mcf)	\$ 6.15	\$ 13.93
Revenue	\$ 520,929	\$ 948,553
Royalties	(141,714)	(270,537)
Revenue, net of royalties	379,215	678,016
Production expenses	174,698	111,643
Gross profit	\$ 204,517	\$ 566,373

For the fiscal year ended December 31, 2009, we recorded \$520,929 in gross revenue from sales of natural gas and natural gas liquids compared to \$948,553 in the prior year. The average price received per Mcfe decreased approximately 56 percent during 2009, as compared to 2008, as oil and natural gas prices reached significant highs during June and early July of 2008 and have declined significantly since that time. Our financial condition and the results of our operations are significantly affected by oil and natural gas commodity prices, which, can fluctuate

dramatically. We experienced a decline in our operating margins during 2009, compared with 2008, due to a decrease in commodity prices and increases in operating costs. We anticipate that our margins will continue at these levels until commodity prices remain stable for an extended period of time.

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

	Fiscal Year Ended December 31,	
	2009	2008
Depletion – oil and gas properties, proven	\$ 264,468	\$ 130,630
Amortization of debt issuance costs	197,994	531,205
Depreciation – property and equipment	3,943	3,722
Total DD&A	<u>\$ 466,405</u>	<u>\$ 665,557</u>
Depletion per Mcfe	<u>\$ 3.12</u>	<u>\$ 1.92</u>

Depletion expense per Mcfe related to oil and gas properties in the fiscal year ended December 31, 2009 increased as compared with the same period of the prior year as a result of reclassifying our unproven reserves to proven. Unproven property costs prior to October 1, 2008 were excluded from costs subject to depletion. The amortization of debt issuance costs relate to the initial fair value of broker warrants issued in connection with certain financings during 2007 and 2008. These costs were capitalized as debt issuance costs and are were amortized using the effective interest rate method.

General and Administrative (“G&A”)

	Fiscal Year Ended December 31,	
	2009	2008
Stock-based compensation	\$ 6,438,094	\$ 1,409,162
Debenture penalties – lawsuit	325,705	76,537
Salaries and benefits	439,128	464,795
Public company costs	98,434	363,461
Office expenses	80,730	259,363
Miscellaneous	(59,303)	-
Total G&A	<u>\$ 7,322,788</u>	<u>\$ 2,573,318</u>

General and administrative expenses have increased approximately \$4,749,500 in the fiscal year ended December 31, 2009 compared to the same periods in the prior year. This increase is due to stock-based compensation awards during 2009. Management implemented a cost control program and salaries, public company costs and office expenses have decreased as a result of this program.

Other income (expense)

	Fiscal Year Ended December 31,	
	2009	2008
Adjustments to fair value of derivatives	\$ -	\$ 22,057,979
Charges relating to repricing the 2007 Debentures	-	(9,404,508)
Charges related to the issuance of the May 2008	-	(753,649)
Charges related to the issuance of the Oct 2008		(464,941)
Loss on conversion of debentures	(478,743)	(416,959)
Excess derivative value	(2,073,660)	(4,418,255)
Accretion of discounts on convertible debentures	(576,156)	(1,160,169)
Interest expense, net	(355,714)	(643,155)
Total other income (expense)	<u>\$ (3,484,273)</u>	<u>\$ 4,796,343</u>

Other income (expense) for the fiscal year ended December 31, 2009 decreased substantially as a result of non-cash adjustments to the fair value of the Company's derivatives as well as charges relating to the repricing of the 2007 debentures during 2008. The increase in excess derivative value and accretion of discounts on convertible debentures in the fiscal year ended December 31, 2009, compared to the prior year relate primarily to amortization of remaining debt discounts and deferred financing costs for all of our outstanding debentures. Interest expense was lower in the fiscal year ended December 31, 2009 as compared to 2008 due to the lower debt balances during the period.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods indicated below:

	Fiscal Year Ended December 31,	
	2009	2008
Net cash used in operating activities	\$ (46,996)	\$ (520,809)
Net cash used in investing activities	(33,379)	(1,301,919)
Net cash provided by financing activities	-	1,670,265
Net decrease in cash and cash equivalents	(80,375)	(152,463)
Cash and cash equivalents, end of the period	\$ 2,149	\$ 82,524

As reflected in the accompanying financial statements, we have losses from operations, negative cash flows from operations, a substantial stockholders' deficit and current liabilities that exceed current assets. We may thus not be able to continue as a going concern and fund cash requirements for operations through the next 12 months with current cash reserves. The Company was able to raise additional cash in during 2008 through the sale of the May 2008 Debentures and the October 2008 Debentures. Notwithstanding success in raising capital, there continues to be substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying consolidated balance sheet is dependent upon our continued operations, which, in turn, is dependent upon our ability to continue to raise capital and ultimately generate positive cash flows from operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should we be unable to continue in existence.

With the exception of 2008, when a decline in the price of our common stock resulted in a substantial increase in non-cash other income, we have incurred substantial net losses each year since inception as a result of

drilling costs and general and administrative expenses in support of our operations. We anticipate incurring substantial net losses in the future.

Our cash and cash equivalents are limited. In the short term, we will require substantial additional funding prior to December 31, 2010 in order to maintain our current level of operations. If we are unable to raise additional funding, we will be forced to either substantially scale back our business operations or curtail our business operations entirely.

On a longer term basis, we anticipate generating our revenues from the sale of oil and gas products from our proven oil and gas wells in Louisiana. Our future cash requirements will depend on many factors, including the pace and scope of our drilling programs, the costs involved in replacing depleted reserves, and other costs associated with growing our oil and gas operations. We intend to seek additional funding primarily through public or private financing transactions. If we are unable to raise additional funds, we will be forced to either scale back our business efforts or curtail our business activities entirely. We anticipate that our available cash and expected income will be sufficient to finance most of our current activities for at least four months from the date we file these financial statements, although certain of these activities and related personnel may need to be reduced. We cannot assure you that public or private financing will be available on acceptable terms, if at all. Several factors will affect our ability to raise additional funding, including, but not limited to, the volatility of our common stock.

Variables and Trends

We have a limited operating history with respect to our acquisition and development of oil and gas properties. In the event we are able to obtain the necessary financing to move forward with our business plan, we expect our expenses to increase significantly as we grow our business. Accordingly, the comparison of the financial data for the periods presented may not be a meaningful indicator of our future performance and must be considered in light of these circumstances.

Critical Accounting Policies and Estimates

We are engaged in the exploration, exploitation, development, acquisition, and production of natural gas and crude oil. Our discussion of financial condition and results of operations is based upon the information reported in our consolidated financial statements. The preparation of these consolidated financial statements requires us to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses as well as the disclosure of contingent assets and liabilities as of the date of our financial statements. We base our decisions affecting the estimates we use on historical experience and various other sources that are believed to be reasonable under the circumstances. Actual results may differ from the estimates we calculate due to changes in business conditions or unexpected circumstances. Policies we believe are critical to understanding our business operations and results of operations are detailed below.

Oil and gas reserve quantities. Estimated reserve quantities and the related estimates of future net cash flows are critical estimates for an exploration and production company because they affect the perceived value of our Company, are used in comparative financial analysis ratios and are used as the basis for the most significant accounting estimates in our financial statements. The significant accounting estimates include the periodic calculations of depletion, depreciation and impairment of our proved oil and gas properties. Future cash inflows and future production and development costs are determined by applying benchmark prices and costs, including transportation, quality, and basis differentials, in effect at the end of each period to the estimated quantities of oil and gas remaining to be produced as of the end of that period. Expected cash flows are reduced to present value using a discount rate that depends upon the purpose for which the reserve estimates will be used. For example, the standardized measure calculation requires a ten percent discount rate to be applied. Although reserve estimates are inherently imprecise, and estimates of new discoveries and undeveloped locations are more imprecise than those of established producing oil and gas properties, we make a considerable effort in estimating our reserves, including using independent reserve engineering consultants. We expect that periodic reserve estimates will change in the future as additional information becomes available or as oil and gas prices and operating and capital costs change. We evaluate and estimate our oil and gas reserves at December 31 of each year. For purposes of depletion,

depreciation, and impairment, reserve quantities are adjusted at all interim periods for the estimated impact of additions and dispositions. Changes in depletion, depreciation, or impairment calculations caused by changes in reserve quantities or net cash flows are recorded in the period that the reserve estimates change.

Revenue recognition. Our revenue recognition policy is significant because revenue is anticipated to be a key component of our results of operations and our forward-looking statements contained in our analyses of liquidity and capital resources. Each month we record revenue based on the actual sales of crude oil and natural gas. The estimates we make relate to the average price received throughout the month for those sales. As the production is relatively steady throughout the month, the estimates for the price received for those sales are relatively accurate as the daily prices for the oil and natural gas sold are readily available. Variances between our estimates and the actual amounts received are recorded in the month payment is received.

Asset retirement obligations. We are required to recognize an estimated liability for future costs associated with the abandonment of our oil and gas properties. We base our estimate of the liability on our historical experience in abandoning oil and gas wells projected into the future based on our current understanding of federal and state regulatory requirements. Our present value calculations require us to estimate the economic lives of our properties, assume what future inflation rates apply to external estimates, and determine what credit adjusted risk-free rate to use. The impact to the consolidated statement of operations from these estimates is reflected in our depreciation, depletion, and amortization calculations and occurs over the remaining life of our oil and gas properties.

Full Cost Method. Generally accepted accounting principles provide for two alternative methods for the oil and gas industry to use in accounting for oil and gas producing activities. These two methods are generally known in our industry as the full cost method and the successful efforts method. Both methods are widely used. The methods are different enough that in many circumstances the same set of facts will provide materially different financial statement results within a given year. We have chosen the full cost method of accounting for our oil and gas producing activities.

Comparison of the Fiscal Year Ended December 31, 2010 and December 31, 2009.

RESULTS OF OPERATIONS

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Fiscal Year Ended December 31,	
	2010	2009
Revenues, net	\$ 195,926	\$ 379,215
Cost of revenue	90,175	174,698
Gross Profit	105,751	204,517
Operating expenses	1,554,723	8,291,723
Other income (expense)	(192,912)	(3,484,273)
Net income (loss)	\$ (1,641,884)	\$ (11,571,479)

Daily Sales Volumes (Mcf), Working Interest after royalties

	Fiscal Year Ended December 31,	
	2010	2009
Caviar #1	24	63
Caviar #4	18	106
Amberjack	6	38
Lake Campo	30	25
Total daily sales volumes	78	232

* Barrels of oil converted into Thousand Cubic Feet Equivalent (“Mcf”) on a basis of 6:1

Daily sales volumes for the fiscal year ended December 31, 2010 and 2009 decreased approximately 66 percent. The decrease during the fiscal year ended December 31, 2010 was attributable to recompletions at all of our wells during 2010.

Net Operating Results

	Fiscal Year Ended December 31,	
	2010	2009
Volumes (Mcf)	28,370	84,644
Price (\$/Mcf)	\$ 8.87	\$ 6.15
Revenue	\$ 251,687	\$ 520,929
Royalties	(55,761)	(141,714)
Revenue, net of royalties	195,926	379,215
Production expenses	90,175	174,698
Gross profit	\$ 105,751	\$ 204,517

For the fiscal year ended December 31, 2010, we recorded \$251,687 in gross revenue from sales of natural gas and natural gas liquids compared to \$520,929 in the prior year. The average price received per Mcfe increased approximately 44 percent during 2010, as compared to 2009, as oil and natural gas prices recovered from their depressed 2009 price levels. Our financial condition and the results of our operations are significantly affected by oil and natural gas commodity prices, which, can fluctuate dramatically. We anticipate that our margins will continue at these levels until commodity prices remain stable for an extended period of time.

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

	Fiscal Year Ended December 31,	
	2010	2009
Depletion – oil and gas properties, proven	\$ 34,666	\$ 264,468
Amortization of debt issuance costs	-	197,994
Depreciation – property and equipment	1,132	3,943
Total DD&A	\$ 35,798	\$ 466,405
Depletion per Mcfe	\$ 1.26	\$ 3.12

Depletion expense per Mcfe related to oil and gas properties in the fiscal year ended December 31, 2010 decreased as compared with the same period of the prior year as a result of impairment charges during 2010 that resulted in lower depletion expenses as compared to the previous period.

General and Administrative (“G&A”)

	Fiscal Year Ended December 31,	
	2010	2009
Stock-based compensation	\$ 0	\$ 6,438,094
Debenture penalties – lawsuit	153,562	325,705
Salaries and benefits	300,865	439,128
Public company costs	36,830	98,434
Office expenses	23,160	80,730
Miscellaneous	(17,792)	(59,303)
Total G&A	\$ 496,625	\$ 7,322,788

General and administrative expenses have decreased approximately \$6,826,200 in the fiscal year ended December 31, 2010 compared to the same periods in the prior year. This decrease is due to the non-cash stock-based compensation awards during 2009. Management implemented a cost control program and salaries, public company costs and office expenses have decreased as a result of this program.

Other income (expense)

	Fiscal Year Ended December 31,	
	2010	2009
Loss on conversion of debentures	\$ -	\$ (478,743)
Excess derivative value	(47,405)	(2,073,660)
Accretion of discounts on convertible debentures	-	(576,156)
Interest expense, net	(145,507)	(355,714)
Total other income (expense)	<u>\$ (192,912)</u>	<u>\$ (3,484,273)</u>

Other income (expense) for the fiscal year ended December 31, 2010 decreased substantially as a result of non-cash adjustments to the fair value of the Company's derivatives as well as charges relating to certain company debt instruments. The decrease in excess derivative value and accretion of discounts on convertible debentures in the fiscal year ended December 31, 2010, compared to the prior year relate primarily to amortization of remaining debt discounts and deferred financing costs for all of our outstanding debentures. Interest expense was lower in the fiscal year ended December 31, 2010 as compared to 2009 due to the lower debt balances during the period.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods indicated below:

	Fiscal Year Ended December 31,	
	2010	2009
Net cash provided by (used in) operating activities	\$ 113,616	\$ (46,996)
Net cash used in investing activities	(132,663)	(33,379)
Net cash provided by financing activities	17,011	-
Net decrease in cash and cash equivalents	(2,038)	(80,375)
Cash and cash equivalents, end of the period	\$ 111	\$ 2,149

As reflected in the accompanying financial statements, we have losses from operations, negative cash flows from operations, a substantial stockholders' deficit and current liabilities that exceed current assets. We may thus not be able to continue as a going concern and fund cash requirements for operations through the next 12 months with current cash reserves. The Company was able to raise additional cash in during 2008 through the sale of the May 2008 Debentures and the October 2008 Debentures. Notwithstanding success in raising capital, there continues to be substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying consolidated balance sheet is dependent upon our continued operations, which, in turn, is dependent upon our ability to continue to raise capital and ultimately generate positive cash flows from operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should we be unable to continue in existence.

With the exception of 2008, when a decline in the price of our common stock resulted in a substantial increase in non-cash other income, we have incurred substantial net losses each year since inception as a result of drilling costs and general and administrative expenses in support of our operations. We anticipate incurring substantial net losses in the future.

Our cash and cash equivalents are limited. In the short term, we will require substantial additional funding in order to maintain our current level of operations. If we are unable to raise additional funding, we will be forced to either substantially scale back our business operations or curtail our business operations entirely.

On a longer term basis, we anticipate generating our revenues from the sale of oil and gas products from our proven oil and gas wells in Louisiana. Our future cash requirements will depend on many factors, including the pace and scope of our drilling programs, the costs involved in replacing depleted reserves, and other costs associated with growing our oil and gas operations. We intend to seek additional funding primarily through public or private financing transactions. If we are unable to raise additional funds, we will be forced to either scale back our business efforts or curtail our business activities entirely. We anticipate that our available cash and expected income will be sufficient to finance most of our current activities for at least four months from the date we file these financial statements, although certain of these activities and related personnel may need to be reduced. We cannot assure you that public or private financing will be available on acceptable terms, if at all. Several factors will affect our ability to raise additional funding, including, but not limited to, the volatility of our common stock.

Variables and Trends

We have a limited operating history with respect to our acquisition and development of oil and gas properties. In the event we are able to obtain the necessary financing to move forward with our business plan, we expect our expenses to increase significantly as we grow our business. Accordingly, the comparison of the financial data for the periods presented may not be a meaningful indicator of our future performance and must be considered in light of these circumstances.

Critical Accounting Policies and Estimates

We are engaged in the exploration, exploitation, development, acquisition, and production of natural gas and crude oil. Our discussion of financial condition and results of operations is based upon the information reported in our consolidated financial statements. The preparation of these consolidated financial statements requires us to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses as well as the disclosure of contingent assets and liabilities as of the date of our financial statements. We base our decisions affecting the estimates we use on historical experience and various other sources that are believed to be reasonable under the circumstances. Actual results may differ from the estimates we calculate due to changes in business conditions or unexpected circumstances. Policies we believe are critical to understanding our business operations and results of operations are detailed below.

Oil and gas reserve quantities. Estimated reserve quantities and the related estimates of future net cash flows are critical estimates for an exploration and production company because they affect the perceived value of our Company, are used in comparative financial analysis ratios and are used as the basis for the most significant accounting estimates in our financial statements. The significant accounting estimates include the periodic calculations of depletion, depreciation and impairment of our proved oil and gas properties. Future cash inflows and future production and development costs are determined by applying benchmark prices and costs, including transportation, quality, and basis differentials, in effect at the end of each period to the estimated quantities of oil and gas remaining to be produced as of the end of that period. Expected cash flows are reduced to present value using a discount rate that depends upon the purpose for which the reserve estimates will be used. For example, the standardized measure calculation requires a ten percent discount rate to be applied. Although reserve estimates are inherently imprecise, and estimates of new discoveries and undeveloped locations are more imprecise than those of established producing oil and gas properties, we make a considerable effort in estimating our reserves, including using independent reserve engineering consultants. We expect that periodic reserve estimates will change in the future as additional information becomes available or as oil and gas prices and operating and capital costs

change. We evaluate and estimate our oil and gas reserves at December 31 of each year. For purposes of depletion, depreciation, and impairment, reserve quantities are adjusted at all interim periods for the estimated impact of additions and dispositions. Changes in depletion, depreciation, or impairment calculations caused by changes in reserve quantities or net cash flows are recorded in the period that the reserve estimates change.

Revenue recognition. Our revenue recognition policy is significant because revenue is anticipated to be a key component of our results of operations and our forward-looking statements contained in our analyses of liquidity and capital resources. Each month we record revenue based on the actual sales of crude oil and natural gas. The estimates we make relate to the average price received throughout the month for those sales. As the production is relatively steady throughout the month, the estimates for the price received for those sales are relatively accurate as the daily prices for the oil and natural gas sold are readily available. Variances between our estimates and the actual amounts received are recorded in the month payment is received.

Asset retirement obligations. We are required to recognize an estimated liability for future costs associated with the abandonment of our oil and gas properties. We base our estimate of the liability on our historical experience in abandoning oil and gas wells projected into the future based on our current understanding of federal and state regulatory requirements. Our present value calculations require us to estimate the economic lives of our properties, assume what future inflation rates apply to external estimates, and determine what credit adjusted risk-free rate to use. The impact to the consolidated statement of operations from these estimates is reflected in our depreciation, depletion, and amortization calculations and occurs over the remaining life of our oil and gas properties.

Full Cost Method. Generally accepted accounting principles provide for two alternative methods for the oil and gas industry to use in accounting for oil and gas producing activities. These two methods are generally known in our industry as the full cost method and the successful efforts method. Both methods are widely used. The methods are different enough that in many circumstances the same set of facts will provide materially different financial statement results within a given year. We have chosen the full cost method of accounting for our oil and gas producing activities.

2. **Interim Periods.** – Not applicable

C. **Off-Balance Sheet Arrangements.**

1. We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.
2. This information, for the requested periods, can be found in the Company's Notes to Financial Statements, which are attached to this report as **Exhibit A** and **Exhibit B**.

PART E. ISSUANCE HISTORY.

Item XVII. List of securities offerings and shares issued for services in the past two years

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
06/10/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	69,437	0.2500	17,462	\$ -	Free trading	None
06/13/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	312,500	0.0800	25,000	-	Free trading	None
06/16/08	RP Capital, LLC	(18)	Debt Conversion	NY	100,000	0.0560	5,600	-	Free trading	None
06/17/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	526,315	0.0475	25,000	-	Free trading	None
06/17/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	1,103,022	0.0363	40,000	-	Free trading	None
06/17/08	RP Capital, LLC	(18)	Debt Conversion	NY	500,000	0.0370	18,500	-	Free trading	None
06/18/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	404,356	0.0300	12,131	-	Free trading	None
06/18/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	1,450,000	0.0370	53,708	-	Free trading	None
06/18/08	RP Capital, LLC	(18)	Debt Conversion	NY	310,000	0.0300	9,300	-	Free trading	None
06/19/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	2,000,000	0.0301	60,266	-	Free trading	None
06/20/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	946,969	0.0264	25,000	-	Free trading	None
06/20/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	527,652	0.0230	12,136	-	Free trading	None
06/20/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	378,787	0.0264	10,000	-	Free trading	None
06/20/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	378,787	0.0264	10,000	-	Free trading	None
06/20/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	436,681	0.0229	10,000	-	Free trading	None
06/23/08	RP Capital, LLC	(18)	Debt Conversion	NY	600,000	0.0186	11,160	-	Free trading	None
06/24/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	1,381,215	0.0181	25,000	-	Free trading	None
06/24/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	2,500,000	0.0181	45,333	-	Free trading	None
06/24/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	552,486	0.0181	10,000	-	Free trading	None
06/24/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	1,450,000	0.0186	26,970	-	Free trading	None
06/24/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	286,825	0.0186	5,201	-	Free trading	None
06/24/08	RP Capital, LLC	(18)	Debt Conversion	NY	600,000	0.0162	9,720	-	Free trading	None
06/25/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	773,504	0.0130	10,056	-	Free trading	None
06/25/08	RP Capital, LLC	(18)	Debt Conversion	NY	578,873	0.0142	8,220	-	Free trading	None
06/26/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	5,000,000	0.0131	65,507	-	Free trading	None
06/27/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	1,908,396	0.0131	25,000	-	Free trading	None
06/27/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	7,000,000	0.0131	91,709	-	Free trading	None
06/27/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	763,358	0.0131	10,000	-	Free trading	None
06/27/08	Shai Stern	(19)	Debt Conversion	NY	1,000,000	0.0131	13,000	-	Free trading	None
06/29/08	RP Capital, LLC	(18)	Debt Conversion	NY	1,000,000	0.0132	13,200	-	Free trading	None

06/30/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	3,000,000	0.0125	37,599	-	Free trading	None
06/30/08	Professional Offshore Opportunity Fund, Ltd.	(15)	Debt Conversion	NY	1,450,000	0.0186	19,094	-	Free trading	None
06/30/08	Shai Stern	(19)	Debt Conversion	NY	400,000	0.0131	5,200	-	Free trading	None
07/01/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	1,375,752	0.0116	16,000	-	Free trading	None

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
07/01/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	4,000,000	0.0116	46,520	-	Free trading	None
07/01/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	2,155,172	0.0116	25,000	-	Free trading	None
07/01/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	4,310,344	0.0116	50,000	-	Free trading	None
07/01/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	6,000,000	0.0125	75,198	-	Free trading	None
07/01/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	6,500,000	0.0125	81,465	-	Free trading	None
07/01/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	5,000,000	0.0125	62,665	-	Free trading	None
07/01/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	7,000,000	0.0125	87,731	-	Free trading	None
07/01/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	6,944,061	0.0116	80,551	-	Free trading	None
07/01/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	1,724,137	0.0116	20,000	-	Free trading	None
07/01/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	3,453,038	0.0116	40,000	-	Free trading	None
07/01/08	Iroquois Master Fund Ltd.	(12)	Debt Conversion	NY	1,294,889	0.0156	15,000	-	Free trading	None
07/01/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	2,148,751	0.0116	25,000	-	Free trading	None
07/01/08	RP Capital, LLC	(18)	Debt Conversion	NY	2,500,000	0.0119	29,750	-	Free trading	None
07/01/08	Shai Stern	(19)	Debt Conversion	NY	1,300,000	0.0117	15,249	-	Free trading	None
07/02/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	2,000,000	0.0116	23,260	-	Free trading	None
07/02/08	Bank Insinger de Beaufort Safe Custody	(2)	Debt Conversion	NY	5,788,333	0.0116	67,052	-	Free trading	None
07/02/08	Bank Insinger de Beaufort Safe Custody	(2)	Debt Conversion	NY	6,272,386	0.0116	72,659	-	Free trading	None
07/02/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	4,310,344	0.0116	50,000	-	Free trading	None
07/02/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	8,620,689	0.0116	100,000	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	15,593,469	0.0116	180,635	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,000,000	0.0116	46,336	-	Free trading	None
07/02/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	1,726,519	0.0116	20,000	-	Free trading	None
07/02/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	1,726,519	0.0116	20,000	-	Free trading	None
07/02/08	Dwain Brannon	(9)	Debt Conversion	NY	21,551,724	0.0116	250,000	-	Free trading	None
07/02/08	Dwain Brannon	(9)	Debt Conversion	NY	2,626,386	0.0116	30,466	-	Free trading	None
07/02/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY				-	Free trading	None

					2,604,598	0.0116	30,213			
07/02/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	1,450,000	0.0116	17,255	-	Free trading	None
07/02/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	3,021,409	0.0116	35,008	-	Free trading	None
07/02/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	3,886,861	0.0116	45,010	-	Free trading	None

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
07/02/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	7,125,913	0.0116	82,518	-	Free trading	None
07/02/08	RP Capital, LLC	(18)	Debt Conversion	NY	5,311,127	0.0119	63,202	-	Free trading	None
07/02/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	4,989,234	0.0116	57,775	-	Free trading	None
08/18/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	2,313,256	0.0087	20,048	-	Free trading	None
08/27/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	2,028,082	0.0087	17,577	-	Free trading	None
09/01/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	2,992,837	0.0087	26,042	-	Free trading	None
09/01/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	1,795,702	0.0087	15,625	-	Free trading	None
09/01/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	1,197,135	0.0087	10,417	-	Free trading	None
09/01/08	Shai Stern	(19)	Debt Conversion	NY	1,197,135	0.0087	10,417	-	Free trading	None
09/04/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	2,312,605	0.0087	20,123	-	Free trading	None
09/05/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	8,034,618	0.0083	66,420	-	Free trading	None
09/05/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	10,000,000	0.0083	82,667	-	Free trading	None
09/05/08	Shai Stern	(19)	Debt Conversion	NY	450,000	0.0086	3,864	-	Free trading	None
09/05/08	Shai Stern	(19)	Debt Conversion	NY	550,000	0.0086	4,723	-	Free trading	None
09/08/08	Shai Stern	(19)	Debt Conversion	NY	1,325,000	0.0079	10,458	-	Free trading	None
09/09/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	4,038,670	0.0063	25,309	-	Free trading	None
09/09/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	7,893,538	0.0063	49,466	-	Free trading	None
09/10/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,668,397	0.0037	50,373	-	Free trading	None
09/10/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,668,397	0.0037	50,373	-	Free trading	None
09/10/08	Shai Stern	(19)	Debt Conversion	NY	5,000,000	0.0048	24,150	-	Free trading	None
09/11/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	12,162,162	0.0037	45,000	-	Free trading	None
09/11/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,749,815	0.0031	43,009	-	Free trading	None
09/11/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,749,815	0.0031	43,009	-	Free trading	None
09/11/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0037	46,000	-	Free trading	None
09/11/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	4,500,000	0.0037	16,560	-	Free trading	None
09/11/08	Shai Stern	(19)	Debt Conversion	NY	3,000,000	0.0038	11,361	-	Free trading	None
09/12/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	8,064,516	0.0031	25,000	-	Free trading	None
09/12/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,526,604	0.0025	34,015	-	Free trading	None
09/12/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,526,604	0.0025	34,015	-	Free trading	None
09/12/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	4,313,000	0.0031	13,327	-	Free trading	None
09/12/08	RP Capital, LLC	(18)	Debt Conversion	NY				-	Free trading	None

					1,000,000	0.0026	2,600			
09/12/08	Shai Stern	(19)	Debt Conversion	NY	3,000,000	0.0032	9,519	-	Free trading	None
09/15/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	10,000,000	0.0025	25,000	-	Free trading	None
09/15/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,763,486	0.0021	29,032	-	Free trading	None

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
09/15/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	475,664	0.0021	1,003	-	Free trading	None
09/15/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	10,820,575	0.0029	31,163	-	Free trading	None
09/15/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	6,247,473	0.0029	17,993	-	Free trading	None
09/15/08	Shai Stern	(19)	Debt Conversion	NY	3,500,225	0.0026	9,146	-	Free trading	None
09/16/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	2,135,223	0.0019	4,014	-	Free trading	None
09/16/08	RP Capital, LLC	(18)	Debt Conversion	NY	1,000,000	0.0019	1,900	-	Free trading	None
09/16/08	Shai Stern	(19)	Debt Conversion	NY	4,000,000	0.0022	8,748	-	Free trading	None
09/17/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	13,157,895	0.0019	25,000	-	Free trading	None
09/17/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,799,095	0.0017	23,035	-	Free trading	None
09/17/08	RP Capital, LLC	(18)	Debt Conversion	NY	1,000,000	0.0016	1,600	-	Free trading	None
09/17/08	Shai Stern	(19)	Debt Conversion	NY	2,250,000	0.0019	4,380	-	Free trading	None
09/18/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,344,851	0.0015	20,035	-	Free trading	None
09/18/08	Shai Stern	(19)	Debt Conversion	NY	2,500,000	0.0017	4,200	-	Free trading	None
09/19/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	14,285,714	0.0014	20,000	-	Free trading	None
09/19/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	13,526,633	0.0013	18,036	-	Free trading	None
09/19/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	10,814,700	0.0013	14,059	-	Free trading	None
09/19/08	Shai Stern	(19)	Debt Conversion	NY	9,000,000	0.0015	13,437	-	Free trading	None
09/22/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	20,000,000	0.0013	26,667	-	Free trading	None
09/22/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	15,384,615	0.0013	20,000	-	Free trading	None
09/22/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	12,768,495	0.0013	17,025	-	Free trading	None
09/22/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	9,488,513	0.0013	12,651	-	Free trading	None
09/22/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0014	17,000	-	Free trading	None
09/22/08	RP Capital, LLC	(18)	Debt Conversion	NY	3,000,000	0.0014	4,200	-	Free trading	None
09/22/08	Shai Stern	(19)	Debt Conversion	NY	15,500,000	0.0014	21,080	-	Free trading	None
09/23/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	15,625,000	0.0013	20,000	-	Free trading	None
09/23/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	10,625,640	0.0013	14,168	-	Free trading	None
09/23/08	RP Capital, LLC	(18)	Debt Conversion	NY	2,000,000	0.0014	2,800	-	Free trading	None
09/24/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	15,625,000	0.0013	20,000	-	Free trading	None
09/24/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	7,034,430	0.0013	9,004	-	Free trading	None
09/24/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	23,200,000	0.0013	30,160	-	Free trading	None
09/24/08	RP Capital, LLC	(18)	Debt Conversion	NY				-	Free trading	None

					3,209,600	0.0014	4,493			
09/24/08	Shai Stern	(19)	Debt Conversion	NY	9,003,162	0.0014	12,244	-	Free trading	None
09/24/08	Shai Stern	(19)	Debt Conversion	NY	5,000,000	0.0014	6,800	-	Free trading	None
09/25/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	12,273,922	0.0013	15,711	-	Free trading	None

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09/26/08	RP Capital, LLC	(18)	Debt Conversion	NY	895,714	0.0014	1,254	-	Free trading	None
09/29/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	16,304,436	0.0012	20,000	-	Free trading	None
09/30/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	17,045,459	0.0012	20,000	-	Free trading	None
09/30/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0012	14,600	-	Free trading	None
10/01/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	23,309,765	0.0011	26,042	-	Free trading	None
10/01/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	18,647,807	0.0011	20,833	-	Free trading	None
10/01/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0012	14,625	-	Free trading	None
10/01/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	9,323,908	0.0011	10,417	-	Free trading	None
10/01/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	32,633,665	0.0011	36,458	-	Free trading	None
10/02/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	22,945,834	0.0011	25,011	-	Free trading	None
10/03/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	19,230,769	0.0010	20,000	-	Free trading	None
10/08/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	22,727,273	0.0009	20,000	-	Free trading	None
10/10/08	Shai Stern	(19)	Debt Conversion	NY	1,200,000	0.0008	900	-	Free trading	None
10/10/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	38,852,486	0.0007	27,197	-	Free trading	None
10/14/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	24,456,523	0.0006	15,000	-	Free trading	None
10/14/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0006	7,500	-	Free trading	None
10/17/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	24,456,523	0.0006	15,000	-	Free trading	None
10/20/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	51,895,883	0.0006	31,138	-	Free trading	None
10/21/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	24,456,523	0.0006	15,000	-	Free trading	None
10/21/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	24,456,523	0.0006	15,000	-	Free trading	None
10/23/08	Shai Stern	(19)	Debt Conversion	NY	20,000,000	0.0006	12,800	-	Free trading	None
10/23/08	Shai Stern	(19)	Debt Conversion	NY	20,000,000	0.0006	12,800	-	Free trading	None
10/28/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	60,000,000	0.0006	35,040	-	Free trading	None
10/28/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	25,568,167	0.0006	15,000	-	Free trading	None
10/29/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	25,568,167	0.0006	15,000	-	Free trading	None
10/29/08	Shai Stern	(19)	Debt Conversion	NY	19,281,063	0.0006	12,340	-	Free trading	None
10/30/08	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	50,333,333	0.0006	30,200	-	Free trading	None
10/30/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	30,762,945	0.0006	16,920	-	Free trading	None
10/31/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	26,785,714	0.0006	15,000	-	Free trading	None
10/31/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	16,077,022	0.0006	10,418	-	Free trading	None
10/31/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY				-	Free trading	None

					8,037,551	0.0006	5,208			
11/03/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	26,785,714	0.0006	15,000	-	Free trading	None
11/05/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	26,785,714	0.0006	15,000	-	Free trading	None
11/05/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	26,785,714	0.0006	15,000	-	Free trading	None

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
11/13/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	34,482,759	0.0006	20,000	-	Free trading	None
11/14/08	Alpha Capital Anstalt	(1)	Debt Conversion	NY	20,000,000	0.0006	11,040	-	Free trading	None
11/19/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	50,062,680	0.0005	25,031	-	Free trading	None
11/20/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0005	6,300	-	Free trading	None
11/24/08	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	62,828,780	0.0003	20,105	-	Free trading	None
11/25/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	53,571,419	0.0004	20,000	-	Free trading	None
11/25/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	6,879,900	0.0003	2,183	-	Free trading	None
11/26/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0003	3,325	-	Free trading	None
11/28/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	42,930,948	0.0002	10,418	-	Free trading	None
11/28/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	21,462,912	0.0002	5,208	-	Free trading	None
12/01/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	60,483,871	0.0002	15,000	-	Free trading	None
12/01/08	Dwain Brannon	(9)	Debt Conversion	NY	30,000,000	0.0002	7,440	-	Free trading	None
12/02/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	58,672,050	0.0002	11,734	-	Free trading	None
12/08/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	64,655,158	0.0002	10,000	-	Free trading	None
12/08/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	60,526,316	0.0002	9,200	-	Free trading	None
12/08/08	Dwain Brannon	(9)	Debt Conversion	NY	30,000,000	0.0002	7,440	-	Free trading	None
12/08/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	12,500,000	0.0002	1,900	-	Free trading	None
12/09/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	69,531,250	0.0001	8,900	-	Free trading	None
12/11/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	65,624,979	0.0001	7,000	-	Free trading	None
12/11/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	32,383,420	0.0002	5,000	-	Free trading	None
12/11/08	Dwain Brannon	(9)	Debt Conversion	NY	60,000,000	0.0001	6,000	-	Free trading	None
12/12/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	73,333,333	0.0001	8,800	-	Free trading	None
12/12/08	Dwain Brannon	(9)	Debt Conversion	NY	60,000,000	0.0001	6,400	-	Free trading	None
12/12/08	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	66,605,167	0.0001	7,993	-	Free trading	None
12/15/08	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	73,958,333	0.0001	7,396	-	Free trading	None
12/15/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	31,000,000	0.0001	3,720	-	Free trading	None
12/16/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	62,500,000	0.0001	6,250	-	Free trading	None
12/16/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	30,000,000	0.0001	3,120	-	Free trading	None
12/18/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	73,958,333	0.0001	7,100	-	Free trading	None
12/19/08	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	62,500,000	0.0001	6,250	-	Free trading	None
12/19/08	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY				-	Free trading	None

					60,000,000	0.0001	6,240			
12/24/08	Cranshire Capital, LP	(8)	Debt Conversion	NY	73,958,333	0.0001	7,396	-	Free trading	None
12/31/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	108,519,896	0.0001	10,852	-	Free trading	None
12/31/08	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	54,253,472	0.0001	5,425	-	Free trading	None

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01/05/09	Paragon Capital, LLC	(14)	Debt Conversion	NY	125,000,000	0.0001	12,500	-	Free trading	None
01/05/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	60,000,000	0.0001	6,240	-	Free trading	None
01/06/09	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	75,000,000	0.0001	7,500	-	Free trading	None
01/12/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	60,000,000	0.0001	6,240	-	Free trading	None
01/13/09	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	75,000,000	0.0001	7,500	-	Free trading	None
01/15/09	Cranshire Capital, LP	(8)	Debt Conversion	NY	179,635,417	0.0001	17,964	-	Free trading	None
01/20/09	Alpha Capital Anstalt	(1)	Debt Conversion	NY	223,000,000	0.0001	22,300	-	Free trading	None
01/23/09	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	364,583,333	0.0001	36,458	-	Free trading	None
01/26/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	60,000,000	0.0001	6,240	-	Free trading	None
01/27/09	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	81,730,769	0.0001	8,500	-	Free trading	None
01/27/09	Joseph S. Donoho	(13)	Debt Conversion	NY	200,000,000	0.0001	20,000	-	Free trading	None
01/27/09	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	194,610,000	0.0001	19,461	-	Free trading	None
01/28/09	Dwain Brannon	(9)	Debt Conversion	NY	225,000,000	0.0001	22,500	-	Free trading	None
01/28/09	Paragon Capital, LLC	(14)	Debt Conversion	NY	150,000,000	0.0001	15,000	-	Free trading	None
01/29/09	Cranshire Capital, LP	(8)	Debt Conversion	NY	249,500,000	0.0001	25,948	-	Free trading	None
01/30/09	Dwain Brannon	(9)	Debt Conversion	NY	275,000,000	0.0001	27,500	-	Free trading	None
01/30/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	60,000,000	0.0001	6,000	-	Free trading	None
01/30/09	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	104,179,100	0.0001	10,418	-	Free trading	None
01/30/09	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	52,083,300	0.0001	5,208	-	Free trading	None
02/02/09	Bridge Pointe Master Fund Ltd.	(5)	Debt Conversion	NY	192,307,692	0.0001	20,000	-	Free trading	None
02/02/09	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	62,500,000	0.0001	6,250	-	Free trading	None
02/02/09	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	135,000,000	0.0001	13,500	-	Free trading	None
09/24/09	BridgePointe Master Fund Ltd.	(5)	Debt Conversion	NY	299,999,850	0.0001	40,000	-	Free trading	None
09/30/09	Alpha Capital Anstalt	(1)	Debt Conversion	NY	2,773,557,667	0.0001	332,827	-	Free trading	None
09/30/09	Barry DeGraff Revocable Trust	(3)	Debt Conversion	NY	274,229,500	0.0001	32,908	-	Free trading	None
09/30/09	Billy R. Raley	(4)	Emp. Agreement	FL	21,000,000,000	0.0001	-	2,730,000	Restricted	Yes
09/30/09	Billy R. Raley	(4)	Debt Conversion	NY	1,819,444,167	0.0001	218,333	-	Free trading	None
09/30/09	Bristol Investment Fund, Ltd.	(6)	Debt Conversion	NY	3,208,149,667	0.0001	384,978	-	Free trading	None
09/30/09	Charles Pruitt Gibson	(7)	Debt Conversion	NY	109,691,667	0.0001	13,163	-	Free trading	None
09/30/09	Cranshire Capital, LP	(8)	Debt Conversion	NY	1,766,564,000	0.0001	211,988	-	Free trading	None
09/30/09	Dwain Brannon	(9)	Debt Conversion	NY				-	Free trading	None

					870,133,000	0.0001	104,416			
09/30/09	Dyron M. Watford	(10)	Emp. Agreement	FL	21,000,000,000	0.0001	-	2,730,000	Restricted	Yes
09/30/09	Dyron M. Watford	(10)	Debt Conversion	NY	1,364,583,333	0.0001	163,750	-	Free trading	None
09/30/09	Gemini Master Fund, Ltd.	(11)	Debt Conversion	NY	1,694,451,833	0.0001	203,334	-	Free trading	None

Date Issued	Name of Person or Entity	Notes	Nature of Offering or Service	Jurisdiction	Total Shares Sold or Offered	Price shares were offered	Amount Paid to Issuer	Value of Services to the Issuer	Trading Status of the Shares	Legend
09/30/09	Joseph S. Donoho	(13)	Debt Conversion	NY	647,181,583	0.0001	77,662	-	Free trading	None
09/30/09	Paragon Capital, LLC	(14)	Debt Conversion	NY	855,596,167	0.0001	102,672	-	Free trading	None
09/30/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	1,450,000	0.0896	117,392	-	Free trading	None
09/30/09	Professional Offshore Opportunity Fund , Ltd.	(15)	Debt Conversion	NY	7,485,480,500	0.0001	898,258	-	Free trading	None
09/30/09	RHP Master Fund, Ltd.	(16)	Debt Conversion	NY	1,360,145,083	0.0001	163,217	-	Free trading	None
09/30/09	Rockmore Investment Master Fund Ltd.	(17)	Debt Conversion	NY	1,451,326,167	0.0001	174,159	-	Free trading	None
09/30/09	RP Capital, LLC	(18)	Debt Conversion	NY	413,998,167	0.0001	49,680	-	Free trading	None
09/30/09	Shai Stern	(19)	Debt Conversion	NY	411,740,333	0.0001	49,409	-	Free trading	None
09/30/09	Thomas A. Barnard	(20)	Debt Conversion	NY	1,371,147,167	0.0001	164,538	-	Free trading	None
09/30/09	Whalehaven Capital Fund Limited	(21)	Debt Conversion	NY	4,199,453,000	0.0001	503,394	-	Free trading	None
01/14/10	BridgePointe Master Fund Ltd.	(5)	Debt Conversion	NY	1,302,821,000	0.0001	130,282	-	Free trading	None
01/14/10	T.B. Ball, III	(22)	Debt Conversion	FL	4,050,000,000	0.0001	405,000	-	Free trading	None

- (1) Konrad Ackerman has voting and investment control over shares held by Alpha Capital Anstalt. Mr. Ackerman disclaims beneficial ownership of such shares.
- (2) David Mun-Gavin has voting and investment control over these securities. Mr. Mun-Gavin is the beneficial ownership over such securities.
- (3) Barry DeGraff has voting and investment control over these securities. Mr. Degraff is the beneficial ownership over such securities.
- (4) Billy Raley has voting and investment control over these securities. Mr. Raley is the beneficial ownership over such securities.
- (5) The name of the person who has voting or investment control over the securities owned by BridgePointe Master Fund Ltd. is Eric S. Swartz.
- (6) Bristol Capital Advisors, LLC (“BCA”) is the investment advisor to Bristol Investment Fund, Ltd. (“Bristol”). Paul Kessler is manager of BCA and as such has voting and investment control over the securities held by Bristol. Mr. Kessler disclaims beneficial ownership of these securities.
- (7) Charles Gibson has voting and investment control over these securities. Mr. Gibson is the beneficial ownership over such securities.
- (8) Mitchell P. Kopin, President of Downsvew Capital, Inc., the general partner of Cranshire Capital, L.P., has sole voting control and investment discretion over securities held by Cranshire Capital, L.P. Each of Mitchell P. Kopin and Downsvew Capital, Inc. disclaims beneficial ownership of the shares held by Cranshire Capital, L.P.
- (9) Dwain Brannon has voting and investment control over these securities. Mr. Brannon is the beneficial ownership over such securities.
- (10) Dyron Watford has voting and investment control over these securities. Mr. Watford is the beneficial ownership over such securities.
- (11) Gemini Strategies, LLC is the investment manager of Gemini Master Fund, Ltd., and Steven Winters is the sole managing member of Gemini Strategies, LLC. Each of Gemini Strategies, LLC and Steven Winters expressly disclaims any equitable or beneficial ownership of such securities.
- (12) Joshua Silverman has voting and investment control over shares held by Iroquois Master Fund Ltd. Mr. Silverman disclaims beneficial ownership of such shares.

- (13) Joseph Donoho has voting and investment control over these securities. Mr. Donoho is the beneficial ownership over such securities.
- (14) Dale Slack has voting and investment control over these securities. Mr. Slack is the beneficial ownership over such securities.
- (15) Marc Swickle and Howard Berger are the managers of the selling shareholder and have voting control and investment discretion over the shares held by the selling shareholder. Messrs. Swickle and Berger disclaim beneficial ownership of the shares held by the selling shareholder.
- (16) RHP Master Fund, Ltd. is a party to an investment management agreement with Rock Hill Investment Management, L.P., a limited partnership of which the general partner is RHP General Partner, LLC. Pursuant to such agreement, Rock Hill Investment Management directs the voting and disposition of shares owned by RHP Master Fund. Messrs. Wayne Bloch and Peter Lockhart own interest in RHP General Partner. The aforementioned entities and individuals disclaim beneficial ownership of the Company's securities owned by RHP Master Fund.
- (17) We have been informed that Rockmore Capital, LLC, which is the Investment Manager to Rockmore Investment Master Fund Ltd., exercises sole dispositive, investment and voting power for all the shares. The Company is also informed that Bruce Bernstein, Brian Daly and Michael Clateman are authorized signatories for Rockmore Investment Master Fund Ltd., however, each of the same and Rockmore Capital, LLC disclaims beneficial ownership as to such securities except to the extent of their pecuniary interests therein.
- (18) Erick E. Richardson and Nimish Patel, the principals of RP Capital, LLP, are deemed to be beneficial owners of all of the shares of common stock owned by RP Capital, LLP.
- (19) Shai Stern has voting and investment control over these securities. Mr. Stern is the beneficial ownership over such securities.
- (20) Thomas Barnard has voting and investment control over these securities. Mr. Barnard is the beneficial ownership over such securities.
- (21) Michael Finkelstein has voting and investment control over shares held by Whalehaven Capital Fund Limited. Mr. Finkelstein disclaims beneficial ownership of such shares.
- (22) T.B. Ball, III has voting and investment control over these securities. Mr. Ball is the beneficial ownership over such securities.

PART F. EXHIBITS

Item XVIII. Material Contracts

A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through the OTC Disclosure and News Service or was entered into not more than two years before such posting. Also include the following contracts:

- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;**

None

- 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements;**

None

- 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or**

None

- 4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer.**

None

- B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance.**

Not applicable.

- C. The following management contracts or compensatory plans need not be included:**

- 1) Ordinary purchase and sales agency agreements;**

Not applicable.

- 2) Agreements with managers of stores in a chain organization or similar organization;**

Not applicable.

- 3) Contracts providing for labor or salesmen's bonuses or payments to a class of security holders, as such; and**

Not applicable.

- 4) Any compensatory plan that is available to employees, officers or directors generally and provides for the same method of allocation of benefits between management and non-management participants.**

Not applicable.

Item XIX. Articles of Incorporation and Bylaws.

- A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.**

See **Exhibit C** for a complete copy of the Company's articles of incorporation.

- B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.**

See **Exhibit D** for a complete copy of the Company's Bylaws.

Item XX. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item XX with respect to any purchase made by or on behalf of the issuer or any “Affiliated Purchaser” (as defined in paragraph (C) of this Item XX) of shares or other units of any class of the issuer’s equity securities.

ISSUER PURCHASES OF EQUITY SECURITIES				
Period	Column (a) Total Number of Shares (or Units) Purchased	Column (b) Average Price Paid per Share (or Unit)	Column (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Column (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (identify beginning and ending dates)	N/A	N/A	N/A	N/A
Month #2 (identify beginning and ending dates)	N/A	N/A	N/A	N/A
Month #3 (identify beginning and ending dates)	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

Item XXI. Issuer's Certifications

I, Billy Raley, certify that:

1. I have reviewed this Initial Information and Disclosure Statement of Universal Energy Corp.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

A handwritten signature in black ink, appearing to read 'B. Raley', is written over a horizontal line.

Billy Raley, Chief Executive Officer

Date: April 20, 2011

Additional Disclosure Guidelines for Issuers Engaged in Oil and Gas Producing Activities

1. PRODUCTION

A. Last Three Years Production Data

- i. Average sales price (including transfers) per unit of gas equivalent produced

Fiscal Year 2007	\$ -
Fiscal Year 2008	13.93
Fiscal Year 2009	6.15
Fiscal Year 2010	8.87

- ii. the average production cost (lifting cost) per unit of production.

Fiscal Year 2007	\$ -
Fiscal Year 2008	1.73
Fiscal Year 2009	2.06
Fiscal Year 2010	3.18

2. PRODUCTIVE WELLS AND ACREAGE.

A. Total gross and net productive wells and the total gross and net developed acres

<u>Agreement</u>	<u>Approximate Acreage</u>	<u>Universal's Interest</u>	<u>Location</u>
Amberjack	840	7.50 %*	Louisiana, USA
Caviar	932	10.0 %*	Louisiana, USA
Lake Campo	190	12.5 %*	Louisiana, USA
W. Rosedale	204	15.0 % *	Louisiana, USA
Lone Oak	3,526	5.00 %*	Texas, USA

3. UNDEVELOPED ACREAGE

The Company currently has no undeveloped acreage.

4. DRILLING ACTIVITY

During fiscal years 2007 and 2008, we participated in drilling the following wells with the interests and results indicated:

<u>Well Name</u>	<u>Interest</u>		<u>Approximate Depth</u>	<u>Current Status</u>
	<u>Working</u>	<u>Net Revenue</u>		
Amberjack	7.500 %	4.05 %	10,000'	In production as of December 2007
Lake Campo	12.50 %	6.75 %	10,000'	In production as of January 2008, Shut-in and worked over during fall 2008, returned to production in November 2008
Caviar #1	10.00 %	5.40 %	10,600'	In production as of July 2008
W. Rosedale	15.00 %	7.92 %	10,300'	Plugged and abandoned in Nov. 2007
Caviar # 4	10.00 %	5.40 %	10,800'	In production as of July 2008
East OMG	17.50 %	9.45 %	16,500'	Plugged and abandoned in Dec. 2007
Lone Oak #1	5.000 %	2.93 %	12,600'	Plugged and abandoned in July 2008

The Company has not drilled any wells during 2009 or 2010.

5. **PRESENT ACTIVITIES**

As of April 15, 2011 the Company is not drilling any wells at this time. Currently, the Company has 4 producing wells.

6. **DELIVERY COMMITMENTS**

The Issuer does not presently have delivery commitments for oil or gas.

EXHIBIT A

**Universal Energy Corp.
Financial Statements**

**December 31, 2010 and 2009
(Unaudited)**

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheet
(Unaudited)

	December 31,	
Assets	2010	2009
Current assets:		
Cash and cash equivalents	\$ 111	\$ 2,149
Accounts receivable	122,899	26,961
Prepaid expenses	-	695
Total current assets	123,010	29,805
Prepaid drilling and completion costs	17,509	5,571
Oil and gas properties (Note 4)	258,607	1,182,910
Property and equipment, net of accumulated depreciation of \$8,645 and \$7,513	623	1,755
Security deposit	400	400
Total assets	\$ 400,149	\$ 1,220,441
<u>Liabilities and Stockholders' Deficit</u>		
Current liabilities:		
Accounts payable	\$ 457,591	\$ 272,847
Accrued expenses	587,611	322,431
Accrued interest	132,070	33,000
Accrued liabilities (Note 6)	1,515,255	1,628,526
Promissory notes to stockholders, net of discounts of \$0 and \$47,405	70,000	227,595
Total current liabilities	2,762,527	2,484,399
Asset retirement obligation	19,238	11,054
Total liabilities	2,781,765	2,495,453
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.0001 par value, 100,000,000,000 shares authorized, 86,188,033,465 and 80,835,212,465 shares issued and outstanding	8,618,806	8,083,524
Additional paid-in capital	17,011,665	17,011,665
Accumulated deficit	(28,012,085)	(26,370,201)
Total stockholders' deficit	(2,381,614)	(1,275,012)
Total liabilities and stockholders' deficit	\$ 400,149	\$ 1,220,441

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	For the Year Ended December 31,	
	2010	2009
Revenue, net	\$ 195,926	\$ 379,215
Cost of revenue	90,175	174,698
Gross profit	105,751	204,517
Operating expenses		
Depreciation, amortization and depletion	35,798	466,405
General and administrative expenses	496,625	7,322,787
Impairment loss on oil and gas properties	1,022,300	502,530
	1,554,723	8,291,722
Loss from continuing operations	(1,448,972)	(8,087,205)
Other income (expense)		
Excess embedded derivative value	(47,405)	(2,073,660)
Loss on conversion of debentures	-	(478,743)
Accretion of discounts on convertible debentures	-	(576,156)
Interest expense, net	(145,507)	(355,714)
Total other income (expense)	(192,912)	(3,484,273)
Net income (loss) before income taxes	(1,641,884)	(11,571,478)
Provision for income taxes (Note 14)	-	-
Net income (loss)	\$ (1,641,884)	\$ (11,571,478)
Weighted average shares outstanding		
– basic and diluted	83,918,884,167	24,995,587,961
Total Net income (loss) per share		
– basic and diluted	\$ (0.00)	\$ (0.00)

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Capital Deficiency)
For the year ended December 31, 2010
(Unaudited)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Par Value			
Balances, December 31, 2008	3,254,175,258	\$ 325,419	\$ 13,639,741	\$ (14,798,722)	\$ (833,562)
Compensation expense – stock option issuances	-	-	978,085	-	978,085
Compensation expense advisory board contract stock grants	50,000	6	3	-	9
Compensation expense employee restricted stock grants	42,000,000,000	4,200,000	1,260,000	-	5,460,000
Issuance of common stock for debt conversions	33,525,926,957	3,352,593	1,072,184	-	4,424,777
Issuance of common stock for accrued interest	2,055,060,250	205,506	61,652	-	267,158
Net loss	-	-	-	(11,571,479)	(11,571,479)
Balances, December 31, 2009	80,835,212,465	\$ 8,083,524	\$ 17,011,665	\$ (26,370,201)	\$ (1,275,012)
Issuance of common stock for debt conversions	5,352,821,000	535,282	-	-	535,282
Net loss	-	-	-	(1,641,884)	(1,641,884)
Balances, December 31, 2010	86,188,033,465	\$ 8,618,806	\$ 17,011,665	\$ (28,012,086)	\$ (2,381,684)

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	For the Fiscal Year Ended December 31,	
	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ (1,641,884)	\$ (11,571,479)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
Accretion of discounts on convertible debentures	-	576,156
Excess embedded derivative value	47,405	2,073,660
Loss on debt conversions	-	478,743
Stock issued for interest	46,438	249,411
Penalties on debentures	153,562	325,705
Stock compensation expense – advisory board stock grants	-	9
Stock compensation expense – stock grants	-	5,460,000
Stock compensation expense – stock options	-	978,085
Charges related to the impairment of oil and gas properties	1,022,300	502,530
Depreciation, amortization and depletion	35,796	466,406
(Increase) decrease in operating assets:		
Prepaid drilling and completion costs	(11,938)	18,821
Accounts receivable	(95,938)	89,455
Prepaid expenses	695	6,730
Increase (decrease) in operating liabilities:		
Accounts payable	184,744	40,243
Accrued expenses	265,180	159,411
Asset retirement obligation	8,184	8,784
Accrued interest	99,070	90,334
Net cash used in operating activities	113,616	(46,996)
Cash flows from investing activities:		
Investment in oil and gas properties	(132,663)	(35,087)
Loss on sale of assets	-	1,708
Net cash used in investing activities	(132,663)	(33,379)
Cash flows from financing activities:		
Loan from secured party	17,011	-
Net cash provided by financing activities	17,011	-
Net decrease in cash and cash equivalents	(2,038)	(80,375)
Cash and cash equivalents, beginning of period	\$ 2,149	\$ 82,524
Cash and cash equivalents, end of period	\$ 111	\$ 2,149
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 0	\$ 33,024
Non cash financing activities		
Issuance of 5,352,821,000 and 35,580,987,207 shares of common stock in conversion of convertible debentures and accrued interest	\$ 535,282	\$ 4,691,334

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

December 31, 2010

NOTE 1 – ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

Reporting Entity. Universal Energy Corp. and Subsidiaries (“Universal” or the “Company”) were incorporated in the State of Delaware on January 4, 2002, January 24, 2002 and February 26, 2007, respectively. The Company is authorized to issue 100,000,000,000 shares of common stock, par value \$0.0001. The Company’s office is located in Lake Mary, Florida. Universal Energy Corp. is an independent energy company engaged in the acquisition and development of crude oil and natural gas leases in the United States.

Principles of Consolidation. The Company’s consolidated financial statements for the year ended December 31, 2010 and 2009, include the accounts of its wholly owned subsidiaries UT Holdings, Inc. and Universal Explorations Corp., both Delaware corporations. All intercompany balances and transactions have been eliminated.

NOTE 2 – BASIS OF PRESENTATION

The Company’s consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has experienced net losses since January 4, 2002 (date of inception), which losses have caused an accumulated deficit of approximately \$28,012,100 as of December 31, 2010. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern.

Management has been able, thus far, to finance the losses, as well as the growth of the business, mostly through private placements of the Company’s common stock and debt offerings. The Company is continuing to seek other sources of financing and attempting to increase production of their prospects that have been drilled and completed. Conversely, the ongoing development of the Company’s petroleum and natural gas prospects in Louisiana and Texas will likely result in operating losses for the foreseeable future.

There are no assurances that the Company will be successful in achieving its goals. In view of these conditions, the Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing or capital sources, to meet its financing requirements, and ultimately to achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event the Company cannot continue as a going concern.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain prior periods’ balances have been reclassified to conform to the current year consolidated financial statement presentation. These reclassifications had no impact on previously reported consolidated results of operations, stockholders’ deficit, or cash flows.

Cash and Cash Equivalents. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

**UNIVERSAL ENERGY CORP.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Concentration of Credit Risk. Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions.

Accounts Receivable. The Company has receivables for sales of oil, gas and natural gas liquids. Management has established an allowance for doubtful accounts. The allowance is evaluated by management and is based on management's periodic review of the collectability of the receivables in light of historical experience, the nature and volume of the receivables, and other subjective factors.

Full Cost Method. The Company utilizes the full-cost method of accounting for petroleum and natural gas properties. Under this method, the Company capitalizes all costs associated with acquisition, exploration and development of oil and natural gas reserves, including leasehold acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, interest and costs of drilling of productive and non-productive wells into the full cost pool. When the Company obtains proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves proved and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves. The costs of unproved properties are not amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such determination is made, the Company assesses quarterly whether impairment has occurred, and includes in the amortization base drilling exploratory dry holes associated with unproved properties.

All items classified as unproved property are assessed on a quarterly basis for possible impairment or reduction in value. Properties are assessed on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Debt Issue Costs. The Company recognizes debt issue costs, payments in cash or share-based payments, on the balance sheet as deferred charges, and amortizes the balance over the term of the related debt using the effective interest rate method.

Valuation of Derivative Instruments. The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities From Equity" and ASC 815, "Derivatives and Hedging." Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The effects of interactions between embedded derivatives are calculated and accounted for in arriving at the overall fair value of the financial instruments. In addition, the fair values of freestanding derivative instruments such as warrant and option derivatives are valued using the Black-Scholes model.

Revenue Recognition. The Company derives revenue primarily from the sale of produced natural gas and crude oil. The Company reports revenue as the net amount received after taking into account royalties. Production taxes and transportation costs are reported as separate expenses. Each month we record revenue based on the actual sales of crude oil and natural gas. The estimates we make relate to the average price received throughout the month for those sales. As the production is relatively steady throughout the month, the estimates for the price received for

**UNIVERSAL ENERGY CORP.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

those sales are relatively accurate as the daily prices for the oil and natural gas sold are readily available. Variances between our estimates and the actual amounts received are recorded in the month payment is received.

Stock Based Compensation. The Company records stock-based compensation in accordance with ASC 718, “Compensation – Stock Compensation.” ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee’s requisite service period. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. There were 12,500,000 options outstanding as of December 31, 2010.

Income Taxes. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in financial statements or tax returns. Deferred tax items are reflected at the enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Due to the uncertainty regarding the success of future operations, management has valued the deferred tax asset allowance at 100% of the related deferred tax assets.

Income (Loss) per Share. Earnings per share is calculated in accordance with the ASC 260-10, “Earnings Per Share.” Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Fair Value Instruments. For certain financial instruments, including accounts receivable, accounts payable, accrued expenses, interest payable, advances payable and notes payable, the carrying amounts approximate fair value due to their relatively short maturities.

On January 1, 2008, the Company adopted ASC 820-10, “Fair Value Measurements and Disclosures.” ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 — Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**UNIVERSAL ENERGY CORP.
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Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following table presents derivative liabilities, the Company's only financial assets measured and recorded at fair value on the Company's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy during the fiscal year ended December 31, 2010:

As of December 31, 2010:	Fair Value			Total
	Level 1	Level 2	Level 3	
Derivative liabilities	\$ -	\$ -	\$ -	\$ -

The following table reconciles, for the period ended December 31, 2010, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements:

Balance of Derivative Liabilities at December 31, 2009	\$ -
Balance of Derivative Liabilities at December 31, 2010	\$ -

Recently Issued Accounting Standards. The Company partially adopted FASB ASC Update 2010-06, "Fair Value Measurements and Disclosures — Improving Disclosures about Fair Value Measurements" ("ASC Update 2010-06") that requires additional disclosures surrounding transfers between Levels 1 and 2, inputs and valuation techniques used to value Level 2 and 3 measurements, and push down of previously prescribed fair value disclosures to each class of asset and liability for Levels 1, 2, and 3. These disclosures were effective for the Company for the quarter ended March 31, 2010. The partial adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

ASC Update 2010-06 also requires that purchases, sales, issuances, and settlements for Level 3 measurements be disclosed. This portion of the new authoritative guidance is effective for interim and annual reporting periods beginning after December 15, 2010. The Company will apply this new guidance in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2011. The adoption of these portions of ASC Update 2010-06 are not expected to have a material impact on the Company's financial statements.

The Company adopted FASB ASC Update 2010-09, "Subsequent Events - Amendments to Certain Recognition and Disclosure Requirements," that removes the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events. However, the date-disclosure exemption does not relieve management of an SEC filer from its responsibility to evaluate subsequent events through the date on which financial statements are issued. This authoritative guidance was effective upon issuance on February 24, 2010. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

**UNIVERSAL ENERGY CORP.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, PROVEN

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are initially capitalized on a country-by-country (cost center) basis. Capitalized costs, less estimated salvage value, are depleted using the units-of-production method whereby historical costs and future development costs are amortized over the total estimated proved reserves. Costs of acquiring and evaluating unproven properties and major development projects are initially excluded from the depletion and depreciation calculation until it is determined whether or not proved reserves can be assigned to such properties. These costs are assessed periodically to ascertain whether impairment has occurred (i.e., "impairment tests"). All of the Company's oil and gas properties are located in the United States. The following table summarizes information regarding the Company's proved oil and gas acquisition, exploration and development activities:

	<u>Acquisition</u>	<u>Exploration</u>	<u>Capitalized Interest</u>	<u>Depletion and Impairment Loss</u>	<u>Net Carrying Value December 31,</u>	
					<u>2010</u>	<u>2009</u>
Louisiana	\$ 315,174	\$ 2,603,267	\$ 64,726	\$ (2,881,084)	\$ 102,083	\$ 1,026,386
Texas	185,850	262,327	108,347	(400,000)	156,524	156,524
Totals	<u>\$ 501,024</u>	<u>\$ 2,865,594</u>	<u>\$ 173,073</u>	<u>\$ (3,281,083)</u>	<u>\$ 258,607</u>	<u>\$ 1,182,910</u>

In the United States, depletion expense for the year ended December 31, 2010 was \$34,666 (2009 - \$264,468). During the year ended December 31, 2010, the Company's proved properties in the United States exceeded their estimated realizable value which resulted in a \$1,022,300 (2009 - \$502,530) non-cash impairment loss being recognized.

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**UNIVERSAL ENERGY CORP.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, CONTINUED

Natural gas and oil reserves- United States (unaudited).

The following table summarizes the changes in the Company's proved natural gas and oil reserves for the period ending December 31, 2010. The Company had four producing wells at the beginning of fiscal 2008 that were not assigned proved reserves. The gas and oil reserve quantities owned by the Company were prepared by an independent petroleum engineering firm during June 2009 and updated by Company management in subsequent periods.

	<u>Liquids (Bbls)¹</u>	<u>Gas (Mcf*)²</u>	<u>Total (Mcf)³</u>
Proved reserves, January 1, 2008	-	-	-
Extensions, discoveries and other additions	3,682	619,839	641,931
Revisions of previous estimates	-	-	-
Production	(682)	(64,019)	(68,111)
Proved reserves, December 31, 2008	<u>3,000</u>	<u>555,820</u>	<u>573,820</u>
Proved reserves, January 1, 2009	<u>3,000</u>	<u>555,820</u>	<u>573,820</u>
Extensions, discoveries and other additions	-	-	-
Revisions of previous estimates	-	-	-
Production	(645)	(80,777)	(84,647)
Proved reserves, December 31, 2009	<u>2,355</u>	<u>475,043</u>	<u>489,173</u>
Extensions, discoveries and other additions	-	-	-
Revisions of previous estimates	(912)	(335,000)	(340,472)
Production	(402)	(25,955)	(28,370)
Proved reserves, December 31, 2010	<u>1,041</u>	<u>114,088</u>	<u>120,331</u>
Proved reserves:			
Beginning of year	2,355	475,043	489,173
End of period	1,041	114,088	120,331

(1) Bbls – Barrels

(2) Mcf – Thousands of cubic feet

(3) Mcfe – Thousands of cubic feet equivalent (1 Bbls = 6 Mcf = 6,000 Mcfe)

Asset Retirement Obligations. The Company recognizes an estimated liability for future costs associated with the abandonment of its oil and gas properties. A liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset are recorded at the time a well is completed or acquired. The increase in carrying value is included in proved oil and gas properties in the accompanying consolidated balance sheets. The Company depletes the amount added to proved oil and gas property costs and recognizes expense in connection with the accretion of the discounted liability over the remaining estimated economic lives of the respective oil and gas properties. Cash paid to settle asset retirement obligations is included in the operating section of the Company's accompanying consolidated statements of cash flows.

**UNIVERSAL ENERGY CORP.
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Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, CONTINUED

The Company's estimated asset retirement obligation liability is based on historical experience in abandoning wells, estimated economic lives, estimates as to the cost to abandon the wells in the future, and federal and state regulatory requirements. The liability is discounted using the credit-adjusted risk-free rate estimated at the time the liability is incurred or revised. The asset retirement obligations were estimated based on a discount rate of 10%, an inflation rate of 3.0% and settlement period of 3.25 years. Revisions to the liability could occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells.

A reconciliation of the Company's asset retirement obligation liability is as follows:

Balance, beginning of year	\$	11,054
Liabilities incurred		-
Accretion		8,184
Total asset retirement obligations	\$	<u>19,238</u>

NOTE 5 – PROMISSORY NOTES, MARCH 2008

Promissory Notes - \$600,000. On or about March 13, 2008, the Company issued promissory notes in the amount of \$600,000 to certain investors. Interest accrues on the outstanding principal balance of this note at the rate of 12% per annum. Interest is calculated on the basis of a 365-day year, and is charged on the principal outstanding for the actual number of days elapsed. The Company pays each holder all accrued interest on a calendar quarterly basis, commencing at the end of the first calendar quarter following the purchase of this note. The Company was scheduled to begin making monthly cash principal payments on the first business day of each calendar month beginning on the first business day of the thirteenth full calendar month following purchase of the note. The amount of the monthly payment is based on a two-year amortization of the note. The holder has the right to convert the outstanding principal balance (in whole and not in part) into such number of securities by dividing the outstanding balance by \$0.50.

The conversion feature in effect during the time the loan is outstanding, allows the note holder to convert outstanding principal and interest into common stock. The conversion price is subject to the pricing of certain stock offerings. During June 2008, two of the note holders exchanged \$200,000 of principal balance of their notes into the May 2008 Debenture financing. During November 2008, one of the note holders exchanged \$125,000 of principal balance of their note into the October 2008 Debenture financing.

On June 25, 2010, the Company received a notice of default from an investor in the March 2008 financing. The Company converted \$405,000, which included \$153,562 in penalties and \$46,438 in interest into 4,050,000,000 shares of the Company's common stock at a conversion price of \$0.0001 per share.

As of December 31, 2010, the scheduled payments on the remaining note (principal balance of \$25,000) has not been made and therefore is in default.

**UNIVERSAL ENERGY CORP.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements (Unaudited)

NOTE 6 – ROSWELL CAPITAL PARTNERS VS. UNIVERSAL ENERGY CORP.

Roswell Capital Partners, LLC, as Collateral Agent; Bridgepointe Master Fund Ltd. vs. Universal Energy Corp. On September 1, 2009, the Company was served with a verified complaint captioned Roswell Capital Partners, LLC, as Collateral Agent; Bridgepointe Master Fund Ltd. vs. Universal Energy Corp.; Universal Explorations Corp.; UT Holdings, Inc.; Universal Energy Services Corp; and John Does 1-10 (the "Complaint"). The Complaint, which was filed in the United States District Court for the Southern District of New York, relates to the investment made by the plaintiffs (the "Secured Lenders") during 2007 in convertible debentures of the Company (the "Debentures"). The Debentures are secured by certain assets of the Company and its subsidiaries.

The lawsuit asserted breaches of the various documents executed by the Company and its subsidiaries in connection with the issuance of the Debentures. In addition to monetary damages, the lawsuit sought a determination that the Secured Lenders hold a valid lien in certain assets of the Company, seeks an order of foreclosure relating to assets subject to valid lien and the appointment of a receiver.

On January 14, 2010, the Company reached a settlement agreement with Bridgepointe Master Fund Ltd. The key terms reached by the parties were to pay 55 percent of the principal balance plus interest. The agreement allows the Company to purchase its debentures with two equal cash payments. The first payment is due no later than May 1, 2010, and the second is due no later than June 1, 2010. Additionally, 10 percent of the previously outstanding principal and interest balance was paid in common stock (1,302,821,000 shares issued).

The Company had commitments by certain investors to fund the payments required by the Bridgepointe settlement. However, the investors requested certain alterations to fund the agreement. Subsequently, the Company attempted to alter the certain provisions of the agreement with Bridgepointe. However, Bridgepointe was unwilling to further discuss with the Company the settlement agreement. Therefore, the Company was unable to pay the amount due under the January settlement on May 1 and the Company was in default.

The Company was advanced approximately \$17,000 during the year ending December 31, 2010 to pay for certain costs associated with our oil and gas operations.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Company has various commitments to oil and gas exploration and production capital expenditures related to its' properties and projects in Texas and Louisiana, arising out of the normal course of business.

The Company is currently not involved in any material litigation matters arising from our oil and gas exploration and production activities and as such has accrued no liability with respect to litigation.

The Company is subject to various legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse effect on its financial position, results of operations or liquidity. Consequently, the Company has not recorded any reserve for legal matters.

NOTE 8 – SUBSEQUENT EVENTS

On January 6, 2011, the Company's Chairman and CFO, Dyron Watford, resigned from the Company to pursue other interests.

EXHIBIT B

**Universal Energy Corp.
Financial Statements
December 31, 2009 and 2008
(Unaudited)**

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheet
(Unaudited)

<u>Assets</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Current assets:		
Cash and cash equivalents	\$ 2,149	\$ 82,524
Accounts receivable	26,961	116,416
Debt issuance costs, net of accumulated amortization of \$800,126 and \$602,132	-	197,994
Prepaid expenses	695	6,280
Total current assets	29,805	403,214
Prepaid drilling and completion costs	5,571	24,392
Oil and gas properties (Note 4)	1,182,910	1,914,821
Property and equipment, net of accumulated depreciation of \$7,513 and \$6,131	1,755	7,406
Security deposit	400	1,545
Total assets	<u>\$ 1,220,441</u>	<u>\$ 2,351,378</u>
<u>Liabilities and Stockholders' Deficit</u>		
Current liabilities:		
Accounts payable	\$ 272,847	\$ 232,604
Accrued expenses	322,431	163,020
Accrued interest	33,000	68,487
Promissory notes to stockholders	-	350,000
September 2007 Convertible Debentures, net of discounts of \$0 and \$628,813	1,628,526	1,325,869
November 2007 Convertible Debentures, net of discounts of \$0 and \$288,409	-	563,947
May 2008 Convertible Debentures, net of discounts of \$0 and \$920,528	-	282,038
October 2008 Convertible Debentures, net of discounts of \$0 and \$745,671	-	35,505
Promissory notes to stockholders, net of discounts of \$47,405 and \$113,800	227,595	161,200
Total current liabilities	2,484,399	3,182,670
Asset retirement obligation	11,054	2,270
Total liabilities	2,495,453	3,184,940
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.0001 par value, 100,000,000,000 shares authorized, 80,835,212,465 and 3,254,175,258 shares issued and outstanding	8,083,524	325,419
Additional paid-in capital	17,011,665	13,639,741
Accumulated deficit	(26,370,201)	(14,798,722)
Total stockholders' deficit	(1,275,012)	(833,562)
Total liabilities and stockholders' deficit	<u>\$ 1,220,441</u>	<u>\$ 2,351,378</u>

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	For the years ended December 31,	
	2009	2008
Revenue, net	\$ 379,215	\$ 678,016
Cost of revenue	174,698	111,643
Gross profit	204,517	566,373
Operating expenses		
Depreciation, amortization and depletion	466,405	665,557
General and administrative expenses	7,320,563	2,443,673
Impairment loss on oil and gas properties	502,530	1,504,112
Investor awareness and public relations	2,225	129,645
	8,291,723	4,742,987
Loss from continuing operations	(8,087,206)	(4,176,614)
Other income (expense)		
Charges related to issuance of May. 2008 Convertible Debentures & Warrants	-	(753,649)
Charges related to issuance of Oct. 2008 Convertible Debentures & Warrants	-	(464,941)
Charges related to the repricing of the Sept 07 & Nov 07 Debentures & Warrants	-	(9,404,508)
Excess embedded derivative value	(2,073,660)	(4,418,255)
Change in fair value of derivatives	-	22,057,979
Loss on conversion of debentures	(478,743)	(416,959)
Accretion of discounts on convertible debentures	(576,156)	(1,160,169)
Interest expense, net	(355,714)	(643,155)
Total other income (expense)	(3,484,273)	4,796,343
Net income (loss) before income taxes	(11,571,479)	619,729
Provision for income taxes (Note 14)	-	-
Net income (loss)	\$ (11,571,479)	\$ 619,729
Weighted average shares outstanding		
– basic	24,995,587,961	544,647,860
– diluted	24,995,587,961	48,457,238,640
Total Net income (loss) per share		
– basic	\$ (0.00)	\$ 0.00
– diluted	\$ (0.00)	\$ 0.00

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Capital Deficiency)
For the Years ended December 31, 2009 and 2008
(Unaudited)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Par Value			
Balances, December 31, 2007	29,847,733	\$ 2,985	\$ 5,365,556	\$ (15,418,451)	\$ (10,049,910)
Fair value of warrants issued to brokers	-	-	71,097	-	71,097
Compensation expense – stock option issuances	-	-	1,380,828	-	1,380,828
Compensation expense advisory board contract stock grants	150,000	16	28,320	-	28,336
Issuance of common stock for debt conversions	3,224,177,525	322,418	6,793,940	-	7,116,358
Net loss	-	-	-	619,729	619,729
Balances, December 31, 2008	3,254,175,258	\$ 325,419	\$ 13,639,741	\$ (14,798,722)	\$ (833,562)
Compensation expense – stock option issuances	-	-	978,085	-	978,085
Compensation expense advisory board contract stock grants	50,000	6	3	-	9
Compensation expense employee restricted stock grants	42,000,000,000	4,200,000	1,260,000	-	5,460,000
Issuance of common stock for debt conversions	33,525,926,957	3,352,593	1,072,184	-	4,424,777
Issuance of common stock for accrued interest	2,055,060,250	205,506	61,652	-	267,158
Net loss	-	-	-	(11,571,479)	(11,571,479)
Balances, December 31, 2009	80,835,212,465	\$ 8,083,524	\$ 17,011,665	\$ (26,370,201)	\$ (1,275,012)

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

For the Fiscal Year Ended December 31,
2009 **2008**

	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ (11,571,479)	\$ 619,729
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
Accretion of discounts on convertible debentures	576,156	1,160,169
Change in fair value of derivatives	-	(22,057,979)
Charges related to issuance of May 2008 Convertible Debentures & Warrants	-	753,649
Charges related to issuance of Oct. 2008 Convertible Debentures & Warrants	-	464,941
Charges related to the repricing of the Sept 07 & Nov 07 Debentures & Warrants	-	9,404,508
Excess embedded derivative value	2,073,660	4,418,255
Loss on debt conversions	478,743	416,959
Amortization of fair value of warrants issued with promissory notes	-	80,162
Stock issued for interest	249,411	119,406
Penalties on debentures	325,705	76,537
Stock compensation expense – advisory board stock grants	9	28,336
Stock compensation expense – stock grants	5,460,000	-
Stock compensation expense – stock options	978,085	1,380,826
Charges related to the impairment of oil and gas properties	502,530	1,504,112
Depreciation, amortization and depletion	466,406	665,557
(Increase) decrease in operating assets:		
Prepaid drilling and completion costs	18,821	389,985
Accounts receivable	89,455	(115,453)
Prepaid expenses	6,730	57,948
Increase (decrease) in operating liabilities:		
Accounts payable	40,243	23,068
Accrued expenses	159,411	90,418
Asset retirement obligation	8,784	-
Accrued interest	90,334	(1,942)
Net cash used in operating activities	(46,996)	(520,809)
Cash flows from investing activities:		
Investment in oil and gas properties	(35,087)	(1,298,523)
Loss on sale of assets	1,708	-
Purchase of property and equipment	-	(3,396)
Net cash used in investing activities	(33,379)	(1,301,919)
Cash flows from financing activities:		
Proceeds from issuance of promissory notes	-	600,000
Net proceeds from issuance of convertible debentures	-	1,275,000
Debt issuance costs	-	(79,735)
Repayments of promissory note	-	(125,000)
Net cash provided by financing activities	-	1,670,265
Net decrease in cash and cash equivalents	(80,375)	(152,463)
Cash and cash equivalents, beginning of period	\$ 82,524	\$ 234,987
Cash and cash equivalents, end of period	\$ 2,149	\$ 82,524
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 33,024	\$ 423,372
Non cash financing activities		
Issuance of 35,580,987,207 and 766,564,237 shares of common stock in conversion of convertible debentures and accrued interest	\$ 4,691,334	\$ 4,259,335
Fair value of warrants issued to private placement agents	\$ -	\$ 73,100
Conversion of promissory notes into debenture financings	\$ -	\$ 325,000

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

UNIVERSAL ENERGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

December 31, 2009

NOTE 1 – ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

Reporting Entity. Universal Energy Corp. and Subsidiaries (“Universal” or the “Company”) were incorporated in the State of Delaware on January 4, 2002, January 24, 2002 and February 26, 2007, respectively. The Company is authorized to issue 100,000,000,000 shares of common stock, par value \$0.0001. The Company’s office is located in Lake Mary, Florida. Universal Energy Corp. is an independent energy company engaged in the acquisition and development of crude oil and natural gas leases in the United States.

Principles of Consolidation. The Company’s consolidated financial statements for the periods ended December 31, 2009 and 2008, include the accounts of its wholly owned subsidiaries UT Holdings, Inc. and Universal Explorations Corp., both Delaware corporations. All intercompany balances and transactions have been eliminated.

NOTE 2 – BASIS OF PRESENTATION

The Company’s consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has experienced net losses since January 4, 2002 (date of inception), which losses have caused an accumulated deficit of approximately \$26,370,200 as of December 31, 2009. In addition, the Company has consumed cash in its continuing operating activities of approximately \$47,000 and \$520,800 for the years ended December 31, 2009 and 2008, respectively. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern.

Management has been able, thus far, to finance the losses, as well as the growth of the business, mostly through private placements of the Company’s common stock and debt offerings. The Company is continuing to seek other sources of financing and attempting to increase production of their prospects that have been drilled and completed. Conversely, the ongoing development of the Company’s petroleum and natural gas prospects in Louisiana and Texas will likely result in operating losses for the foreseeable future.

There are no assurances that the Company will be successful in achieving its goals. In view of these conditions, the Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing or capital sources, to meet its financing requirements, and ultimately to achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event the Company cannot continue as a going concern.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain prior periods’ balances have been reclassified to conform to the current year consolidated financial statement presentation. These reclassifications had no impact on previously reported consolidated results of operations, stockholders’ deficit, or cash flows.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

Concentration of Credit Risk. Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions.

Accounts Receivable. The Company has receivables for sales of oil, gas and natural gas liquids. Management has established an allowance for doubtful accounts. The allowance is evaluated by management and is based on management's periodic review of the collectability of the receivables in light of historical experience, the nature and volume of the receivables, and other subjective factors.

Full Cost Method. The Company utilizes the full-cost method of accounting for petroleum and natural gas properties. Under this method, the Company capitalizes all costs associated with acquisition, exploration and development of oil and natural gas reserves, including leasehold acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, interest and costs of drilling of productive and non-productive wells into the full cost pool. When the Company obtains proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves proved and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves. The costs of unproved properties are not amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such determination is made, the Company assesses quarterly whether impairment has occurred, and includes in the amortization base drilling exploratory dry holes associated with unproved properties.

All items classified as unproved property are assessed on a quarterly basis for possible impairment or reduction in value. Properties are assessed on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Debt Issue Costs. The Company recognizes debt issue costs, payments in cash or share-based payments, on the balance sheet as deferred charges, and amortizes the balance over the term of the related debt using the effective interest rate method.

Valuation of Derivative Instruments. The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities From Equity" and ASC 815, "Derivatives and Hedging." Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The effects of interactions between embedded derivatives are calculated and accounted for in arriving at the overall fair value of the financial instruments. In addition, the fair values of freestanding derivative instruments such as warrant and option derivatives are valued using the Black-Scholes model.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition. The Company derives revenue primarily from the sale of produced natural gas and crude oil. The Company reports revenue as the net amount received after taking into account royalties. Production taxes and transportation costs are reported as separate expenses. Each month we record revenue based on the actual sales of crude oil and natural gas. The estimates we make relate to the average price received throughout the month for those sales. As the production is relatively steady throughout the month, the estimates for the price received for those sales are relatively accurate as the daily prices for the oil and natural gas sold are readily available. Variances between our estimates and the actual amounts received are recorded in the month payment is received.

Stock Based Compensation. The Company records stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee's requisite service period. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. There were 12,500,000 options outstanding as of December 31, 2009.

Income Taxes. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in financial statements or tax returns. Deferred tax items are reflected at the enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Due to the uncertainty regarding the success of future operations, management has valued the deferred tax asset allowance at 100% of the related deferred tax assets.

Income (Loss) per Share. Earnings per share is calculated in accordance with the ASC 260-10, "Earnings Per Share." Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Fair Value Instruments. For certain financial instruments, including accounts receivable, accounts payable, accrued expenses, interest payable, advances payable and notes payable, the carrying amounts approximate fair value due to their relatively short maturities.

On January 1, 2008, the Company adopted ASC 820-10, "Fair Value Measurements and Disclosures." ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 — Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

**UNIVERSAL ENERGY CORP.
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Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents derivative liabilities, the Company's only financial assets measured and recorded at fair value on the Company's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy during the fiscal year ended December 31, 2009:

As of December 31, 2009:	Fair Value			Total
	Level 1	Level 2	Level 3	
Derivative liabilities	\$ -	\$ -	\$ -	\$ -

The following table reconciles, for the period ended December 31, 2009, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements:

Balance of Derivative Liabilities at December 31, 2008	\$ -
Balance of Derivative Liabilities at December 31, 2009	\$ -

Recently Issued Accounting Standards. In April 2009, the FASB issued new accounting guidance regarding business combinations. This guidance, found under ASC 805, Business Combinations, amends the guidance relating to the initial recognition and measurement, subsequent measurement and accounting and disclosures of assets and liabilities arising from contingencies in a business combination. This guidance is effective for fiscal years beginning after December 15, 2008. The Company adopted this guidance as of the beginning of fiscal 2009. The Company will apply the requirements of this guidance prospectively to any future acquisitions.

On July 1, 2009, the Company adopted Accounting Standards Update ("ASU") No. 2009-01, "Topic 105 - Generally Accepted Accounting Principles - amendments based on Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles" ("ASU No. 2009-01"). ASU No. 2009-01 re-defines authoritative GAAP for nongovernmental entities to be only comprised of the FASB Accounting Standards Codification™ ("Codification") and, for SEC registrants, guidance issued by the SEC. The Codification is a reorganization and compilation of all then-existing authoritative GAAP for nongovernmental entities, except for guidance issued by the SEC. The Codification is amended to effect non-SEC changes to authoritative GAAP. Adoption of ASU No. 2009-01 only changed the referencing convention of GAAP in Notes to the consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update 2009-05, Fair Value Measurements and Disclosures (ASC 820) Measuring Liabilities at Fair Value. This guidance clarifies that in circumstances in which a quoted price in an active market for an identical liability is not available, a reporting entity is required to measure fair value of such liability using one or more of the of the techniques prescribed by the update. This guidance is effective for the first reporting period beginning after issuance, which is the period ending December 31, 2009. The impact of the adoption of this guidance was not significant to the Company's consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In October 2009, the FASB issued an Accounting Standards Update ("ASU") regarding accounting for own-share lending arrangements in contemplation of convertible debt issuance or other financing. This ASU requires that at the date of issuance of the shares in a share-lending arrangement entered into in contemplation of a convertible debt offering or other financing, the shares issued shall be measured at fair value and be recognized as an issuance cost, with an offset to additional paid-in capital. Further, loaned shares are excluded from basic and diluted earnings per share unless default of the share-lending arrangement occurs, at which time the loaned shares would be included in the basic and diluted earnings-per-share calculation. This ASU is effective for fiscal years beginning on or after December 15, 2009, and interim periods within those fiscal years for arrangements outstanding as of the beginning of those fiscal years. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

On December 15, 2009, the FASB issued ASU No. 2010-06 Fair Value Measurements and Disclosures Topic 820 "Improving Disclosures about Fair Value Measurements". This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. The adoption of this ASU will not have a material impact on the Company's consolidated financial statements.

NOTE 4 – OIL AND GAS PROPERTIES

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are initially capitalized on a country-by-country (cost center) basis. Capitalized costs, less estimated salvage value, are depleted using the units-of-production method whereby historical costs and future development costs are amortized over the total estimated proved reserves. Costs of acquiring and evaluating unproven properties and major development projects are initially excluded from the depletion and depreciation calculation until it is determined whether or not proved reserves can be assigned to such properties. These costs are assessed periodically to ascertain whether impairment has occurred (i.e., "impairment tests"). All of the Company's oil and gas properties are located in the United States. The following table summarizes information regarding the Company's proved oil and gas acquisition, exploration and development activities:

	Acquisition	Exploration	Capitalized Interest	Depletion and Impairment Loss	Net Carrying Value December 31,	
					2009	2008
Louisiana	\$ 315,174	\$ 2,470,603	\$ 64,726	\$ (1,824,117)	\$ 1,026,386	\$ 1,758,652
Texas	185,850	262,327	108,347	(400,000)	156,524	156,169
Totals	<u>\$ 501,024</u>	<u>\$ 2,732,930</u>	<u>\$ 173,073</u>	<u>\$ (2,224,117)</u>	<u>\$ 1,182,910</u>	<u>\$ 1,914,821</u>

In the United States, depletion and depreciation expense for the year ended December 31, 2009 was \$264,468 (2008 - \$130,630). During the year ended December 31, 2009, the Company's proved properties in the United States exceeded their estimated realizable value which resulted in a \$502,530 non-cash impairment loss being recognized.

**UNIVERSAL ENERGY CORP.
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Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, CONTINUED

Natural gas and oil reserves- United States (unaudited).

The following table summarizes the changes in the Company's proved natural gas and oil reserves for the years ended December 31, 2008 and 2009. The Company had four producing wells at the beginning of fiscal 2008 that were not assigned proved reserves. The gas and oil reserve quantities owned by the Company were prepared by an independent petroleum engineering firm during June 2009 and updated by Company management at December 31, 2009.

	<u>Liquids (Bbls)¹</u>	<u>Gas (Mcf*)²</u>	<u>Total (Mcf)³</u>
Proved reserves, January 1, 2008	-	-	-
Extensions, discoveries and other additions	3,682	619,839	641,931
Revisions of previous estimates	-	-	-
Production	(682)	(64,019)	(68,111)
Proved reserves, December 31, 2008	<u>3,000</u>	<u>555,820</u>	<u>573,820</u>
Proved reserves, January 1, 2009	3,000	555,820	573,820
Extensions, discoveries and other additions	-	-	-
Revisions of previous estimates	-	-	-
Production	(645)	(80,777)	(84,647)
Proved reserves, December 31, 2009	<u>2,355</u>	<u>475,043</u>	<u>489,173</u>
Proved reserves:			
Beginning of year	3,000	555,820	573,820
End of year	2,355	475,043	489,173

(4) Bbls – Barrels

(5) Mcf – Thousands of cubic feet

(6) Mcfe – Thousands of cubic feet equivalent (1 Bbls = 6 Mcf = 6,000 Mcfe)

The Company follows the guidelines prescribed in ASC Topic 932 for computing a standardized measure of future net cash flows and changes therein relating to estimated proved reserves. Future cash inflows and future production and development costs are determined by applying prices and costs, including transportation, quality, and basis differentials, to the year-end estimated quantities of oil and gas to be produced in the future. Each property the Company operates is also charged with field-level overhead in the estimated reserve calculation. Estimated future income taxes are computed using the current statutory income tax rates, including consideration for estimated future statutory depletion. The resulting future net cash flows are reduced to present value amounts by applying a ten percent annual discount factor.

Future operating costs are determined based on estimates of expenditures to be incurred in developing and producing the proved oil and gas reserves in place at the end of the period using year-end costs and assuming continuation of existing economic conditions, plus Company overhead incurred by the central administrative office attributable to operating activities.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, CONTINUED

The assumptions used to compute the standardized measure are those prescribed by the FASB and the SEC. These assumptions do not necessarily reflect the Company's expectations of actual revenues to be derived from those reserves, nor their present value. The limitations inherent in the reserve quantity estimation process, as discussed previously, are equally applicable to the standardized measure computations since these reserve quantity estimates are the basis for the valuation process. The following prices as adjusted for transportation, quality, and basis differentials were used in the calculation of the standardized measure:

Under the standardized measure, future cash inflows were estimated by applying year-end prices, adjusted for known contractual changes, to the estimated future production of year-end proved reserves. Year-end market prices used for the standardized measures above were \$5.63 and \$4.44 per Mcf for gas and \$44.60 and \$79.39 per barrel for liquids in 2008 and 2009, respectively.

The following summary sets forth the Company's future net cash flows relating to proved oil and gas reserves based on the standardized measure prescribed in ASC Topic 932:

	For the Fiscal Year Ended	
	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Future cash inflows	\$ 2,015,682	\$ 3,262,860
Future production costs	(537,769)	(870,507)
Future net cash flows	<u>1,477,913</u>	<u>2,392,353</u>
10% annual discount for estimated timing of cash flows	(295,003)	(477,532)
Standardized measure of discounted future net cash flows	<u>\$ 1,182,910</u>	<u>\$ 1,914,821</u>

Asset Retirement Obligations. The Company recognizes an estimated liability for future costs associated with the abandonment of its oil and gas properties. A liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset are recorded at the time a well is completed or acquired. The increase in carrying value is included in proved oil and gas properties in the accompanying consolidated balance sheets. The Company depletes the amount added to proved oil and gas property costs and recognizes expense in connection with the accretion of the discounted liability over the remaining estimated economic lives of the respective oil and gas properties. Cash paid to settle asset retirement obligations is included in the operating section of the Company's accompanying consolidated statements of cash flows.

The Company's estimated asset retirement obligation liability is based on historical experience in abandoning wells, estimated economic lives, estimates as to the cost to abandon the wells in the future, and federal and state regulatory requirements. The liability is discounted using the credit-adjusted risk-free rate estimated at the time the liability is incurred or revised. The asset retirement obligations were estimated based on a discount rate of 10%, an inflation rate of 3.0% and settlement period of 3.25 years. Revisions to the liability could occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 4 – OIL AND GAS PROPERTIES, CONTINUED

A reconciliation of the Company’s asset retirement obligation liability is as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Balance, beginning of year	\$ 2,270	\$ -
Liabilities incurred	-	2,270
Accretion	8,784	-
Total asset retirement obligations	<u>\$ 11,054</u>	<u>\$ 2,270</u>

NOTE 5 – PROMISSORY NOTES, OCTOBER 2007

Promissory Note - \$200,000. On October 4, 2007, the Company issued an unsecured promissory note in the amount of \$200,000 to Billy Raley, the Company’s CEO and Director. Interest accrued on the outstanding principal balance from October 4, 2007 at a rate of 11 percent per annum. Interest was calculated on the basis of a 360-day year, and was charged on the principal outstanding from time to time for the actual number of days elapsed. The Company was required to pay the holder all accrued interest and the outstanding principal on the maturity date of April 4, 2008. The note was not paid on maturity and therefore was in default. On September 30, 2009, the Company issued 1,819,444,167 shares of common stock for the \$200,000 in remaining principal and \$18,333 in accrued interest under the note.

Promissory Note - \$150,000. On October 4, 2007, the Company issued an unsecured promissory note in the amount of \$150,000 to Dyron M. Watford, the Company’s CFO and Chairman. Interest accrued on the outstanding principal balance from and after October 4, 2007 at a rate of 11 percent per annum. Interest was calculated on the basis of a 360-day year, and was charged on the principal outstanding from time to time for the actual number of days elapsed. The Company was required to pay the holder all accrued interest and the outstanding principal on the maturity date of April 4, 2008. The note was not paid on maturity and therefore was in default. On September 30, 2009, the Company issued 1,364,583,333 shares of common stock for the \$150,000 in remaining principal and \$13,750 in accrued interest under the note.

NOTE 6 – PROMISSORY NOTES, MARCH 2008

Promissory Notes - \$600,000. On or about March 13, 2008, the Company issued promissory notes in the amount of \$600,000 to certain investors. Interest accrues on the outstanding principal balance of this note at the rate of 12% per annum. Interest is calculated on the basis of a 365-day year, and is charged on the principal outstanding for the actual number of days elapsed. The Company pays each holder all accrued interest on a calendar quarterly basis, commencing at the end of the first calendar quarter following the purchase of this note. The Company will begin making monthly cash principal payments on the first business day of each calendar month beginning on the first business day of the thirteenth full calendar month following purchase of the note. The amount of the monthly payment is based on a two-year amortization of the note. The holder has the right to convert the outstanding principal balance (in whole and not in part) into such number of securities by dividing the outstanding balance by \$0.50.

The conversion feature in effect during the time the loan is outstanding, allows the note holder to convert outstanding principal and interest into common stock. The conversion price is subject to the pricing of certain stock offerings. During June 2008, two of the note holders exchanged \$200,000 of principal balance of their note into the May 2008 Debenture financing. During November 2008, one of the note holders exchanged \$125,000 of principal balance of their note into the October 2008 Debenture financing.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 7 – CONVERTIBLE DEBENTURES – SEPTEMBER 2007

On or about September 13, 2007, the Company consummated a securities purchase agreement (the “September 2007 SPA”) in which the Company received aggregate proceeds of \$4,000,000 reflecting a 20% original issue discount to the purchasers. The Senior Debentures were due and payable on August 31, 2009. The amortization may be effected through cash payments, or at the Company’s option subject to certain conditions, through the issuance of shares of the Company’s common stock, based on a price per share equal to 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment.

Roswell Capital Partners, LLC, as Collateral Agent; Bridgepointe Master Fund Ltd. vs. Universal Energy Corp.

On September 1, 2009, the Company was served with a verified complaint captioned Roswell Capital Partners, LLC, as Collateral Agent; Bridgepointe Master Fund Ltd. vs. Universal Energy Corp.; Universal Explorations Corp.; UT Holdings, Inc.; Universal Energy Services Corp; and John Does 1-10 (the "Complaint"). The Complaint, which was filed in the United States District Court for the Southern District of New York, relates to the investment made by the plaintiffs (the "Secured Lenders") during 2007 in convertible debentures of the Company (the "Debentures"). The Debentures are secured by certain assets of the Company and its subsidiaries.

The lawsuit asserts breaches of the various documents executed by the Company and its subsidiaries in connection with the issuance of the Debentures. In addition to monetary damages, the lawsuit seeks a determination that the Secured Lenders hold a valid lien in certain assets of the Company, seeks an order of foreclosure relating to assets subject to valid lien and the appointment of a receiver.

On September 30, 2009, the Company issued 6,279,549,583 shares of common stock for the \$746,460 in remaining principal and \$51,882 in accrued interest under the debentures.

As described in Note 15 – Subsequent Events, the Company reached a settlement agreement with BridgePointe on January 14, 2010.

NOTE 8 – CONVERTIBLE DEBENTURES – NOVEMBER 2007

On or about November 29, 2007 the Company consummated a Securities Purchase Agreement (the “November SPA”) in which the Company received aggregate proceeds of \$1,350,000 reflecting a 20% original issue discount to the purchasers. The outstanding principal balances of the Junior Debentures were due and payable on October 31, 2009. The Junior Debentures bear interest at a rate of 8 percent per annum. The amortization may be effected through cash payments, or at the Company’s option subject to certain conditions, through the issuance of shares of the Company’s common stock, based on a price per share equal to 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment.

Until the maturity date of the Junior Debentures, the purchasers have the right to convert the Junior Debentures, in whole or in part, into shares of the Company’s common stock at a price \$0.80, which was subsequently adjusted downward to \$0.50 in March 2008 (upon issuance of certain promissory notes discussed in Note 5 – Promissory Notes) and further adjusted to the lesser of \$0.25 or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment in June 2008 (upon issuance of the May 2008 Debentures discussed in Note 9).

On September 30, 2009, the Company issued 7,302,168,833 shares of common stock for the \$876,339 in remaining principal and \$72,973 in accrued interest under the debentures.

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Notes to Consolidated Financial Statements (Unaudited)

NOTE 9 – CONVERTIBLE DEBENTURES – MAY 2008

On or about June 9, 2008 the Company consummated a Securities Purchase Agreement (the “May 2008 SPA”) in which the Company received the following proceeds reflecting a 20% original issue discount to the purchasers. Pursuant to the May 2008 SPA, the Company issued

- an aggregate of \$1,006,618 of Junior Debentures (the “May 2008 Debentures”) convertible into shares of the Company’s common stock at the lesser of \$0.25 per share or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment;
- An aggregate of \$250,000 of May 2008 Debentures convertible into shares of the Company’s common stock at the lesser of \$0.25 per share or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment (from conversion features which were in effect during the time certain promissory notes were outstanding, allows the note holder to convert outstanding principal and interest into future financings -see Note 5 – Promissory Notes).

The outstanding principal balances of the May 2008 Debentures are due and payable on April 30, 2010. The May 2008 Debentures bear interest at a rate of 8 percent per annum.

Until the maturity date of the debentures, the purchasers have the right to convert their Debentures, in whole or in part, into shares of the Company’s common stock at a price equal to the lesser of \$0.25 or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment. The conversion price may be adjusted downward under circumstances set forth in the May 2008 Debentures. If so adjusted, the aggregate number of shares issuable, upon conversion in full, will increase.

On September 30, 2009, the Company issued 8,863,844,834 shares of common stock for the \$1,090,763 in remaining principal and \$61,537 in accrued interest under the debentures.

NOTE 10 – CONVERTIBLE DEBENTURES – OCTOBER 2008

On or about November 19, 2008 the Company consummated a Securities Purchase Agreement (the “October 2008 SPA”) in which the Company received the following proceeds reflecting a 20% original issue discount to the purchasers. Pursuant to the October 2008 SPA, the Company issued:

- an aggregate of \$652,206 of Junior Debentures (the “October 2008 Debentures”) convertible into shares of the Company’s common stock at the lesser of \$0.25 per share or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment;
- An aggregate of \$156,250 of October 2008 Debentures convertible into shares of the Company’s common stock at the lesser of \$0.25 per share or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment (from conversion features which were in effect during the time certain promissory notes were outstanding, allows the note holder to convert outstanding principal and interest into future financings -see Note 5 – Promissory Notes in the Consolidated Financial Statements).

The outstanding principal balances of the October 2008 Debentures are due and payable on September 30, 2010. The October 2008 Debentures bear interest at a rate of 8 percent per annum.

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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 10 – CONVERTIBLE DEBENTURES – OCTOBER 2008, CONTINUED

Until the maturity date of the debentures, the purchasers have the right to convert their Debentures, in whole or in part, into shares of the Company's common stock at a price equal to the lesser of \$0.25 or 80% of the lowest three (3) closing bid prices of the common stock over the 20 trading days immediately preceding the date of such payment. The conversion price may be adjusted downward under circumstances set forth in the October 2008 Debentures. If so adjusted, the aggregate number of shares issuable, upon conversion in full, will increase.

On September 30, 2009, the Company issued 6,447,282,250 shares of common stock for the \$792,107 in remaining principal and \$46,040 in accrued interest under the debentures.

NOTE 11 – STOCKHOLDERS' DEFICIENCY

During 2009, the Company converted approximately \$4,691,934 in debt and accrued interest into 35,580,987,207 shares of our Common Stock. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2009, the Company issued a total of 50,000 shares to members of its advisory board. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2009, the Company issued 42,000,000,000 shares of common stock to management as part of new ten year employment agreements. The issued securities were priced at the closing market price of \$0.00013 and therefore a charge of \$5,400,000 has been included in the statement of operations for this issuance. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2008, the Company converted approximately \$5,195,800 in debt and accrued interest into 3,254,177,525 shares of our Common Stock. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

During 2008, the Company issued a total of 150,000 shares to members of its advisory board. The securities were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended.

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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 11 – STOCKHOLDERS’ DEFICIENCY, CONTINUED

Warrants. A summary of warrant activity for the year ended December 31, 2009 is presented below:

	Number of Shares	Aggregate Intrinsic Value
Outstanding, December 31, 2007	29,391,840	-
Issued	9,460,291	-
Exercised	-	-
Anti-dilution adjustments	116,825,732	-
Expired/canceled	(650,000)	-
Outstanding, December 31, 2008	155,027,863	-
Issued	-	-
Exercised	-	-
Anti-dilution adjustments	-	-
Expired/canceled	-	-
Outstanding, December 31, 2009	155,027,863	-

Warrants Outstanding			Warrants Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.25	154,477,864	2.83	\$ 0.25	154,477,864	\$ 0.25
\$ 0.50	550,000	1.19	\$ 0.50	550,000	\$ 0.50

The aggregate intrinsic value in the table above is based on the difference between the exercise price of the warrants and the quoted price of the Company’s common stock as of the reporting date.

NOTE 12 – STOCK OPTION PLAN

The 2006 Non-Statutory Stock Option Plan was adopted by the Board of Directors on September 13, 2006. Under this plan, a maximum of 37,500,000 shares of the Company’s common stock, par value \$0.0001, were authorized for issue. The vesting and terms of all of the options are determined by the Board of Directors and may vary by optionee; however, the term may be no longer than 10 years from the date of grant.

In September 2006, the Company awarded 12,500,000 stock options to certain employees, officers, and directors for services rendered. Under ASC 718, “Compensation – Stock Compensation,” these options were valued at fair value at the date of grant. The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 4.65%; no dividend yields; volatility factors of the expected market price of the Company’s common stock of 71%; an estimated forfeiture rate of 15%; and an expected life of the options of 3 years. This generated a price of \$0.39 per option based on a strike price of \$0.78 at the date of grant, which was September 15, 2006.

**UNIVERSAL ENERGY CORP.
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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 12 – STOCK OPTION PLAN, CONTINUED

As a result, approximately \$978,100 and \$1,380,800 and of compensation expense and additional paid-in capital was recorded during the years ended December 31, 2009 and 2008 relating to the vesting of 2,951,394 and 4,166,664 options awarded, respectively. As of December 31, 2009, no non-vested shares remained outstanding. At December 31, 2009 and 2008, a total of 0 and 9,548,606 vested shares remained outstanding with a weighted average price of \$0.78 and a weighted average years remaining of 3.25 years. At December 31, 2009 and 2008, the aggregate intrinsic value of the stock options issued and vested was \$0 and \$0, respectively, as the market value of the underlying stock was below the average exercise price of all options.

Options	Number of Shares	Option Price Per Share
Outstanding January 1, 2008	12,500,000	\$ 0.78
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding December 31, 2008	12,500,000	\$ 0.78
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding December 31, 2009	12,500,000	\$ 0.78

NOTE 13 – COMMITMENTS AND CONTINENGENCIES

The Company has various commitments to oil and gas exploration and production capital expenditures related to its' properties and projects in Texas and Louisiana, arising out of the normal course of business.

The Company is currently not involved in any material litigation matters arising from our oil and gas exploration and production activities and as such has accrued no liability with respect to litigation.

The Company is subject to various legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse effect on its financial position, results of operations or liquidity. Consequently, the Company has not recorded any reserve for legal matters.

NOTE 14 - INCOME TAXES

At December 31, 2009, the Company had federal and state net operating loss carry forwards available to offset future taxable income of approximately \$11,653,500. These carry forwards will begin to expire in the year ending December 31, 2024. These net operating losses are subject to various limitations on utilization based on ownership changes in the prior years under Internal Revenue Code Section 382. Such an ownership change would substantially increase the possibility of net operating losses expiring before complete utilization.

The reconciliation of the provision for income taxes attributable to continuing operations computed at the weighted average statutory tax rate of 37.63%:

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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 14 - INCOME TAXES, CONTINUED

	<u>2009</u>	<u>2008</u>
Deferred income tax assets:		
Net operating loss carryforwards	\$ 4,385,000	\$ 2,647,000
Stock based compensation	1,559,000	1,191,000
Impairment Loss	1,772,000	1,583,000
Valuation allowance	(7,716,000)	(5,421,000)
Net deferred income tax asset	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2009, based on the weight of available evidence, including cumulative losses in recent years and expectations of future taxable income, the Company determined that it was more likely than not that its deferred tax assets would not be realized and have a \$7,716,000 valuation allowance associated with its deferred tax assets. During the year ended December 31, 2009, the decrease in the deferred tax asset valuation allowance amounted to approximately \$2,295,000.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2004.

The following table summarizes the open tax years for each major jurisdiction:

<u>Jurisdiction</u>	<u>Open Tax Years</u>
Federal	2005 – 2007
States	2005 – 2007

For tax year 2009, the Company has not filed its state or federal tax returns; thus, the statute of limitations has not yet begun its term. As the Company has significant net operating loss carryforwards, even if certain of the Company's tax positions were disallowed, it is not foreseen that the Company would have to pay any taxes in the near future. Consequently, the Company does not calculate the impact of interest or penalties on amounts that might be disallowed.????how do I get these filed???I have received notices

NOTE 15 – SUBSEQUENT EVENTS

Roswell vs. Universal. On January 14, 2010, the Company reached a settlement agreement with Bridgepointe Master Fund Ltd. The key terms reached by the parties were to pay 55 percent of the principal balance plus interest. The agreement allows the Company to purchase its debentures with two equal cash payments. The first payment is due no later than May 1, 2010, and the second is due no later than June 1, 2010. Additionally, 10 percent of the previously outstanding principal and interest balance was paid in common stock.

The Company had commitments by certain investors to fund the payments required by the Bridgepointe settlement. However, the investors requested certain alterations to fund the agreement. Subsequently, the Company attempted to alter the certain provisions of the agreement with Bridgepointe. However, Bridgepointe was unwilling to further discuss with the Company the settlement agreement. Therefore, the Company was unable to pay the amount due under the January settlement on May 1 and the Company was in default.

**UNIVERSAL ENERGY CORP.
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Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 15 – SUBSEQUENT EVENTS, CONTINUED

Notice of March 2008 Default. On June 25, 2010, the Company received a notice of default from an investor in the March 2008 financing. The Company reached a settlement on July 19, 2010 with this investor.

EXHIBIT C

CERTIFICATION OF INCORPORATION

OF
Universal Tanning Ventures, Inc.

- FIRST: The name of the corporation is Universal Tanning Ventures, Inc.
- SECOND: The address of the registered office of the corporation in the State of Delaware is located at:
9 E. Lookerman St., Ste. 205, Dover, Delaware 19901
Located in the County of Kent
The name of the registered agent at that address is:
Business Filings International, Inc.
- THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.
- FORTH: The total number of shares of stock which the corporation is authorized to issue is 10,000,000 shares of common stock having a \$0.0001 per share.
- FIFTH: No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing clause shall not apply to any liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. This Article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the time this Article became effective.
- SIXTH: The name and address of the incorporator is Richard Oster, Business Filings Incorporated, 8025 Excelsior Dr., Suite 200, Madison, WI 53717.
- SEVENTH: The name and address of the initial director of the corporation is:
Glen Woods, 600 E. Altamonte Drive, Altamonte Springs, Florida 32701

I, the undersigned being the incorporator, for the purpose of forming a corporation under the laws of the State of Delaware do make, file, and record this Certificate of Incorporation and do certify that the facts herein are true.

/s/ Richard Oster
Richard Oster, Vice President
Business Filings Incorporated

Dated: January 4, 2002

**STATE OF DELAWARE
CERTIFICATE FOR RENEWAL
AND REVIVAL OF CHARTER
OF
UNIVERSAL TANNING VENTURES, INC.**

The corporation organized under the laws of Delaware, the charter of which was voided for non-payment of taxes, now desires to procure a restoration, renewal and revival of its charter, and hereby certifies as follows:

1. The name of this corporation is UNIVERSAL TANNING VENTURES, INC.
2. Its registered office in the State of Delaware is located at 108 West 13th Street, Wilmington, New Castle County, Delaware, 19801 and the name of its registered agent is Business Filings International, Inc.
3. The date of filing of the original Certificate of Incorporation in Delaware was January 4, 2002.
4. The date when restoration, renewal, and revival of the charter of this company is to commence is the 28th day of February, 2005, same being prior to the date of the expiration of the charter. This renewal and revival of the charter of this corporation is to be perpetual.
5. This corporation was duly organized and carried on the business authorized by its charter until the 1st day of March, 2005, at which time its charter became inoperative and void for non-payment of taxes and this certificate for renewal and revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN TESTIMONY WHEREOF, and in compliance with the provisions of Section 312 of the General Corporation Law of the State of Delaware, as amended, providing for the renewal, extension and restoration of charters the last and acting authorized officer hereunto set his/her hand to this certificate this _____ day of June, 2006.

By: _____

Name:

Title:

**CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
UNIVERSAL ENERGY CORP.**

Adopted in accordance with the provisions
of Section 242 of the General Corporation
Law of the State of Delaware

Universal Energy Corp. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, by its duly authorized officers, does hereby certify that:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware an amendment of the Corporation's Certificate of Incorporation to increase the authorized shares of the Corporation's Common Stock, par value \$0.0001 per share; (ii) declaring such amendment to be advisable and (iii) directing that such amendment be considered at the 2008 Annual Meeting of Stockholders.

SECOND: That upon the effectiveness of this Certificate of Amendment of the Certificate of Incorporation, the Certificate of Incorporation is hereby amended by replacing the current Article 4 with a new Article 4 that states as follows:

"The total number of shares of stock which the corporation is authorized to issue is 1,500,000,000 shares of Common Stock having a par value of \$0.0001 per share."

THIRD: That, in accordance with the provisions of the Delaware General Corporation Law, the holders of a majority of the outstanding Common Stock of the Corporation entitled to vote thereon affirmatively voted in favor of the amendment at the 2008 Annual Meeting of Stockholders held on September 2, 2008.

FOURTH: That the amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law by the Board of Directors and stockholders of the Corporation.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Certificate of Incorporation to be executed by Dyron M. Watford, its Chairman and Chief Financial Officer, and attested to by Billy R. Raley, its Chief Executive Officer and Director, this 2nd day of September, 2008.

UNIVERSAL ENERGY CORP.

By:
Name: Dyron M. Watford
Title: Chairman & Chief Financial Officer

ATTEST:

By:

Name: Billy R. Raley
Title: Chief Executive Officer & Director

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION**

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of Universal Energy Corp.

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "4" so that, as amended, said Article shall be and read as follows: "The total number of shares of stock which the corporation is authorized to issue is 6,500,000,000 shares of Common Stock having a par value of \$0.0001 per share."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 12th day of November, 2008.

By: Authorized Officer

Title: Chairman & CFO

Name: Dyron M. Watford

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION**

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of Universal Energy Corp.

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "4" so that, as amended, said Article shall be and read as follows: "The total number of shares of stock which the corporation is authorized to issue is 100,000,000,000 shares of Common Stock having a par value of \$0.0001 per share."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 24th day of September, 2009.

By: Authorized Officer

Title: Chairman & CFO

Name: Dyron M. Watford

EXHIBIT D

BY-LAWS
OF
UNIVERSAL ENERGY CORP.

ARTICLE I

OFFICES

1.1 Registered Office: The registered office shall be established and maintained at 600 E. Altamonte Drive and Business Filings, Inc. shall be the registered agent of the Corporation in charge thereof.

1.2 Other Offices: The corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the corporation may require, provided, however, that the corporation's books and records shall be maintained at such place within the continental United States as the Board of Directors shall from time to time designate.

ARTICLE II

STOCKHOLDERS

2.1 Place of Stockholders Meetings: All meetings of the stockholders of the corporation shall be held at such place or places, within or outside the State of Delaware as may be fixed by the Board of Directors from time to time or as shall be specified in the respective notices thereof. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication. Stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

2.2 Date and Hour of Annual Meetings of Stockholders: An annual meeting of stockholders shall be held each year within five months after the close of the fiscal year of the Corporation.

2.3 Purpose of Annual Meetings: At each annual meeting, the stockholders shall elect the members of the Board of Directors for the succeeding year. At any such annual meeting any further proper business may be transacted.

2.4 Special Meetings of Stockholders: Special meetings of the stockholders or of any class or series thereof entitled to vote may be called by the President or by the Chairman of the Board of Directors, or at the request in writing by stockholders of record owning at least fifty (50%) percent of the issued and outstanding voting shares of common stock of the corporation.

2.5 Notice of Meetings of Stockholders: Except as otherwise expressly required or permitted by law, not less than ten days nor more than sixty days before the date of every stockholders' meeting the Secretary shall give to each stockholder of record entitled to vote at such meeting, written notice, served personally by mail or by telegram, stating [the place, date and hour of the meeting the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Such notice, if mailed shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address for notices to such stockholder as it appears on the records of the corporation. Any notice to stockholders shall be effective if given by a form of electronic transmission consented to by the stockholder to whom notice is to be given.

2.6 Quorum of Stockholders:

(a) Unless otherwise provided by the Certificate of Incorporation or bylaw, at any meeting of the stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of the votes thereat shall constitute a quorum. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(b) At any meeting of the stockholders at which a quorum shall be present, a majority of voting stockholders, present in person or by proxy, may adjourn the meeting from time to time without notice other than announcement at the meeting. In the absence of a quorum, the officer presiding thereat shall have power to adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting, other than announcement at the meeting, shall not be required to be given except as provided in paragraph (d) below and except where expressly required by law.

(c) At any adjourned session at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting originally called but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof, unless a new record date is fixed by the Board of Directors.

(d) If an adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.7 Chairman and Secretary of Meeting: The President, shall preside at meetings of the stockholders. The Secretary shall act as secretary of the meeting or if he is not present, then the presiding officer may appoint a person to act as secretary of the meeting.

2.8 Voting by Stockholders: Except as may be otherwise provided by the Certificate of Incorporation or these by-laws, at every meeting of the stockholders each stockholder shall be entitled to one vote for each share of voting stock standing in his name on the books of the corporation on the record date for the meeting. Except as otherwise provided by these by-laws, all elections and questions shall be decided by the vote of a majority in interest of the stockholders present in person or represented by proxy and entitled to vote at the meeting.

2.9 Proxies: Any stockholder entitled to vote at any meeting of stockholders may vote either in person or by proxy. A proxy may be in writing, subscribed by the stockholder or his duly authorized attorney-in-fact, but need not be dated, sealed, witnessed or acknowledged. A stockholder may authorize another person to act for such stockholder as proxy by transmitting a telegram, cablegram or other means of electronic transmission to the proxyholder, provided that any such communication must either set forth or be submitted with information from which it can be determined that such communication was authorized by the stockholder.

2.10 Inspectors: The election of directors and any other vote by ballot at any meeting of the stockholders shall be supervised by at least two inspectors. Such inspectors may be appointed by the presiding officer before or at the meeting; or if one or both inspectors so appointed shall refuse to serve or shall not be present, such appointment shall be made by the officer presiding at the meeting.

2.11 List of Stockholders:

(a) At least ten days before every meeting of stockholders, the Secretary shall prepare and make a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder.

(b) During ordinary business hours, for a period of at least ten days prior to the meeting, such list shall be open to examination by any stockholder for any purpose germane to the meeting, either at the principal place of business of the corporation or on a reasonably accessible electronic network, and the information required to gain access to such list is provided with the notice of the meeting. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place where the meeting is to be held and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall be open to inspection of any stockholder during the meeting on a reasonably accessible electronic network and the information required to access such list shall be provided with the notice of the meeting.

(c) The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this Section 2.11 or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

2.12 Procedure at Stockholders' Meetings: Except as otherwise provided by these by-laws or any resolutions adopted by the stockholders or Board of Directors, the order of business and all other matters of procedure at every meeting of stockholders shall be determined by the presiding officer.

2.13 Action By Consent Without Meeting: Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. An electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder shall be deemed to be written, signed and dated for the purposes of this section provided that such electronic

transmission sets forth information from which the corporation can determine that the electronic transmission was transmitted by the stockholder or proxyholder and the date on which the stockholder or proxyholder transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed the date on which such consent was signed. No consent given by electronic transmission shall be deemed delivered until reproduced in paper and delivered to the corporation at its registered office in the state, its principal place of business or an officer having custody of the record book of stockholder meetings in the manner provided by the board of directors.

ARTICLE III

DIRECTORS

3.1 Powers of Directors: The property, business and affairs of the corporation shall be managed by its Board of Directors which may exercise all the powers of the corporation except such as are by the law of the State of Delaware or the Certificate of Incorporation or these by-laws required to be exercised or done by the stockholders.

3.2 Number, Method of Election, Terms of Office of Directors: The number of directors which shall constitute the Board of Directors shall be one (1) unless and until otherwise determined by a vote of a majority of the entire Board of Directors. Each Director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, provided, however, that a director may resign at any time. Directors need not be stockholders. All elections of directors shall be by written ballot, unless otherwise provided in the certificate of incorporation; if authorized by the board of directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxyholder.

3.3 Vacancies on Board of Directors; Removal:

(a) Any director may resign his office at any time by delivering his resignation in writing or by electronic transmission to the Chairman of the Board or to the President. It will take effect at the time specified therein or, if no time is specified, it will be effective at the time of its receipt by the corporation. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(b) Any vacancy in the authorized number of directors may be filled by majority vote of the stockholders and any director so chosen shall hold office until the next annual election of directors by the stockholders and until his successor is duly elected and qualified or until his earlier resignation or removal.

(c) Any director may be removed with or without cause at any time by the majority vote of the stockholders given at a special meeting of the stockholders called for that purpose.

3.4 Meetings of the Board of Directors:

(a) The Board of Directors may hold their meetings, both regular and special, either within or outside the State of Delaware.

(b) Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by resolution of the Board of Directors. No notice of such regular meetings shall be required. If the date designated for any regular meeting be a legal holiday, then the meeting shall be held on the next day which is not a legal holiday.

(c) The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of the stockholders for the election of officers and the transaction of such other business as may come before it, if such meeting is held at the place of the stockholders' meeting, no notice thereof shall be required.

(d) Special meetings of the Board of Directors shall be held whenever called by direction of the Chairman of the Board or the President or at the written request of any one director.

(e) The Secretary shall give notice to each director of any special meeting of the Board of Directors by mailing the same at least three days before the meeting or by telegraphing, telexing, or delivering the same not later than the date before the meeting.

Unless required by law, such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting. Any and all business may be transacted at any meeting of the Board of Directors. No notice of any adjourned meeting need be given. No notice to or waiver by any director shall be required with respect to any meeting at which the director is present.

3.5 Quorum and Action: Unless provided otherwise by law or by the Certificate of incorporation or these by-laws, a majority of the Directors shall constitute a quorum for the transaction of business; but if there shall be less than a quorum at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. The vote of a majority of the Directors present at any meeting at which a quorum is present shall be necessary to constitute the act of the Board of Directors.

3.6 Presiding Officer and Secretary of the Meeting: The President, or, in his absence a member of the Board of Directors selected by the members present, shall preside at meetings of the Board. The Secretary shall act as secretary of the meeting, but in his absence the presiding officer may appoint a secretary of the meeting.

3.7 Action by Consent Without Meeting: Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or electronic transmissions are filed with the minutes or proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.8 Action by Telephonic Conference: Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of such board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting.

3.9 Committees: The Board of Directors shall, by resolution or resolutions passed by a majority of Directors designate may designate one or more committees, each of such committees to consist of one or

more Directors of the Corporation, for such purposes as the Board shall determine. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

3.10 Compensation of Directors: Directors shall receive such reasonable compensation for their service on the Board of Directors or any committees thereof, whether in the form of salary or a fixed fee for attendance at meetings, or both, with expenses, if any, as the Board of Directors may from time to time determine, Nothing herein contained shall be construed to preclude any Director from serving in any other capacity and receiving compensation therefore.

ARTICLE IV

OFFICERS

4.1 Officers, Title, Elections, Terms:

(a) The elected officers of the corporation shall be a President, a Treasurer and a Secretary, and such other officers as the Board of Directors shall deem advisable. The officers shall be elected by the Board of Directors at its annual meeting following the annual meeting of the stockholders, to serve at the pleasure of the Board or otherwise as shall be specified by the Board at the time of such election and until their successors are elected and qualified.

(b) The Board of Directors may elect or appoint at any time, and from time to time, additional officers or agents with such duties as it may deem necessary or desirable. Such additional officers shall serve at the pleasure of the Board or otherwise as shall be specified by the Board at the time of such election or appointment. Two or more offices may be held by the same person.

(c) Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

(d) Any officer may resign his office at any time. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time be specified, at the time of its receipt by the corporation. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(e) The salaries of all officers of the corporation shall be fixed by the Board of Directors.

4.2 Removal of Elected Officers: Any elected officer may be removed at any time, either with or without cause, by resolution adopted at any regular or special meeting of the Board of Directors by a majority of the Directors then in office.

4.3 Duties:

(a) President: The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control all the business and affairs of the corporation. He shall, when present, preside at all meetings of the stockholders and of the Board of Directors. He shall see that all orders and resolutions of the Board of Directors are carried into effect (unless any such order or resolution shall provide otherwise), and in general shall perform all duties

incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

(b) Treasurer: The Treasurer shall (1) have charge and custody of and be responsible for all funds and securities of the Corporation; (2) receive and give receipts for moneys due and payable to the corporation from any source whatsoever; (3) deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by resolution of the Board of Directors; and (4) in general perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. He shall, if required by the Board of Directors, give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

(c) Secretary: The Secretary shall (1) keep the minutes of the meetings of the stockholders, the Board of Directors, and all committees, if any, of which a secretary shall not have been appointed, in one or more books provided for that purpose; (2) see that all notices are duly given in accordance with the provisions of these by-laws and as required by law; (3) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal, is duly authorized; (4) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder (5) have general charge of stock transfer books of the Corporation; and (6) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

ARTICLE V

CAPITAL STOCK

5.1 Stock Certificates:

(a) Every holder of stock in the corporation shall be entitled to have a certificate signed by, or in the name of, the corporation by the President and by the Treasurer or the Secretary, certifying the number of shares owned by him.

(b) If such certificate is countersigned by a transfer agent other than the corporation or its employee, or by a registrar other than the corporation or its employee, the signatures of the officers of the corporation may be facsimiles, and, if permitted by law, any other signature may be a facsimile.

(c) In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

(d) Certificates of stock shall be issued in such form not inconsistent with the Certificate of Incorporation as shall be approved by the Board of Directors, and shall be numbered and registered in the order in which they were issued.

(e) All certificates surrendered to the corporation shall be canceled with the date of cancellation, and shall be retained by the Secretary, together with the powers of attorney to transfer and the assignments of the

shares represented by such certificates, for such period of time as shall be prescribed from time to time by resolution of the Board of Directors.

5.2 Record Ownership: A record of the name and address of the holder of such certificate, the number of shares represented thereby and the date of issue thereof shall be made on the corporation's books. The corporation shall be entitled to treat the holder of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as required by law.

5.3 Transfer of Record Ownership: Transfers of stock shall be made on the books of the corporation only by direction of the person named in the certificate or his attorney, lawfully constituted in writing, and only upon the surrender of the certificate therefore and a written assignment of the shares evidenced thereby. Whenever any transfer of stock shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the corporation for transfer, both the transferor and the transferee request the corporation to do so.

5.4 Lost, Stolen or Destroyed Certificates: Certificates representing shares of the stock of the corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed in such manner and on such terms and conditions as the Board of Directors from time to time may authorize.

5.5 Transfer Agent; Registrar; Rules Respecting Certificates: The corporation may maintain one or more transfer offices or agencies where stock of the corporation shall be transferable. The corporation may also maintain one or more registry offices where such stock shall be registered. The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of stock certificates.

5.6 Fixing Record Date for Determination of Stockholders of Record: The Board of Directors may fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of the stockholders or any adjournment thereof, or the stockholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or to express consent to corporate action in writing without a meeting, or in order to make a determination of the stockholders for the purpose of any other lawful action. Such record date in any case shall be not more than sixty days nor less than ten days before the date of a meeting of the stockholders, nor more than sixty days prior to any other action requiring such determination of the stockholders. A determination of stockholders of record entitled to notice or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5.7 Dividends: Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefore at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the corporation available for dividends, such sum or sums as the Board of Directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the Board of Directors shall deem conducive to the interests of the corporation.

ARTICLE VI

SECURITIES HELD BY THE CORPORATION

6.1 Voting: Unless the Board of Directors shall otherwise order, the President, the Secretary or the Treasurer shall have full power and authority, on behalf of the corporation, to attend, act and vote at any meeting of the stockholders of any corporation in which the corporation may hold stock, and at such meeting to exercise any or all rights and powers incident to the ownership of such stock, and to execute on behalf of the corporation a proxy or proxies empowering another or others to act as aforesaid. The Board of Directors from time to time may confer like powers upon any other person or persons.

6.2 General Authorization to Transfer Securities Held by the Corporation:

(a) Any of the following officers, to wit: the President and the Treasurer shall be, and they hereby are, authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidence of indebtedness, or other securities now or hereafter standing in the name of or owned by the corporation, and to make, execute and deliver, under the seal of the corporation, any and all written instruments of assignment and transfer necessary or proper to effectuate the authority hereby conferred.

(b) Whenever there shall be annexed to any instrument of assignment and transfer executed pursuant to and in accordance with the foregoing paragraph (a), a certificate of the Secretary of the corporation in office at the date of such certificate setting forth the provisions of this Section 6.2 and stating that they are in full force and effect and setting forth the names of persons who are then officers of the corporation, then all persons to whom such instrument and annexed certificate shall thereafter come, shall be entitled, without further inquiry or investigation and regardless of the date of such certificate, to assume and to act in reliance upon the assumption that the shares of stock or other securities named in such instrument were theretofore duly and properly transferred, endorsed, sold, assigned, set over and delivered by the corporation, and that with respect to such securities the authority of these provisions of the by-laws and of such officers is still in full force and effect.

ARTICLE VII

MISCELLANEOUS

7.1 Signatories: All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

7.2 Seal: The seal of the corporation shall be in such form and shall have such content as the Board of Directors shall from time to time determine.

7.3 Notice and Waiver of Notice: Whenever any notice of the time, place or purpose of any meeting of the stockholders, directors or a committee is required to be given under the law of the State of Delaware, the Certificate of Incorporation or these by-laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice whether before or after the holding thereof, or actual attendance at the meeting in person or, in the case of

any stockholder, by his attorney-in-fact, shall be deemed equivalent to the giving of such notice to such persons.

7.4 Indemnity: The corporation shall indemnify its directors, officers and employees to the fullest extent allowed by law, provided, however, that it shall be within the discretion of the Board of Directors whether to advance any funds in advance of disposition of any action, suit or proceeding, and provided further that nothing in this section 7.4 shall be deemed to obviate the necessity of the Board of Directors to make any determination that indemnification of the director, officer or employee is proper under the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145 of the Delaware General Corporation Law.

7.5 Fiscal Year: Except as from time to time otherwise determined by the Board of Directors, the fiscal year of the corporation shall end on December 31.