

PetroQuest Resources, Inc.
Consolidated Balance Sheet (Unaudited)

	<u>Three Months Ended March 31, 2008</u>	<u>Year Ended December 31, 2007</u>
ASSETS		
Cash	27,825.59	22,649.19
Accounts Receivable	109,634.04	121,085.25
Other Current Assets		
Cash Bond (WV Dept of Env Prot)	50,184.30	50,000.00
Other Assets	66,414.39	12,924.67
Supply inventory	56,756.45	38,512.32
Deposits	-	-
Undeposited Funds	-	-
Total Other Current Assets	<u>173,355.14</u>	<u>101,436.99</u>
Total Current Assets	<u>310,814.77</u>	<u>245,171.43</u>
Properties		
Proven reserves	1,350,000.00	1,350,000.00
Unproven reserves	5,736,467.00	5,736,467.00
Journey wells	1,275,000.00	1,275,000.00
Vinton Co. Wells	4,152,335.00	4,152,335.00
Brine Disposal Well	1,470,588.00	1,470,588.00
W. Virginia pipeline	183,501.82	183,501.82
Ohio pipeline	3,629,784.10	3,629,784.10
Invest Texas Partnersp	1,010,004.00	1,010,004.00
Invest Vinton CTWR	242,665.00	242,665.00
Invest-TF	-	-
Invest-ABDS	-	-
Total Properties	<u>19,050,344.92</u>	<u>19,050,344.92</u>
Fixed Assets		
Vehicles/Heavy Equipment	864,699.49	864,699.49
Well equipment	545,241.54	520,193.30
Other equipment	1,757.79	1,757.79
Gross Fixed Assets	<u>1,411,698.82</u>	<u>1,386,650.58</u>
Accumulated Depreciation	<u>(493,977.52)</u>	<u>(458,487.52)</u>
Net Fixed Assets	<u>917,721.30</u>	<u>928,163.06</u>
TOTAL ASSETS	<u>20,278,880.99</u>	<u>20,223,679.41</u>

PetroQuest Resources, Inc.
Consolidated Balance Sheet (Unaudited)

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	115,927.72	81,203.12
Accrued Expenses	115,326.53	106,990.49
Current Portion Long Term Debt	71,286.38	82,590.95
Payable to Condor	139,624.00	138,519.20
Total Current Liabilities	442,164.63	409,303.76
Long Term Liabilities		
Loans & Notes		
Lee & Moniz	65,000.00	65,000.00
Gas Search-face value	500,005.00	500,005.00
Payments-Gas Search	(13,115.75)	(13,115.75)
Net-Gas Search	486,889.25	486,889.25
IDIC	917,048.00	917,048.00
Interest Payable - IDIC	310,915.56	287,989.34
GMAC Colorado	3,788.44	3,788.44
GMAC Silverado's	10,541.68	10,541.68
Toyota Tacoma Loan	17,902.21	17,902.21
John Deere	137,681.34	152,789.91
Key Equipment	156,781.17	156,781.17
Unified Investments	2,370,000.00	2,370,000.00
Total Loans & Notes	4,476,547.65	4,468,730.00
Total Long Term Liabilities	4,476,547.65	4,468,730.00
Total Liabilities	4,918,712.28	4,878,033.76
Equity		
Preferred Series B	13,593,335.00	13,593,335.00
Preferred Series C	-	-
Common Stock	38,685.00	38,524.00
Additional Paid-In Capital	18,114,314.00	18,014,475.00
Retained Earnings	(17,099,668.89)	(17,041,813.53)
Twin Fork - Minority Interest - Condor	78,392.54	78,392.54
Adv. Brine Disp. - Minority Interest - Unified	720,588.00	720,588.00
Current year net income (loss)	(85,477.24)	(57,855.36)
Total Equity	15,360,168.41	15,345,645.65
TOTAL LIABILITIES & EQUITY	20,278,880.99	20,223,679.41

*The publication of this unaudited balance sheet statement is not, and may not be considered, a solicitation for the purchase of any securities issued by PetroQuest Resources, Inc.

PetroQuest Resources, Inc. is presently being audited for calendar years 2005 and 2006. This balance sheet statement was internally prepared by PetroQuest Resources, Inc. employees. As with any internally prepared work product that is not verified by a third party professional, it is subject to errors and differing opinions as to the interpretation of the applicable rules governing the preparation of balance sheets.

The values set forth in this internally prepared balance sheet are based on the prices actually paid by PetroQuest Resources, Inc. for the assets listed herein. Please be further advised that the carrying "book" value of some of the assets may change after the completion of the 2005 and 2006 audits pursuant to technical requirements of Generally Accepted Accounting Principles and reporting requirements of any rule or regulation promulgated by the Securities and Exchange Commission with respect to disclosure requirements in connection with related party transactions.

PetroQuest Resources, Inc. strongly recommends that any party interested in making an investment in any security relating to PetroQuest Resources, Inc. should have its audited financial statements and this income statement reviewed by a financial professional of their choice prior to actually making an investment.

PetroQuest Resources, Inc.
Consolidated Income Statement(unaudited)

	Three Months Ended	
	March 31, 2008	March 31, 2007
INCOME		
Fees	10,477.81	16,926.74
Sales	5,789.47	22,436.34
Services	69,546.34	118,725.73
Production	53,122.16	41,759.07
Total Income	138,935.78	199,847.88
Cost of Goods Sold	97,353.27	94,306.08
Gross Profit	41,582.21	114,555.72
Expenses		
Auto expenses	-	-
Bank service charges	26.85	165.14
Depreciation/Depletion	46,155.30	46,025.30
Equipment repairs	-	-
Insurance	11,453.04	15,205.00
Interest expense	28,663.25	31,870.02
Royalties	15,164.15	17,492.50
Licenses and permits	385.26	100.00
Postage & delivery	204.78	634.73
Printing	-	659.22
Professional fees	3,269.29	21,540.24
Rent	6,720.75	6,720.75
Telephone	1,232.14	2,566.15
Travel & entertainment	2,196.07	1,606.50
Utilities	971.36	306.21
Office supplies	537.72	1,275.37
Corporate fees	720.00	256.24
Taxes	1,499.42	5,611.81
Other Expenses	1,796.37	319.59
Total Expenses	120,995.75	161,368.69
Net Ordinary Income (Loss)	(79,413.54)	(46,812.97)
Other Income (Expense)		
Interest Income	184.30	654.07
Interest Expense	-	-
Other Income	-	4,341.62
Other Expense	-	-
Royalty Income	-	-
Royalty Expense	(6,248.00)	-
Total Other Income	(6,063.70)	4,995.69
Net Income Before Minority Interests	(85,477.24)	(41,817.28)

PetroQuest Resources, Inc.
Consolidated Income Statement(unaudited)

	Three Months Ended	
	March 31, 2008	March 31, 2007
Minority Interests		
Minority Interest Twin Fork	-	-
Minority Interest Advanced Brine Disposal	-	-
Total Minority Interests	-	-
Net Income Before Income Taxes	(85,477.24)	(41,817.28)
Income Taxes	-	-
Net Income	(85,477.24)	(41,817.28)

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PetroQuest Resources, Inc.
Consolidated Statement of Stockholders' Equity (unaudited)
March 31, 2008

	Date	Stock FMV	Preferred stock				Common stock		Additional paid-in capital	Minority Interest	Accum Deficit	Equity		
			Series A Shares	Series A Amount	Series B Shares	Series B Amount	Series C Shares	Series C Amount					Shares	Amount
Balances as of December 31, 2007			-	-	256,243	14,093,340	2,000,000	-	38,523,772	38,522	18,014,475	798,981	(17,099,668)	15,845,650
<u>Stock issued for investment</u>														
Stock issued for invest-Condor Gty.	01/02/08						500,000							
<u>Stock issued for cash</u>														
Stock issued for cash - Condor Gty.	03/20/08							161,290	161	99,839				100,000
								161,290	161	99,839				100,000
Net Income/(Loss)													(85,477)	(85,477)
Balances as of March 31, 2008			-	-	256,243	14,093,340	2,500,000	-	38,685,062	38,683	18,114,314	798,981	(17,185,145)	15,860,173

(1) Note: Stock value issued to Gas Search is shown as a debt on the balance sheet rather than part of equity.

(2) Note: PetroQuest Resources Preferred Series C has an agreed upon value of \$50 per share, making the aggregate value \$125,000,000.

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PetroQuest Resources, Inc.
Consolidated Statement of Cash Flows(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	Three Months Ended	
	March 31, 2008	March 31, 2007
Net income	(85,477)	(41,817)
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation expense	46,155	46,025
Changes in operating assets and liabilities:		
Accounts receivable	11,451	110,877
Inventory	(18,244)	(18,083)
Prepaid expenses and other current assets	(53,674)	-
Accounts payable	35,829	28,080
Accrued expenses	8,337	(78,270)
CASH USED FOR OPERATING ACTIVITIES	(55,623)	46,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of property and equipment	(35,714)	(344,529)
CASH USED FOR INVESTING ACTIVITIES	(35,714)	(344,529)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of stock	100,000	-
Interest expense	22,926	22,926
Borrowings on debt	-	163,510
Principal payments on long term debt	(26,413)	-
CASH PROVIDED BY FINANCING ACTIVITIES	96,513	186,436
NON-CASH INVESTING & FINANCING ACTIVITIES		
Stock reverse split	-	-
Stock issued for properties	-	-
Stock issued for debt	-	-
Stock issued for services / property	-	-
TOTAL NON-CASH INVESTING & FINANCING ACTIVITIES	-	-
NET INCREASE(DECREASE) IN CASH	5,176	(111,281)
CASH AT BEGINNING OF YEAR	22,649	203,379
CASH AT YEAR END	27,825	92,098

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