

PetroQuest Resources, Inc.
Consolidated Balance Sheet(unaudited)
December 31, 2005

ASSETS	
Cash	64,874.81
Accounts Receivable	107,475.16
Other Current Assets	
Cash Bond (WV Dept of Env Prot)	50,000.00
Other Assets	9,131.00
Supply inventory	21,599.99
Deposits	3,979.76
Undeposited Funds	<u>258.04</u>
Total Other Current Assets	84,968.79
Total Current Assets	<u>257,318.76</u>
Properties	
Proven reserves	1,350,000.00
Unproven reserves	7,381,776.82
Journey wells	<u>1,275,000.00</u>
Total Properties	10,006,776.82
Fixed Assets	
Vehicles	363,373.48
Well equipment	225,174.91
Other equipment	<u>1,067.48</u>
Gross Fixed Assets	589,615.87
Accumulated Depreciation	<u>(186,802.93)</u>
Net Fixed Assets	402,812.94
TOTAL ASSETS	<u>10,666,908.52</u>

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LIABILITIES & EQUITY**Liabilities**

Current Liabilities

Accounts Payable	10,735.67
Accrued Expenses	13,709.75
Current Portion Long Term Debt	41,726.81
Payable to Condor	14,737.28
Total Current Liabilities	80,909.51

Long Term Liabilities

Loans & Notes

Lee & Moniz	65,000.00
Gas Search-face value	500,005.00
Payments-Gas Search	(8,887.05)
Net-Gas Search	491,117.95
IDIC	917,048.00
Interest Payable - IDIC	104,579.80
GMAC Colorado	12,263.10
John Deer	137,303.89
Unified Investments	475,000.00
Total Loans & Notes	2,202,312.74

Total Long Term Liabilities 2,202,312.74

Total Liabilities **2,283,222.25**

Equity

Preferred Series B	7,325,670.00
Preferred Series C	-
Common Stock	36,955.79
Additional Paid-In Capital	16,831,040.21
Retained Earnings	(16,580,232.00)
Twin Fork - Minority Interest - Condor	78,392.54
Adv. Brine Disp. - Minority Interest - Unif	720,588.00
Current year net income (loss)	(28,728.27)
Total Equity	8,383,686.27

TOTAL LIABILITIES & EQUITY **10,666,908.52**

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*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)
December 31, 2005

Minority Interests	
Minority Interest (TF)	-
Minority Interest (ABDS)	-
Total Minority Interests	<u>-</u>
Net Income Before Income Taxes	<u>(28,728.27)</u>
Income Taxes	-
Net Income	<u>(28,728.27)</u>

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PetroQuest Resources, Inc.
Consolidated Statement of Stockholders' Equity (unaudited)
December 31, 2005

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, 2004													
		1,750,000	3,015,000	104,102	5,725,610	2,500,000	-	9,046,183	9,046	13,317,128	-	(16,580,232)	5,486,552
<u>Stock conversions</u>													
Series A Converted to Common Stock	03/11/05	(1,750,000)	(3,015,000)					8,750,000	8,750	3,006,250			-
Reverse 5:1 common split	08/31/05							(14,236,669)	(14,237)	14,237			-
		(1,750,000)	(3,015,000)	-	-	-	-	(5,486,669)	(5,487)	3,020,487	-	-	-
<u>Common stock issued for services</u>													
Scott Cherup	12/16/05							50,000	50	2,475			2,525
Jefferson Fund, Inc	12/16/05							500,000	500	24,725			25,225
Ed Hermosillo - services	12/05/05							180,000	180	720			900
		-	-	-	-	-	-	730,000	730	27,920	-	-	28,650
<u>Common stock issued for debt</u>													
GasSearch	01/06/05			9,091	500,005								500,005
IDIC / Gourmond Trust	12/08/05							30,000,000	30,000	270,000			300,000
		-	-	9,091	500,005	-	-	30,000,000	30,000	270,000	-	-	800,005
<u>Common stock issued for O&G property</u>													
Unified (Journey wells/Waverly)	12/20/05			18,182	1,000,010								1,000,010
Twin Fork	12/20/05							665,790	666	122,505			123,171
Advance Brine	12/20/05			10,000	550,000								550,000
		-	-	28,182	1,550,010	-	-	665,790	666	122,505	-	-	1,673,181
<u>Stock issued for cash</u>													
Stock issued for cash - Condor	12/05/05			910	50,050			2,000,000	2,000	73,000			125,050
Minority Capital interest - Twin Fork											78,393		78,393
Minority Capital interest - Advanced Brine											720,588		720,588
Net Income/(Loss)												(28,728)	(28,728)
Balances as of December 31, 2005													
		-	-	142,285	7,825,675	2,500,000	-	36,955,304	36,955	16,831,040	798,981	(16,608,960)	8,883,691

(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)
December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	(28,728)
Adjustments to reconcile net income to net cash used for operating activities:	
Depreciation expense	60,299
Changes in operating assets and liabilities:	
Accounts receivable	(107,475)
Inventory	(21,600)
Prepaid expenses and other current assets	(53,980)
Accounts payable	(54,264)
Accrued expenses	43,012
	<u> </u>
CASH USED FOR OPERATING ACTIVITIES	(162,736)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for purchase of property and equipment	<u>(3,288,492)</u>
CASH USED FOR INVESTING ACTIVITIES	(3,288,492)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from sale of stock	125,050
Interest expense	104,580
Borrowings on debt	-
Principal payments on long term debt	<u>392,841</u>
CASH PROVIDED BY FINANCING ACTIVITIES	622,471

NON-CASH INVESTING & FINANCING ACTIVITIES

Stock reverse split	-
Stock issued for poperties	798,981
Stock issued for debt	300,000
Stock issued for services / property	<u>1,701,832</u>

TOTAL NON-CASH INVESTING & FINANCING ACTIVITIES **2,800,813**

NET DECREASE IN CASH **(27,944)**

CASH AT BEGINNING OF YEAR **93,077**

CASH AT YEAR END **65,133**

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