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Victoria Oil & Gas PLC (AIM:VOG)
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Victoria Oil & Gas Plc
("VOG" or "the Company")
Gas Plant Purchase from Expro, Cameroon

Victoria Oil & Gas Plc today announces that its 100% owned subsidiary, Gaz du Cameroun S.A. ("GDC"), has made payment in full for the purchase of the Logbaba gas processing plant ("the Plant") from Expro Worldwide BV ("Expro"). The Plant currently processes gas extracted from the GDC wells, producing condensate which is sold to a local refinery and clean natural gas which is distributed to customers through the 33km pipeline network in Douala, Cameroon.

The Plant has been purchased from Expro for US\$2.578m, using cash generated from GDC operations, and the Board believes that this purchase will deliver significant cost savings. GDC is evaluating proposals for a long term contract for the operation and maintenance of the Plant with specialist service companies, including Expro.

Kevin Foo, Executive Chairman of GDC, said: "The purchase of the Logbaba plant is a key milestone for GDC, bringing with it significant cost savings which will enable us to continue to grow the business and increase shareholder value. We are now evaluating options for the Plant expansion and look forward to providing an update in due course."

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Notes to Editors

About Victoria Oil & Gas Plc

Victoria Oil & Gas (VOG.L) is a gas utility company with operations in the industrial port city of Douala in Cameroon, which is the business hub to Central Africa.

The Company's subsidiary, Gaz du Cameroun S.A. ("GDC"), supplies cost effective, clean and reliable gas to industries in the Douala region from its onshore Logbaba Gas Project. Industrial customers are primarily supplied with gas through a 32.9km pipeline network built by GDC in Douala.

Through thermal gas supply and provision of energy to the Douala grid, under the ENEO terms of agreement, GDC is helping to ensure that the Cameroon economy is underpinned with stable power. By developing a full integrated gas supply network, connected to wells located within the city itself, GDC has established a new range of energy product types within Douala that are cost effective, reliable, safe and cleaner than liquid fuel alternatives.

The Company generates cash flow from the Logbaba Project which is 60% owned and managed by GDC, with RSM Production Corporation, an affiliate of Grynberg Petroleum Company of Denver, Colorado holding a 40% participating interest.

VOG also holds 100% of the West Medvezhye oil and gas exploration project near Nadym, Russia. The field has C1 plus C2 reserves of 14.4mmbbl (under the Russian resource classification system, analogous to proven and probable reserves under Western conventions) in addition to best estimate prospective resources of 1.4bbl.

Cameroon Energy Market

Cameroon is a stable African country that is host to a developing economy serving most of Central Africa with goods and services. A power deficit remains a major hindrance to Cameroon's economic expansion. The power grid is reliant on hydroelectric dams to supply 75% of power and the shortfall is made up from heavy fuel oil and gas. Hydroelectric dams are highly seasonal, with stream rates significantly varying from 6,000m³ per second in the wet season to 50m³ per second in the dry season. As with many hydro electrical systems transmission loss is also a constant issue when balancing power loads across distances to different consuming regions. The port-city of Douala is the major industrial zone within Cameroon and it requires high levels of consistently delivered grid power all year round. Currently Cameroon's energy demand is growing at 7% annually and gas is seen as a key element to Cameroon's national energy strategy.