Victoria Oil & Gas Plc
(“VOG”, “Group” or the “Company”)

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Victoria Oil & Gas Plc, the integrated natural gas producing utility, today announces its unaudited interim results for the six months ended 30 June 2017.

Operational Highlights

- Average daily Logbaba field gross production rate increased by 11.4% to 14.6mmscf/d (six months to 30 June 2016: 13.1mmscf/d).
- 2,345mmscf of gross gas sold from Logbaba (six months to 30 June 2016: 2,282mmscf).
- Completion of flow lines to the new wells.

Drilling Highlights

- Completion of well La-107, drilled to 3,180m Measured Depth (“MD”), has been completed for production. Preliminary analysis indicated 35m of net gas sand in the Upper Logbaba Formation, plus 23m of net gas sand in the Lower Logbaba Formation. Flow test results were very positive with 54mmscf/d flowrate through 70/64ths inch choke and 146mmscf/d Absolute Open Flow (“AOF”) potential. First gas flowed to the processing plant for sale on 22 September 2017.
- Rig skidded to La-108 to resume drilling operations. Sidetrack drilling has recommenced, where approximately 100m of net gas-bearing sands were encountered. At 26 September 2017, the rig is drilling ahead at 2,085m Measured Depth (“MD”).

Financial Highlights

- $15.4 million Revenue (six months to 30 June 2016: $23.6 million).
- $4.4 million EBITDA (six months to 30 June 2016: $14.2 million).
- $25.2 million Net Debt position (at 31 December 2016 Net Cash: $1.8 million).
- 5% Cameroonian State participation in Logbaba; 3% relinquished by Gaz du Cameroun S.A. (“GDC”).

Corporate Highlights

- Farm-out agreement with EurOil Limited (“EurOil”), a Bowleven Plc subsidiary, under which a VOG subsidiary will acquire on completion an 80% working interest in the 2,237km^2 Bomono licence, adjacent to GDC’s Logbaba field. This transaction remains subject to Government approval.
- Seismic interpretation on Matanda field (75% participating interest, subject to Government approval) shows considerable gas in place potential and several drilling targets.

Ahmet Dik, Chief Executive Officer of VOG, commented:
“The year has been very productive for the Company, with the delivery of very positive drilling results and the completion of well La-107, where we have encountered a combined 58m of net gas sands. Production flow testing has confirmed the commercial viability of the gas-bearing reservoir sands detected in the Upper and Lower Logbaba formations, and initial flows through the processing facility yielded positive results.

“The developments at Logbaba are very encouraging as we take the first steps towards our longer-term ambition of producing 100mmscf/d. The Douala region alone continues to show a long-term demand for 150mmscf/d of natural gas, and we believe VOG is uniquely placed to take advantage of that market as the dominant onshore gas producer in country.”

Sam Metcalfe, the Company's Subsurface Manager has reviewed and approved the technical information contained in this announcement.

This announcement contains inside information.

For further information, please visit **www.victoriaoilandgas.com** or contact:

Victoria Oil & Gas Plc
Kevin Foo/Ahmet Dik/Laurence Read
Tel: +44 (0) 20 7921 8820

Strand Hanson Limited (Nominated and Financial Adviser)
Rory Murphy/Angela Hallett/Stuart Faulkner
Tel: +44 (0) 20 7409 3494

Shore Capital Stockbrokers Limited (Joint Broker)
Mark Percy/Toby Gibbs (corporate finance)
Tel: +44 (0) 20 7408 4090
Jerry Keen (corporate broking)

FirstEnergy Capital LLP (Joint Broker)
Jonathan Wright/David van Erp
Tel: +44 (0) 20 7448 0200

Camarco (Financial PR)
Billy Clegg
Tel: +44 (0) 20 3757 4983

Nick Hennis
Tel: +44 (0) 20 3781 8330

Victoria Oil & Gas Plc

Unaudited Interim Condensed Consolidated Financial Statements
For the Six Months to 30 June 2017

Chairman's Letter

Dear Shareholder,

On behalf of the Board, I am pleased to report our unaudited interim results for the six months to 30 June 2017 ("H1 17") and to update you on the Company's progress.

Victoria Oil & Gas Plc ("VOG", the "Company" or the "Group") currently generates revenue through its 57% participating interest in the Logbaba Project in Douala, Cameroon, which is held by its 100% owned subsidiary Gaz du Cameroun S.A. ("GDC"). Having built a gas distribution network in and around the city of Douala of over 50km, the business has the characteristics of an energy utility, however we also need to drill gas wells to add reserves and enable production build out, which are the characteristics of a typical E&P company. Developing a small, traditionally "stranded" gas deposit, installing a gas distribution network and delivering consistent gas to over 30 sites, and securing long-term contracts at free market prices for this gas is a unique and significant achievement, and one of which all VOG shareholders should be proud.

Strategy and Direction

The challenge we now face is building our business into one which is four to five times our current size. I believe that this growth is achievable within five years, but it will require greater gas reserves and there is a growing demand for that gas. GDC is very well positioned, as the only onshore gas supplier in Cameroon, to meet this demand, which we believe is greater than the 150mmscf/d demand for natural gas in the Douala region alone. Whilst our average daily production during the period was 14.6mmscf/d, we are aiming to capture 100mmscf/d of this market by 2021. This production cannot be met by the Logbaba Field alone, so we have long planned to access the gas resources on both the Matanda and Bomono Blocks, which were explored, appraised and developed by their previous owners.

I believe the transformational events for the Company that framed 2016 and H1 17 were the assignments of majority interests in the Matanda and Bomono licences. Whilst both assignments are pending regulatory approval, we believe that these additions present VOG with the opportunity to build gas reserves in lower pressure formations than at Logbaba, resulting in more cost-effective drilling and production programmes. Importantly, these additions are a significant step forward in terms of achieving our strategy of capturing 100mmscf/d of the Douala gas market. These assignments, which cost the Company very little up front, will, we believe, be seen in the future as "game changers" that allowed VOG to expand its business and maintain its position as a leading energy provider in Cameroon. With majority stakes in three contiguous blocks, Logbaba, Matanda and Bomono, and control of over 3,500km^2 of prime gas exploration and development territory, covering most of the onshore Douala Basin, we will be in a very strong position to achieve our strategy.

We estimate that over $350 million has been spent on Matanda and Bomono since 2010, three wells have been drilled (all of which tested gas), and 650 line-km of 2D seismic and 203km^2 of 3D seismic has been acquired, therefore de-risking the projects substantially and to VOG's advantage. Our subsurface technical team is in the process of assessing all the data across the three blocks and I am very excited with the potential of the onshore prospects, which have never been assessed as a "whole" before. Work is currently underway to identify drillable targets in the Matanda and Bomono Blocks by the end of 2017, with a view to drilling wells in 2018-2019.

Among the leads that have been identified internally is one with un-risked prospective resources of approximately 1tcf of gas in the onshore Matanda Cretaceous Logbaba Formation in a large structure near the Missellele-1 well. This structure is only some 8.7km from the current western leg of our pipeline on the Bonaberi side. There is still more work to do in identifying and evaluating further prospects on the blocks and I am very confident that as the sub-surface team continues its work, more prospects of this quality and size will be identified.

Logbaba Drilling Programme

At 26 September 2017, well La-107 has been successfully drilled and completed to its planned measured depth of 3,180m (3,166m total vertical depth ("TVD")) where the base of the Logbaba Formation was encountered. Preliminary analysis of the La-107 logs indicated that we have encountered 35m of net gas sand in the Upper Logbaba Formation, as previously announced, plus 23m of net gas sand in the Lower Logbaba Formation. The production tree was installed on La-107 and perforating and flow testing has been completed. Testing of the well was completed with a maximum flowrate of 54mmscf/d through a 70/64ths inch choke and 146mmscf/d Absolute Open Flow potential.

The flow lines tying in the new wells to the production facility have been installed and commissioned. First gas successfully flowed through the processing facility on 22 September 2017.

The rig has been released from La-107 and skidded to La-108 where sidetrack drilling operations have resumed. Approximately 100m of net gas-bearing sands were encountered between the top of the Logbaba Formation at 1,670m TVD and at 2,702m TVD at La-108. At 26 September 2017, the rig is drilling ahead at 2,085m Measured Depth ("MD").

GDC's plan is to progressively develop additional gas supplies from Logbaba from wells La-105, La-107 and La-108 over the next six months. Following the flow tests from La-107, this well can be placed into production to supplement gas from La-105. The Board believes that the additional reserves expected from La-107 and La-108 will also allow GDC to conclude longer-term contracts with Douala based high-volume customers.

The total cost of drilling wells La-107 and La-108 is expected to be $70 million gross ($40 million cost to VOG).

Logbaba Operations Update

The sales figures from the Logbaba Project in Cameroon are as follows:

	6 months ended 30 June 2017	6 months ended 30 June 2016
Gas sales – Thermal Power (mmscf)	**689**	529
Gas sales – Grid Power (mmscf)	**1,656**	1,753
Gas sales – Total (mmscf)	**2,345**	2,282
Attributable gas sales – Total (mmscf)	**1,400**	2,127
Average daily gas production (mmscf/d)	**14.6**	13.1
Condensate sold (bbls)	**17,963**	26,047
Attributable condensate sold (bbls)	**10,727**	24,417

The table refers to gross Logbaba Project sales, unless specified as attributable to VOG. On a gross basis, gas sales from the Logbaba Project have continued to grow due to new thermal customers. The sales team has been active during the period in signing up the next phase of thermal customers connections along existing pipeline and working with bigger power providers on larger off-take agreements which we will be able to engage with once the drilling and expansion works have completed.

Gas was produced and delivered to our customers in Douala on an uninterrupted basis during the reporting period without any significant safety incidents, underlining our commitment to operate in a safe and environmentally friendly manner.

Chairman's Letter continued

During the period, the Group extended the gas supply agreement with ENEO Cameroon S.A. ("ENEO"), the Cameroon energy joint venture between UK Group Actis and the Cameroon Government, until 31 December 2017. The extension will enable ENEO and GDC to optimise all technical and financial elements of a long-term gas supply arrangement. The take-or-pay components will remain in place and, until year end, an interim gas price of US$7.50/mmbtu has been agreed. Negotiations to extend the gas supply agreement beyond 2017 are ongoing. ENEO could potentially increase their power supply of 50MW to beyond 100MW. With the positive drilling results, and the pipeline network in place, GDC is well positioned to supply gas to support this expansion.

GDC commenced two projects to upgrade its gas production facility in Douala with the objective of modernising its automation systems and increasing the amount of gas recoverable from its existing reservoirs.

The automation project, comprised the installation of hardware and software to upgrade the control system of the gas production facility to the latest Siemens automation system. One of the key benefits of this new system is the ability to expand and incorporate new facilities easily as the number of production wells and facilities of GDC expands.

The second project comprised installation of a heat exchanger and a compressor package. The equipment was installed in two stages; in the first stage, the heat exchanger has been successfully installed and commissioned. The second stage, the installation of the compressor package has been installed and is currently being commissioned. These plant improvements enable greater flexibility in gas feed conditions, such as temperature and pressure, and will allow operations to optimise production from La-105, La-107 and La-108 when it comes online.

Since 1 June 2016, Logbaba Project revenues, which up to that date fully accrued to GDC, have been split in accordance with the participating interests with RSM Production Corporation of Denver, USA (GDC 60%). The Logbaba Project has entered into a Participation Agreement, enabling SNH to take up their maximum 5% participating interest in the Logbaba Project. As a result, with effect from 12 June 2017, the Group's participating interest has reduced from 60% to 57% to accommodate SNH's interest.

Financial Results

The impact of the adjustments in the Logbaba participating interest has resulted in the Company's share of revenue for H1 17 of $15.4 million being $8.2 million lower than the corresponding period in the prior year. This reduction, despite an increase in gross production, flows directly to the EBITDA for the period.

The successful completion of La-107 will provide increased gas supply and give the Company the opportunity to grow revenue significantly in the medium term.

Funding

The ongoing drilling programme has resulted in the Group reporting a net debt position of $25.2 million.

At 30 June 2017, the headroom on existing debt facilities was $4.9 million. To supplement the remaining drilling programme costs, GDC has obtained a letter of offer from a local financial institution in Cameroon to extend our debt facilities, and we will be looking to complete on the offer in due course.

With the successful completion of well La-107, known potential of La-108, and the anticipated Government approval of the assignments for Matanda and Bomono, the Group has an exciting future and I look forward to giving you regular updates on our progress.

Kevin Foo
Executive Chairman
27 September 2017

Financial Review

The interim report for the six month period ended 30 June 2017 ("current period" or "H1 17") is compared to the six month period ended 30 June 2016 ("prior period" or "H1 16") as required by International Financial Reporting Standards ("IFRS").

During the current period, the Group acquired an 80% participating interest in the Bomono block in Douala. The Bomono and Matanda participating interests, both subject to Government approval, in conjunction with the Logbaba participating interest will strengthen the Group's position within the Douala basin. This is an exciting development, which the Group looks forward to developing in the coming years.

The successful completion of well La-107 significantly reduces the sustainability risk under which the Group had previously operated owing to the Douala operations being dependent on a single producing well. In addition, the anticipated increase in reserves resulting from La-107 will enable the Group to enter negotiations for a number of long-term, high volume gas supply agreements with electricity producers and other industries within Douala, which provides significant potential to grow the business.

Revenue and Results

For the six month period ended		**30 June 2017 $000**	30 June 2016 $000
Performance			
Revenue		**15,420**	23,637
Operating (loss)/profit		**(4,446)**	4,309
Depreciation		**8,866**	9,896
EBITDA		**4,420**	14,205
(Loss)/earnings per share	– basic (cents)	**(4.11)**	0.90
	– diluted (cents)	**(4.11)**	0.89
Operational – Logbaba production			
Gas sales (mmscf)	– gross	**2,345**	2,282
	– attributable	**1,400**	2,127
Condensate sales (bbls)	– gross	**17,963**	26,047
	– attributable	**10,727**	24,417

As at	**30 June 2017**	31 December 2016 **$000**	$000
Financial Position			
Net (debt)/cash position		**(25,172)**	1,781

Performance

The Logbaba Project has continued to increase production for the six months ended 30 June 2017. The Group's revenue for the current period was $15.4 million, some $8.2 million lower than the prior period (H1 16: $23.6 million). Revenue is derived entirely from the Logbaba Project in Cameroon. Gas is sold to customers for thermal energy production and electricity generation, with revenue also generated from the sale of condensate, a by-product from gas production and processing.

The decrease in revenue in the current period, which is reflected in the reduced attributable gas and condensate sales volumes, is due to the following:

- In accordance with the Logbaba Farm-In Agreement, GDC was entitled to 100% of the revenues generated by the Logbaba Project until the initial exploration costs, which GDC incurred, are recovered. Thereafter revenues are shared in accordance with the participating interests in the Logbaba Concession, of which GDC owns 60%, in the same manner that operating costs and post exploration capital costs are shared. As at 31 May 2016, the Logbaba Project reached the milestone whereby the initial exploration costs were recovered; and from 1 June 2016 onwards revenues, operating costs and capital costs are shared in accordance with participating interests of the parties;
- The Company entered into a Participation Agreement, enabling SNH to take up their maximum 5% participating interest in the Logbaba Project. As a result, with effect from 12 June 2017, the Group's participating interest has reduced from 60% to 57% to accommodate SNH's interest;
- As a result of the above, attributable gas volumes as a percentage of gross gas produced at Logbaba was 59.7% in the current period, compared to 93.2% in the prior period;
- The Group extended the gas supply agreement with ENEO Cameroon S.A. ("ENEO"), the Cameroon energy joint venture between UK Group Actis and the Cameroon Government, until 31 December 2017. An interim gas price of US$7.50/mmbtu has been agreed; and
- Delays in the drilling programme have impeded the Logbaba Project's ability to meaningfully grow production and revenue generation. With the successful completion of La-107 the Group is now able to engage in earnest with the larger off-takers with the aim of signing further gas supply agreements. The Logbaba Project will also be able to move forward with process plant expansion plans to enable greater volumes of gas to be produced from the Logbaba site.

Financial Review continued

Cost of sales of $12.4 million (H1 16: $15.2 million) included $2.3 million (H1 16: $3.9 million) of production royalties, $8.9 million of depreciation linked to revenue generating assets (H1 16: $9.2 million) and $1.2 million of other production related expenditure (H1 16: $2.1 million). Production royalties are a variable cost associated with GDC's share of revenue relating to the attributable volumes of gas produced during the period. The reduction in royalties is directly linked to the reduction in attributable hydrocarbon revenues. Depreciation is a variable cost associated with the gross volumes of gas produced during the period. At 31 December 2016, the Group impaired well La-106, which has reduced the reserve basis against which the remaining well, La-105, is depreciated. As a result, and due to the increase in gross volumes produced by the Logbaba Project, the depreciation charge for the current period is only $0.3 million lower than the prior period.

EBITDA, which excludes depreciation from operating profit prior to financing charges and tax, reflects earnings of $4.4 million (H1 16: $14.2 million), a $9.8 million reduction on the prior period. This reflects the impact on revenue highlighted above, but does indicate the positive cash generation from the Logbaba Project.

Certain finance charges have been capitalised to intangible assets as they relate to the drilling programme.

The loss after taxation of the Group for the six months to 30 June 2017 amounted to $4.5 million (a profit of $1.0 million in the prior period).

The Group's Russian West Medvezhye asset remains fully impaired and available for disposal.

Financial Position

Intangible Assets

The increase in intangible assets during the period of $15.0 million recognises GDC's share of the drilling programme costs.

Property, plant and equipment

Oil and gas assets, which include the Logbaba wells and the pipeline assets, are depreciated on a 'unit of production' basis. At 31 December 2016, well La-106 was fully impaired. The increased gross production during the period and the reserve base adjustment to exclude reserves attributable to La-106 resulted in a unit of production depreciation charge for the period of $8.5 million (H1 16: $9.2 million). Additions during the period, predominantly pipeline related, amounted to $0.3 million (H1 16: $2.6 million).

Investment in associate

The 35% ownership in Cameroon Holdings Limited recovers a portion of the royalties paid by GDC, and is reflected in the consolidated accounts as 'Share of profit of associate'.

Trade and other receivables

Trade receivables have increased mainly because of delays in payment from GDC's major customer, who has provided promissory notes in the amount of $10.1 million for the amounts owing to 30 April 2017. The promissory notes have been used as collateral for a bridging facility with a local financial institution and are reflected as current borrowings. The promissory notes will mature in monthly intervals before the end of the year, and payments received against the promissory notes will be utilised to settle the facility. Post period end, the customer has continued to make payments against amounts due after 30 April 2017, albeit still beyond the contractual terms.

Borrowings

Total borrowings have increased by $19.3 million from $14.5 million in the comparative period to $33.8 million at 30 June 2017 as the drilling programme and other capital projects progressed. The increased borrowings include the $10.1 million bridging debt borrowed against the customer promissory notes, which will be settled by the end of the financial year. At the date of reporting the exposure on the bridging facility has reduced to $5.9 million in line with the maturity dates of the promissory notes. The Group had $4.9 million remaining headroom on its facilities at period end.

Post period end the Group has received a signed offer letter from a local financial institution in Cameroon to extend additional debt facilities and management will be looking to complete on the offer in due course.

Provisions and other payables

Provisions of $4.7 million have increased by $0.1 million from 31 December 2016 largely as a result of the unwinding of discount on the non-current liability portion which is charged to the Income Statement.

The $5.8 million reserve bonus provision is reflected under other payables (prior period: $5.8 million).

Net Debt

The Group was in a net debt position of $25.2 million at 30 June 2017 (31 December 2016: net cash of $1.8 million). The increase in net debt reflects the ongoing drilling programme costs incurred during the period and the bridging facility raised in lieu of customer payments. The debt to equity ratio has increased from 15.2% at 31 December 2016 to 31.6% at 30 June 2017.

Cash Flow

Operating activities

The Group generated cash flows from operating activities of $5.5 million during the period (prior period: $13.4 million). Working capital increased by $16.0 million (prior period: $8.5 million), mainly due to increased trade receivables (a significant amount of which is secured by promissory notes from a customer), resulting in net cash utilised in operating activities of $10.4 million (prior period: cash generated of $5.0 million).

Investing activities

Drilling and pipeline activities resulted in costs of $15.7 million during the period (prior period: $9.6 million).

The Company received $0.5 million of dividends from associate (prior period: $1.0 million).

Financing activities

$12.1 million was drawn down against the BGFIBank facility during the period, and a further $10.1 million borrowed as a bridging facility against promissory notes. Financing cash outflows in the current period of $4.9 million (prior period: $1.2 million) relate to the repayment of debt and associated interest.

Bomono Assignment

During the period, the Group concluded an agreement with Bowleven Plc for the assignment of an 80% participating interest in the Bomono PSC. The Bomono Block neighbours the Group's Logbaba and Matanda Blocks, and has the existing Moambe well which exceeded 7mmscf/d during well flow tests which were carried out in early 2016. Bowleven Plc will remain as the 20% participation holder.

The deal is subject to various conditions precedent, as detailed in the announcement of 6 March 2017, including the granting by the Cameroon State of a two-year provisional exploitation licence and various regulatory approvals required to formalise the transfer of

Financial Review continued

the assignment from Bowleven Plc to GDC Bomono S.A. The longstop date on this transaction has been extended to 31 December 2017.

The deal includes:

- GDC installing a pipeline connection from the Moambe well to the existing GDC pipeline network, and the completion of civil engineering works at the Moambe wellhead necessary for the gas processing plant installation. The estimated capital cost of these works is $6.0 million;
- A 3.5% royalty from GDC Bomono S.A.'s production share of hydrocarbons, with an aggregate cap limiting the total royalty payments to US$20 million; and
- £100,000 worth of the Company's ordinary shares.

The timing and amount of the Bomono work programme is subject to ongoing negotiations with the Government. Under the Bomono PSC the Government has the option to acquire a 10% participating interest in exploitation activities. This means that should the Cameroonian State exercise its option, the Group's interest would thereafter be reduced to 72%.

We have subsequently been informed by the Government of their preference for the assignment to be held by Gaz du Cameroun S.A. ("GDC"), the same entity that holds the Logbaba Concession, and for GDC to be nominated as operator of the Bomono PSC. As a result, the Government has not completed its formal process to confirm approval of the Bomono assignment. We are in the process of making the changes requested by the Government, which will require formal Government approval. The Government has also not yet given formal approval to the two-year provisional exploitation license.

Matanda Assignment

Further to Government approval for the 75% assignment in the Matanda block to GDC Matanda S.A., as detailed in our announcement of 7 April 2016, we have subsequently been informed by the Government of their preference for the assignment to be held by Gaz du Cameroun S.A., the same entity that holds the Logbaba Concession. As a result, the Government has not completed its formal process to confirm approval of the Matanda assignment. We are in the process of making the changes requested by the Government, which will require formal Government approval.

The PSC governing the Matanda block grants the Cameroonian State an option to acquire between a 5% and 25% participation in the exploitation activities of the block, not a 5% as was reported. This means that should the Cameroon State exercise its option, the Group's interest would thereafter be reduced to between 71.25% and 56.25%, depending on the State's election.

Commitments

At 30 June 2017, GDC had $9.4 million of commitments pertaining to the drilling programme, the majority of which is expected to be incurred during 2017. The Group had other capital commitments of $1.0 million at 30 June 2017 (31 December 2016: $Nil).

As the formal assignments of the participating interests in the Matanda and Bomono blocks have not been completed, the work programmes associated with these participating interests are not recorded as commitments of the Group. The timing and amount of the work programmes for both assignments are subject to ongoing negotiations with the Government.

Post Balance Sheet Events

Capital reduction

Details of the reduction of capital, being the cancellation of the Company's deferred shares and the cancellation of the share premium account, were set out in the circular to shareholders, dated 25 May 2017, and the proposal was approved by shareholders at the Company's Annual General Meeting held on 28 June 2017.

On 26 July 2017, the Court approved the Company's application, and the requisite documents have been filed to allow the Company to execute the reduction of capital, which will be reflected in the Company's report and accounts to 31 December 2017.

The reduction of capital does not change the number or rights of issued ordinary shares of 0.5 pence each in the capital of the Company, which remains at 110,571,762 ordinary shares.

Principal Risks and Uncertainties

The Board determines the key risks for the Group and monitors mitigation plans and performance on a monthly basis. The principal risks the Group has identified for the next six months are summarised as follows:

- Operational risk: Drilling operations and discovery risk.
- Other operational risks: HSE and security incidents, title and licence risks, well/process plant/pipeline integrity risks, reliance on key customer risk.
- Financial risk: Ability to fund the entire drilling programme with available funds, debt, operational cash flows and other sources.
- External risks: Capital constraints, global economic volatility, commodity price risk, legal compliance regulatory or litigation risk, adverse market sentiment, political and country risk.
- Strategic risks: Investment decisions, inadequate resources and reliance on key personnel.
- Other financial risks: Funding risk, counterparty credit risk, management of costs and capital spending, tax risk.

A more detailed listing of risks and uncertainties facing the Group's business is listed on page 28 of the Report & Accounts to 31 December 2016, which is available on the Victoria Oil & Gas Plc website: www.victoriaoilandgas.com.

Going Concern

The Directors draw attention to the uncertainties surrounding the renewal of the gas supply agreement with ENEO, the Group's major customer, and the funding risk whereby the Group may not get access to necessary financial resources. These uncertainties, if they were to materialise, may have a significant impact on the Group's ability to continue operating as a going concern.

The Directors are satisfied that the Group has sufficient resources and facilities, or realistic access to financial resources, to continue operations for the foreseeable future, being a period of not less than twelve months from the date of publication of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial information.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge that the unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

There has been no movement in Directors during the period. A list of the current Directors is available on the Company's website: www.victoriaoilandgas.com.

Andrew Diamond
Finance Director
27 September 2017

Condensed Consolidated Income Statement

For the six-month period ended	Note	30 June 2017 Unaudited $000	30 June 2016 Unaudited $000
Continuing operations			
Revenue		**15,420**	23,637
Cost of sales		**(12,374)**	(15,234)
Production royalties		**(2,313)**	(3,890)
Other cost of sales		**(10,061)**	(11,344)
Gross profit		**3,046**	8,403
Sales and marketing expenses		**(39)**	(8)
Administrative expenses		**(6,834)**	(4,976)
Other losses		**(1,150)**	(164)
Share of profit of associate		**531**	1,054
Operating (loss)/profit		**(4,446)**	4,309
Finance costs		**(124)**	(445)
(Loss)/profit before taxation		**(4,570)**	3,864
Income tax credit/(expense)		**69**	(2,886)
(Loss)/profit for the period – attributable to shareholders of the parent		**(4,501)**	978

		Cents	Cents
(Loss)/earnings per share – basic	4	**(4.11)**	0.90
(Loss)/earnings per share – diluted	4	**(4.11)**	0.89

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended	Note	30 June 2017 Unaudited $000	30 June 2016 Unaudited $000
(Loss)/profit for the period		**(4,501)**	978
Exchange differences on translation of foreign operations		**(25)**	26
Total comprehensive (loss)/profit for the period – attributable to shareholders of the parent		**(4,526)**	1,004

Condensed Consolidated Statement of Financial Position

As at	Note	**30 June 2017 Unaudited $000**	30 June 2016 Unaudited $000
Assets:			
Non-current assets			
Intangible assets	5	**32,606**	17,638
Property, plant and equipment	6	**72,918**	81,434
Investment in associate		**5,404**	5,386
		110,928	104,458
Current assets			
Inventories		**17**	11
Trade and other receivables	8	**22,292**	8,838
Cash and cash equivalents	7	**8,630**	16,261
Deferred tax assets		**137**	850
		31,076	25,960
Total assets		**142,004**	130,418
Liabilities:			
Current liabilities			
Trade and other payables	9	**7,000**	9,943
Provisions	10	**1,385**	1,442
Borrowings	7,11	**17,749**	6,707
		26,134	18,092
Net current assets		**4,942**	7,868
Non-current liabilities			
Borrowings	7,11	**16,053**	7,773
Deferred tax liabilities		**2,846**	3,628
Provisions	10	**3,275**	3,144
Other payables	9	**2,831**	2,814
		25,005	17,359
Net assets		**90,865**	94,967
Equity:			
Called-up share capital		**34,253**	34,251
Share premium		**230,635**	230,436
ESOP Trust reserve		**(873)**	(843)
Translation reserve		**(17,710)**	(17,685)
Other reserve		**10**	66
Retained earnings – deficit		**(155,450)**	(151,258)
Total equity		**90,865**	94,967

Condensed Consolidated Statement of Changes in Equity

	Share capital $000	Share premium $000	ESOP Trust reserve $000	Translation reserve $000	Other reserves $000	Retained earnings/ (deficit) $000	Total $000
For the six months ended 30 June 2016 (Unaudited)							
At 31 December 2015	34,246	230,194	(1,015)	(17,721)	315	(120,635)	125,384
Effects of movement in foreign exchange	–	–	98	–	–	–	98
Transfer expired warrants to retained earnings	–	–	–	–	(315)	315	–
Total comprehensive loss for the period	–	–	–	26	–	978	1,004
At 30 June 2016	34,246	230,194	(917)	(17,695)	–	(119,342)	126,486
For the six months ended 30 June 2017 (Unaudited)							
At 31 December 2016	34,251	230,436	(843)	(17,685)	66	(151,258)	94,967
Shares issued	2	199	–	–	–	–	201
Shares granted to ESOP members	–	–	2	–	–	251	253
Effects of movement in foreign exchange	–	–	(32)	–	–	–	(32)
Transfer to retained earnings	–	–	–	–	(56)	56	–
Total comprehensive profit for the period	–	–	–	(25)	–	(4,501)	(4,526)
At 30 June 2017	**34,253**	**230,635**	**(873)**	**(17,710)**	**10**	**(155,450)**	**90,865**

Condensed Consolidated Cash Flow Statement

For the six-month period ended	**30 June 2017 Unaudited $000**	30 June 2016 Unaudited $000
Cash flows from operating activities		
(Loss)/profit for the period	**(4,501)**	978
Income tax (credit)/expense	**(69)**	2,886
Share of profit in associate	**(531)**	(1,054)
Finance costs	**124**	445
Depreciation and amortisation	**8,866**	9,896
Other losses	**1,206**	164
Share-based payments	**453**	107
	5,548	13,422
Movements in working capital		
Increase in trade and other receivables	**(13,111)**	(10,014)
Increase in inventories	**(25)**	(8)
(Decrease)/increase in trade and other payables and provisions	**(2,824)**	1,553
	(15,960)	(8,469)
Tax paid	**–**	–
Net cash (utilised in)/generated from operating activities	**(10,412)**	4,953
Cash flows from investing activities		
Payments for intangible assets	**(14,844)**	(6,763)
Payments for property, plant and equipment	**(346)**	(2,618)
Proceeds from disposal of property, plant and equipment	**–**	(184)
Loan repayments received	**50**	–
Dividends received from associate	**531**	960
Net cash used in investing activities	**(14,609)**	(8,605)
Cash flows from financing activities		
Borrowings – proceeds	**22,222**	5,912
Borrowings – repayments	**(4,213)**	(1,010)
Finance costs paid	**(639)**	(204)
Net cash generated from financing activities	**17,370**	4,698
Net (decrease)/increase in cash and cash equivalents	**(7,651)**	1,046
Cash and cash equivalents – beginning of period	**16,261**	13,230
Effects of exchange rate changes on the balance of cash held in foreign currencies	**20**	(144)
Cash and cash equivalents – end of period	**8,630**	14,132

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Victoria Oil & Gas Plc and its subsidiaries ("the Group") for the six months ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the twelve-month period ended 31 December 2016.

The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

The Group's presentation currency is the US Dollar and amounts are rounded to the nearest thousand dollars ($000) except as otherwise indicated.

In accordance with the Logbaba Farm-In Agreement, GDC was entitled to 100% of the revenues generated by the Logbaba Project until such time as the initial exploration costs, which GDC incurred, are recovered. Thereafter revenues are shared in accordance with the participating interests in the Logbaba Concession, of which GDC owns 60%, in the same manner that operating costs and post exploration capital costs are shared. As at 31 May 2016 the Logbaba Project reached the milestone whereby the initial exploration costs were recovered and therefore from 1 June 2016 onwards, revenues are shared in accordance with participating interests of the parties. GDC entered into a Participation Agreement, enabling SNH to take up their maximum 5% participating interest in the Logbaba Project. As a result, with effect from 12 June 2017, the Group's participating interest has reduced from 60% to 57% to accommodate SNH's interest.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The gas sale agreement with ENEO Cameroon S.A. ("ENEO"), the Group's major customer, expired on 22 April 2017. Negotiations to renew this contract are in progress, and the Directors expect the contract to be finalised in due course. There is an agreement between the parties to continue trading until the new contract is finalised. ENEO has continued to consume gas to the date of publication of the interim condensed consolidated financial statements.

The Group has net debt of $25.2 million at 30 June 2017, and ongoing drilling cost commitments. Aside from operating cash, the Directors believe that the Group will have ready access to sufficient financial resources, including pursuant to a signed offer letter from a local financial institution in Cameroon to provide additional debt facilities, and other sources. The Directors are of the view that the forecast operational performance, cash resources on hand, and potential available credit facilities are sufficient to fund its participating interest.

The Directors have concluded that the Group has adequate resources available to maintain the Group's operations and to continue in operational existence for the foreseeable future, and therefore consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these interim financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group was unable to continue as a going concern.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016.

Notes to the Interim Condensed Consolidated Financial Statements continued

3. SEGMENTAL ANALYSIS

The Group has one class of business: development, production and distribution of hydrocarbons and related activities, which is reported to the Executive Chairman (the chief operating decision maker) in the form of internal management reports on a regular basis. The reportable segments are analysed on an operational basis. Only the Cameroon segment is generating revenue, which is from the sale of hydrocarbons. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables present revenue, (loss)/profit and certain asset and liability information regarding the Group's business segments:

Six months to 30 June 2017 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue	**15,420**	**–**	**–**	**15,420**
Segment result	**(2,222)**	**(318)**	**(1,906)**	**(4,446)**
Finance costs	**(49)**	**(11)**	**(64)**	**(124)**
(Loss)/profit before taxation	**(2,271)**	**(329)**	**(1,970)**	**(4,570)**
Income tax expense	**69**	**–**	**–**	**69**
(Loss)/profit for the period	**(2,202)**	**(329)**	**(1,970)**	**(4,501)**
Total assets	**129,068**	**78**	**12,858**	**142,004**
Total liabilities	**(47,737)**	**(547)**	**(2,855)**	**(51,139)**
Other segment information				
Capital expenditure:				
Intangible assets	**15,381**	**–**	**–**	**15,381**
Property, plant and equipment	**340**	**–**	**6**	**346**
Depreciation and amortisation	**8,855**	**–**	**11**	**8,866**

Six months to 30 June 2016 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue	23,637	–	–	23,637
Segment result	6,810	(488)	(2,013)	4,309
Finance costs	(348)	(19)	(78)	(445)
Profit/(loss) before taxation	6,462	(507)	(2,091)	3,864
Income tax expense	(2,886)	–	–	(2,886)
Profit/(loss) for the period	3,576	(507)	(2,091)	978
Total assets	140,477	103	15,097	155,677
Total liabilities	(25,158)	(244)	(3,789)	(29,191)
Other segment information				
Capital expenditure:				
Intangible assets	6,763	–	–	6,763
Property, plant and equipment	2,560	–	58	2,618
Depreciation and amortisation	9,891	–	5	9,896

Notes to the Interim Condensed Consolidated Financial Statements continued

4. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is computed by dividing the (loss)/profit after tax for the period available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend, excluding those held by the ESOP Trust. Basic and diluted loss per share is the same in the current period as the effect of any potential ordinary shares was anti-dilutive and was therefore excluded.

The following table sets forth the computation for basic and diluted (loss)/earnings per share.

For the six-month period ended	**30 June 2017 Unaudited $000**	30 June 2016 Unaudited $000
(Loss)/profit for the period	**(4,501)**	978
	Number	Number
Number of shares		
Weighted number of ordinary shares – basic	**109,596,483**	108,133,450
Dilutive potential of share options	**582,500**	1,299,312
Weighted number of ordinary shares – diluted	**110,178,983**	109,432,762
	Cents	Cents
(Loss)/earnings per share – basic	**(4.11)**	0.90
(Loss)/earnings per share – diluted	**(4.11)**	0.89

5. INTANGIBLE ASSETS

Six months to 30 June 2017 (Unaudited)	**Exploration and evaluation assets $000**	**Software $000**	**Total $000**
Cost			
Opening balance	**91,413**	**323**	**91,736**
Additions	**15,376**	**5**	**15,381**
Disposals	**(381)**	**(12)**	**(393)**
Effects of movement in foreign exchange	**849**	**–**	**849**
Closing balance	**107,257**	**316**	**107,573**
Accumulated amortisation and impairment			
Opening balance	**74,055**	**43**	**74,098**
Charge for the period	**–**	**22**	**22**
Disposals	**–**	**(2)**	**(2)**
Effects of movement in foreign exchange	**849**	**–**	**849**
Closing balance	**74,904**	**63**	**74,967**
Carrying amount 30 June 2017	**32,353**	**253**	**32,606**

Additions to exploration and evaluation assets relate to the drilling programme at Logbaba.

Notes to the Interim Condensed Consolidated Financial Statements continued

5. INTANGIBLE ASSETS CONTINUED

Twelve months to 31 December 2016	Exploration and evaluation assets $000	Software $000	Total $000
Cost			
Opening balance	71,511	44	71,555
Additions	16,687	279	16,966
Effects of movement in foreign exchange	3,215	–	3,215
Closing balance	91,413	323	91,736
Accumulated amortisation and impairment			
Opening balance	70,840	23	70,863
Charge for the period	–	20	20
Effects of movement in foreign exchange	3,215	–	3,215
Closing balance	74,055	43	74,098
Carrying amount 31 December 2016	17,358	280	17,638

6. PROPERTY, PLANT AND EQUIPMENT

Oil and gas assets are depreciated on a unit-of-production basis. Following the impairment of well La-106 on 31 December 2016, Management have revised the estimate of proven reserves for the purposes of depreciation of well La-105.

Assets under construction comprise mainly of expenditure on the uncompleted sections of the pipeline network and pipeline purchased in advance of network development in Douala, Cameroon.

Six months to 30 June 2017 (Unaudited)	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	**41,180**	**72,725**	**1,796**	**115,701**
Additions	**6**	**64**	**276**	**346**
Disposals	**(160)**	**(387)**	**–**	**(547)**
Closing balance	**41,026**	**72,402**	**2,072**	**115,500**
Depreciation				
Opening balance	**4,237**	**30,030**	**–**	**34,267**
Disposals	**(157)**	**(372)**	**–**	**(529)**
Charge for the period	**297**	**8,547**	**–**	**8,844**
Closing balance	**4,377**	**38,205**	**–**	**42,582**
Carrying amount 30 June 2017	**36,649**	**34,197**	**2,072**	**72,918**

Notes to the Interim Condensed Consolidated Financial Statements continued

6. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Twelve months to 31 December 2016	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	38,252	101,603	–	139,855
Transfers from assets under construction	2,891	–	(2,891)	–
Additions	235	6,576	4,687	11,498
Disposals	(198)	–	–	(198)
Impairment of oil and gas assets	–	(35,454)	–	(35,454)
Closing balance	41,180	72,725	1,796	115,701
Depreciation				
Opening balance	3,147	25,274	–	28,421
Disposals	(156)	–	–	(156)
Impairment of oil and gas assets	–	(12,707)	–	(12,707)
Charge for the period	1,246	17,463	–	18,709
Closing balance	4,237	30,030	–	34,267
Carrying amount 31 December 2016	36,943	42,695	1,796	81,434

7. NET (DEBT)/CASH

As at	**30 June 2017 Unaudited $000**	31 December 2016 Audited $000
Cash and cash equivalents	**8,630**	16,261
Borrowings: Current liabilities	**(17,749)**	(6,707)
Borrowings: Non-current liabilities	**(16,053)**	(7,773)
	(25,172)	1,781

8. TRADE AND OTHER RECEIVABLES

As at	**30 June 2017 Unaudited $000**	31 December 2016 Audited $000
Trade receivables	**13,680**	5,613
Other receivables	**8,612**	3,225
	22,292	8,838

Trade receivables includes $10.1 million of invoiced gas sales against which promissory notes have been received for payment. The promissory notes have maturity dates ranging from three to six months after the period end. At the date of reporting the value of outstanding promissory notes was $5.9 million.

Other receivables include a receivable from the Cameroonian State for the 3% of exploitation assets relinquished by GDC as a result of the participation agreement signed by GDC whereby the Cameroonian State has acquired a 5% participation interest in the Logbaba Project (see Note 1). The receivable is contingent on the finalisation of settlement negotiations following an audit of Logbaba Project costs.

9. OTHER PAYABLES

In 2016, a confidential settlement agreement was reached, which resolved all of the outstanding issues concerning the reserve bonus and terminated the 1.2% royalty payable to the counterparty. $3.0 million is disclosed as a current liability under other payables, and a further $3.1 million, discounted at 7% to $2.8 million, disclosed as a non-current liability under other payables.

Notes to the Interim Condensed Consolidated Financial Statements continued

10. PROVISIONS

As at	30 June 2017 Unaudited $000	31 December 2016 Audited $000
Decommissioning provisions	**2,289**	2,406
Production bonus provision	**986**	738
Provision for litigation	**1,385**	1,442
	4,660	4,586

Decommissioning provisions relate to the Logbaba Concession and Russian assets. Production bonus provisions relates to the Logbaba Concession. Production levels have indicated that the required production targets will be achieved.

11. BORROWINGS

As at	30 June 2017 Unaudited $000	31 December 2016 Audited $000
Loans – repayable in one year	**17,749**	6,707
Loans – repayable in two to five years	**16,053**	7,773
	33,802	14,480

A local bank has approved a facility for GDC matching the promissory notes amounts received from customers (see note 8). The facility of $10.1 million at 30 June 2017, is interest free and has repayment dates in line with the promissory note maturity dates, which range from three to six months after the period end.

12. RELATED PARTY TRANSACTIONS

Cameroon Holdings Limited ("CHL") is held jointly by Victoria Oil & Gas Plc (35%) and Logbaba Projects Limited (65%). HJ Resources Limited ("HJR") has a 67% interest in Logbaba Projects Limited. Kevin Foo (Executive Chairman) and certain members of his family are the potential beneficiaries of a discretionary trust that owns HJR. CHL is entitled to a production royalty based on GDC revenue. The details of the royalty are set out in the Group's Report and Accounts to 31 December 2016. During the period, royalties of $2.3 million accrued to CHL by GDC. Dividends of $0.5 million were paid by CHL to Victoria Oil & Gas Plc and are reflected as 'dividends received from associate' in the cash flow statement.

No further related party transactions have taken place during the six-month period ended 30 June 2017 which have materially affected the financial position or the performance of the Group during that period. The nature and amounts of related party transactions in the first six months of the current financial year are consistent with those reported in the Group's Report and Accounts to 31 December 2016.

13. BOMONO ACQUISITION

During the period, the Group concluded an agreement with EurOil Limited ("EurOil"), a Bowleven Plc subsidiary, for the assignment of an 80% participating interest in the Bomono PSC. EurOil will remain as the 20% participation holder.

The deal is subject to various conditions precedent, including the granting by the Cameroon State of a two-year provisional exploitation licence and various regulatory approvals required to formalise the transfer of the assignment from EurOil to GDC. The longstop date on this transaction has been extended to 31 December 2017.

The deal includes:
- GDC installing a pipeline connection from the Moambe well to the existing GDC pipeline network, and the completion of civil engineering works at the Moambe wellhead necessary for the gas processing plant installation. The estimated capital cost of these works is $6.0 million;
- A 3.5% royalty from GDC's production share of hydrocarbons, with an aggregate cap limiting the total royalty payments to US$20 million; and
- £100,000 worth of the Company's ordinary shares.

The amount and timing of the Bomono work programme are subject to negotiations with the Cameroon State. Under the Bomono PSC the Government has the option to acquire a 10% participating interest in exploitation activities. This means that should the Cameroon State exercise its option, the Group's interest would thereafter be reduced to 72%.

Notes to the Interim Condensed Consolidated Financial Statements continued

14. COMMITMENTS

Capital commitments for equipment for the Logbaba plant of $1.0 million were in place at 30 June 2017. The equipment is expected to be commissioned during Q3 2017.

At 30 June 2017, GDC had $9.4 million of commitments pertaining to the drilling programme, which is expected to be incurred during 2017.

As the formal assignments of the participating interests in the Matanda and Bomono blocks have not been completed, the work programmes associated with these participating interests, for which both the amount and timing are subject to negotiation with the Cameroon State, are not recorded as commitments of the Group.

15. POST BALANCE SHEET EVENTS

Details of the reduction of capital, being the cancellation of the Company's deferred shares and the cancellation of the share premium account, were set out in the circular to shareholders, dated 25 May 2017, and the proposal was approved by shareholders at the Company's Annual General Meeting held on 28 June 2017.

On 26 July 2017, the Court approved the Company's application, and the requisite documents have been filed to allow the Company to execute the reduction of capital, which will be reflected in the Company's report and accounts to 31 December 2017.

The reduction of capital does not change the number or rights of issued ordinary shares of 0.5 pence each in the capital of the Company, which remains at 110,571,762.

16. SEASONALITY

The Gas Sales Agreement with our grid power customer has a take-or-pay clause which results in consumption levels varying between the dry months (January to June) and rainy months (July to December). The minimum monthly consumption level during the dry months, when hydro-electric power is less prevalent, is three times higher than during the rainy months, resulting in higher revenues and operating profits from this customer in the first half of the financial year than the second six-month period. Revenues and operating profits for all other customers are more evenly spread between the two half years.

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 27 September 2017.

Copies of the Interim report are available by download from the Company's website at: www.victoriaoilandgas.com