28 September 2018

Victoria Oil & Gas Plc
("VOG", "Group" or the "Company")
INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Victoria Oil & Gas Plc, the integrated natural gas producing utility, today announces its unaudited interim results for the six months ended 30 June 2018.

Operational Highlights

- Average daily Logbaba field gross production rate fell to 3.40mmscf/d (six months to 30 June 2017: 14.6mmscf/d). 650mmscf of gross gas sold from Logbaba (six months to 30 June 2017: 2,345mmscf), reflecting the non-renewal of the grid power gas sales agreement
- Gaz du Cameroun S.A. ("GDC") added three new thermal and industrial power generation customers to the pipeline network in the six months to 30 June 2018
- CNG agreement to partner with Naturelgaz Sanayi ve Ticaret A.S. announced on 26 June 2018 provides GDC with opportunities to reach customers beyond the current pipeline infrastructure
- GDC remains confident that a resolution with ENEO Cameroon SA ("ENEO") with regards to the grid power supply issue will be agreed in the near term

Logbaba Subsurface Highlights

- Subsurface reinterpretation complete and new subsurface model developed integrating re-processed seismic and new well data with historic field mapping
- Proved reserves (1P) defined by connected volumes to all the wells drilled into Logbaba increased 73% to 69bcf (internal estimates)
- Field remaining 2P reserves revised to 309bcf, an increase of 106bcf (52%) (internal estimates)
- Reserves / production ratio (2P) increased to 10yrs at 90mmscfd which supports growth in the Douala market and is expected to underpin new long-term gas contracts

Financial Highlights

- $5.0 million Revenue (six months to 30 June 2017: $15.4 million)
- $0.03 million EBITDA (six months to 30 June 2017: $4.4 million)
- $18.6 million Net Debt position (at 31 December 2017: $13.1 million)
- BGFI Bank debt successfully restructured with 12 months interest only payments

Sam Metcalfe, the Company's Subsurface Manager has reviewed and approved the technical information contained in this announcement, in his capacity as a qualified person under the AIM Rules. Mr. Metcalfe is a graduate in BA Geology, BSc Civil Engineering, and MSc Petroleum Engineering.

This announcement contains inside information.

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Victoria Oil & Gas Plc

Unaudited Interim Condensed Consolidated Financial Statements
For the six months to 30 June 2018

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board, I set out below our unaudited interim results for the six months to 30 June 2018 ("H1 18", "reporting period") and 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").

Overview

Having completed close to three years of continuous gas supply to the two ENEO Cameroon S.A ("ENEO") owned power stations, Logbaba and Bassa, it was a setback when ENEO elected not to renew the gas sales agreement at the start of the year when the agreement extension expired on 31 December 2017. The Government of Cameroon, ENEO, Altaaqa Global ("Altaaqa"), the gas genset providers, and GDC continue to seek a resolution.

The non-renewal of the ENEO gas sales agreement, especially during the peak dry season has had a significant impact on the revenues and results of the Company during the reporting period. The shortfalls in power supply in Cameroon continue, with hydroelectric schemes not meeting the current demand. I believe the current difficulties are a temporary headache and anticipate returning to a more structured and investor-friendly development landscape in the near term.

Due to the current power shortages in Douala, several existing and new customers have expressed interest in the industrial power generation solutions which GDC is offering. We currently have three industrial power generating customers and expect to have several more signed up by year end ready for consumption of gas for power generation. GDC is expediting its support to manufacturers and producers in Douala by providing bespoke gas fired power generation for individual customers or groups of customers. As most of these proposed power customers are already connected to the gas pipeline network, adding a gas to power generation solution would increase gas consumption with minimal capital costs for GDC.

The power shortages in Douala highlight the long-term need and viability of grid power systems in Cameroon, and Africa in general. This is a fundamental issue that requires a sustainable solution. My own view is that grid power in Africa has a place but is not the ultimate answer. I believe that alternative local solutions are key to solving this problem and the use of Compressed Natural Gas ("CNG") as a virtual pipeline to local renewable power schemes, be they solar, wind or mini-hydro, supported by modern battery technology, deserves serious attention. We shall inform shareholders of developments in this area when appropriate.

The Company is actively developing "non-grid" energy solutions and on 26 June 2018 the Company announced an agreement to partner with Naturelgaz Sanayi ve Ticaret A.S. ("Naturelgaz") on CNG projects. Naturelgaz is Europe's largest CNG supplier and distributor and brings valuable expertise within this field to support GDC. The project will afford GDC the opportunity to reach larger customers beyond the pipeline infrastructure and aims to replace relatively expensive diesel and heavy fuel oils in a variety of applications. As part of a customer diversification strategy, active discussions are underway with several such potential customers. GDC and Naturelgaz have completed a feasibility study and a third party has completed a market review in Cameroon with pleasing results.

Logbaba Operations Update

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

	6 months ended 30 June 2018 (mmscf)	6 months ended 30 June 2017 **(mmscf)**
Gas sales – Thermal Power	**619**	662
Gas sales – Industrial Power	**31**	27
Gas sales – Grid Power	**0**	1,656
Gas sales – Total	**650**	2,345
Attributable gas sales – Total	**372**	1,400
Average daily gas production (mmscf/d)	**3.4**	14.6
Condensate sold (bbls)	**5,807**	17,963
Attributable condensate sold (bbls)	**3,311**	10,727

The table refers to gross Logbaba Project sales, unless specified as attributable to VOG representing its 57% interest in the project.

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.

Reserves Update

A material development for this reporting period was the Logbaba Field Reserves Update, based on internal estimates, reporting a 73% increase in the Proved Reserves (1P) to 69bcf and 52% increase in the Field remaining 2P reserves to 309bcf, which was announced on 4 June 2018. This evaluation was based on the completion of a new full field subsurface model incorporating interpretations from reprocessed seismic data together with the well data from La-107 and La-108 following the completion of the drilling campaign, which led to a material upgrade in the reserves of the Logbaba Field as follows:

Basis	**Field Position at 1/1/17**			**Field Position at 1/1/18**			
	Initial Reserves	**Cum Prod'n**	**Remaining reserves**	**Initial Reserves**	**Cum Prod'n**	**Remaining Reserves**	**VOG Net Reserves**
Proved (1P)	49	9	40	82	13	69	40
Proved+ Probable (2P)	212	9	203	322	13	309	176
Proved+ Probable+ Possible (3P)	350	9	341	548	13	535	305
All volumes are bcf and do not include condensate volumes Position at 1/1/17 based on Blackwatch report from August 2016 Position at 1/1/18 based on integrated reservoir study post La-107 and La-108 development drilling							

The new proven + probable (2P) reserves will support a production rate of 90mmscf/d for 10 years therefore supporting the business as it looks to increase the gas market in Cameroon by providing the reassurances required by potential large gas-off-takers.

This evaluation supersedes the Blackwatch Report of August 2016 and is based on a new full field subsurface model incorporating interpretations from the reprocessed seismic together with the well data from La-107 and La-108. The work has been managed by VOG supported by independent external consultants who have provided subsurface expertise and modelling capability to produce the updated development plan for the field. This work will now enable selection of locations for future development wells, commencing with La-109, to continue development of the Logbaba Field in line with demand growth in Douala, Cameroon.

Financial Results
The impact of the non-renewal of the grid power gas sales agreement has resulted in revenue for the reporting period declining from $15.4 million in the six-month period ended 30 June 2017 to $5.0 million. Despite efforts to reduce costs in all areas, and restricting capital expenditure to only those required to maintain existing operations or connect new customers, the results and cash flows from operations have deteriorated.

Cash levels are being closely monitored. In addition to negative operating cashflows, the repayment of drilling contractors and debt has consumed cash during the reporting period. Whilst borrowings reduced to $21.8 million (31 December 2017: $24.5 million), net debt increased to $18.6 million (31 December 2017: $13.1 million).

As announced on 14 June 2018, the BGFI Bank debt facility was restructured during the period to extend the repayment term and to provide a short-term principal repayment holiday to allow GDC to connect new customers and increase its revenue. The Group does not have any further credit facilities available at 30 June 2018.

The Company is pursuing a $24.5 million gross insurance claim in relation to a well control incident which occurred during the drilling programme on La-108. During the reporting period the Company has completed several technical reviews to support the technical merits of this claim. As is common in these situations, the outcome and timing of the claim is not certain.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the unaudited interim condensed consolidated financial statements. Further details of our current financial position and uncertainties which may affect the Company's ability to continue operating as a going concern are to be found in the Financial Review and in Note 3 of the unaudited interim condensed consolidated financial statements set out below.

Corporate
At the Board level, after two and a half years of service to the Company, Iain Patrick resigned as an independent Non-Executive Director on 23 April 2018. I would like to thank Iain for his sound contribution to the Board. At that time, we reviewed our Board Committee appointments and as a result I stood down from the Remuneration Committee and Roger Kennedy was appointed as our Senior Independent Non-Executive Director and Chair of the Audit Committee. We will endeavour to appoint a suitable third Non-Executive Director in due course.

In accordance with AIM Rule 26, the Company will be adopting the QCA Guidelines on Corporate Governance and will update its website accordingly.

Outlook
GDC remains confident that a resolution with ENEO will be agreed in the near term. In the meantime, we are focused on expanding the thermal, industrial power and CNG segments. Discussions with other independent power producers to expand the grid power segment are ongoing. There remains a shortfall in power supply in Cameroon, with hydroelectric schemes not meeting current demand and GDC remains the only domestic gas producer.

I would like to thank our shareholder base for your extreme patience and resilience through this difficult period. I can assure you that your Company and its management team are working tirelessly to deliver the value that you expect.

Kevin Foo
Executive Chairman
28 September 2018

Financial Review

The interim report for the six-month period ended 30 June 2018 ("reporting period" or "H1 18") is compared to the six-month period ended 30 June 2017 ("prior period" or "H1 17") as required by International Financial Reporting Standards ("IFRS").

The non-renewal of the grid power gas sales agreement at the end of December 2017 has had a significant impact on the revenues and operating results generated by the Group in H1 18. The first six months of the calendar year is the dry season in Cameroon, during which the requirement for gas-powered electricity generation is at its greatest. This seasonal demand is reflected in the reporting period gross production figures of 650mmscf compared to the prior period's production of 2,345mmscf. GDC remains engaged with ENEO and anticipates a return to gas consumption in the near term.

The increase in reserves at Logbaba, announced on 4 June 2018, has enabled the Group to enter negotiations for long-term, high volume gas supply agreements with electricity producers and other industries within Douala, which provides potential to grow the business and generate profits in the future.

Revenue and Results

For the six-month period ended	30 June 2018 $000	30 June 2017 $000
Performance		
Revenue	**5,014**	15,420
Operating loss	**(2,746)**	(4,446)
Depreciation	**2,773**	8,866
EBITDA	**27**	4,420
Loss per share – basic and diluted (cents)	**(2.28)**	(4.11)
Operational – Logbaba production		
Gas sales (mmscf) – gross	**650**	2,345
– attributable	**372**	1,400
Condensate sales (bbls) – gross	**5,807**	17,963
– attributable	**3,311**	10,727

As at	30 June 2018 $000	31 December 2017 $000
Financial Position		
Net debt position	**(18,604)**	(13,061)

Performance

The Group's revenue for the reporting period was $5.0 million, approximately $10.4 million lower than the prior period (H1 17: $15.4 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.

In addition to efforts to add thermal and industrial power generation customers, the Group has also partnered with Naturelgaz to implement a CNG strategy to provide gas powered energy solutions to customers beyond the existing pipeline network. Whilst these solutions take time to implement, the margins on these lines of business are better than the margins for traditional grid power solutions and would therefore improve the Group's profitability.

Cost of sales of $6.0 million (H1 17: $12.4 million) included $0.8 million (H1 17: $2.3 million) of production royalties, $2.6 million of depreciation linked to revenue generating assets (H1 17: $8.9 million) and $2.6 million of other production related expenditure (H1 17: $1.2 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.

EBITDA, a non-IFRS measure which excludes depreciation from operating profit prior to financing charges and tax, reflects earnings of $0.03 million (H1 17: $4.4 million). The loss after taxation of the Group for the six months to 30 June 2018 amounted to $3.3 million (H1 17: $4.5 million). Loss per share for the reporting period was 2.28 cents (H1 17: 4.11 cents).

Financial Position

Intangible Assets
The increase in intangible assets during the period of $2.5 million, of which $2.0 million represents GDC's additional drilling costs, related to wells La-107 and La-108.

Property, plant and equipment
Additions during the period were predominantly pipeline related and amounted to $0.5 million (H1 17: $0.3 million).

Oil and gas assets, which include the Logbaba wells and the pipeline assets, are depreciated on a 'unit of production' basis. The decreased gross production during the reporting period resulted in a unit of production depreciation charge of $2.3 million (H1 17: $8.5 million).

Trade and other receivables
Trade receivables have decreased $3.1 million from 31 December 2017 due to ENEO settling most of their outstanding receivables a, with a net amount of $0.8 million outstanding at the date of reporting, and a reduction in amounts due from JV partners of $2.0 million.

Cash and cash equivalents
Available cash at 30 June 2018 was $3.2 million (31 December 2017: $11.5 million).

Trade and other payables
Trade and other payables have decreased by $4.7 million from 31 December 2017 to $9.6 million as drilling contractors were paid. As announced on 5 July 2018, a further $1.8 million was settled after the reporting period date via an issuance of new ordinary shares in the Company. The Company has negotiated extended payment terms with the remaining significant suppliers.

Borrowings
Total borrowings of $21.8 million compares to $24.5 million at 31 December 2017.

The Company successfully achieved a restructuring of the BGFI facility (see Note 11). The terms of the restructuring allow the Company to extend the tenor of the existing capital balance for a period of five years from July 2018 to June 2023. The restructured agreement contains a principal repayment holiday for the first 12 months from July 2018 to June 2019. All other terms of the loan agreement remain unaffected, with the exception of additional pledges of security to replace the existing pledge over ENEO receivables, and recourse to related gas production volumes in the event of default.

Net Debt
The Group was in a net debt position of $18.6 million at 30 June 2018 (31 December 2017: $13.1 million). The increased net debt position is a result of the repayment of accounts payable and the funding of operational activities.

Statement of Changes in Equity
The condensed consolidated statement of changes in equity reflects the capital reorganisation programme approved and implemented in the second half of 2017.

Cash Flow
Operating activities
The Group utilised cash for operating activities of $1.3 million during the period (prior period: generated cash of $5.5 million). Working capital increased by $2.1 million (prior period: $16.0 million), mainly due to the reduction of trade payables, resulting in net cash utilised in operating activities of $3.3 million (prior period: $10.4 million).

Investing activities
Drilling and pipeline activities resulted in capital cash costs of $2.4 million during the period (prior period: $15.2 million).

Financing activities
$3.1 million was paid in interest and capital repayments (H1 17: $4.9 million). $22.2 million was drawn down against the BGFIBank facility during the prior period. The Group does not have any further available credit facilities.

Commitments
The Logbaba Concession does not contain any work programme obligations.

The Group awaits the Presidential Decree to formalise its assignment of a 75% participation in the Matanda Block. The block has two two-year exploration periods (total of 4 years) of which GDC's share of the Matanda work programme, commencing from the date of the Presidential Decree, is anticipated to be $11.25 million.

Subsequent Events
On 10 July 2018, the company issued 4,814,815 new ordinary shares to a supplier in lieu of a cash payment.

Going Concern
The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the interim financial statements. There are a number of uncertainties which may affect the Company's ability to continue operating as a going concern, these are disclosed in Note 3 of the unaudited interim condensed consolidated financial statements.

The non-renewal of the grid power contract and the outstanding liabilities associated with the drilling programme that overran its budget have stretched the Company's available resources.

Having restructured the BGFI loan and taken further measures to preserve available cash resources and being reasonably assured of the ability to raising additional funding when required, the Directors are of the opinion that the Company will be able to continue operating for a period of at least 12 months after the date of reporting.

Looking Ahead
Company is focused on securing thermal and industrial power customers to increase gas sales. There remains a shortfall in power supply in Cameroon, with hydroelectric schemes not meeting current demand and GDC remains the only domestic gas producer to supply natural gas to grid power producers. Advanced discussions with a number of customers is expected to lead to signing of industrial power gas sales agreements in the near future.

Maintaining sufficient liquidity and meeting the Group's obligations as they fall due will enable the Group to remain in position to benefit from the considerable upside potential which exists in the Cameroonian energy market.

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:** Inability to sign grid power gas sales agreement with ENEO or other power generating companies
- **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 Company 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 24 of the Report & Accounts to 31 December 2017, which is available on the Victoria Oil & Gas Plc website: www.victoriaoilandgas.com.

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'.

Movement in Directors during the period is discussed in the Corporate section of the Chairman's letter. A list of the current Directors is available on the Company's website: www.victoriaoilandgas.com.

Andrew Diamond
Finance Director
28 September 2018

Condensed Consolidated Income Statement

For the six-month period ended	Note	30 June 2018 Unaudited $000	30 June 2017 Unaudited $000
Continuing operations			
Revenue		**5,014**	15,420
Cost of sales		**(5,990)**	(12,374)
Production royalties		**(773)**	(2,313)
Other cost of sales		**(5,217)**	(10,061)
Gross (loss)/profit		**(976)**	3,046
Sales and marketing expenses		–	(39)
Administrative expenses		**(3,164)**	(6,834)
Other gains/(losses)		**1,135**	(1,150)
Share of profit of associate		**259**	531
Operating loss		**(2,746)**	(4,446)
Finance costs		**(1,082)**	(124)
Loss before tax		**(3,828)**	(4,570)
Tax		**531**	69
Loss for the period – attributable to shareholders of the parent		**(3,297)**	(4,501)

		Cents	Cents
Loss per share – basic & diluted	5	**(2.28)**	(4.11)

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended	30 June 2018 Unaudited $000	30 June 2017 Unaudited $000
Loss for the period	**(3,297)**	(4,501)
Exchange differences on translation of foreign operations	**40**	(25)
Total comprehensive loss for the period – attributable to shareholders of the parent	**(3,257)**	(4,526)

Condensed Consolidated Statement of Financial Position

As at	Notes	**30 June 2018 Unaudited $000**	31 December 2017 Audited $000
Assets:			
Non-current assets			
Intangible assets	6	**56,763**	54,223
Property, plant and equipment	7	**68,686**	70,911
Investment in associate		**5,445**	5,429
		130,894	130,563
Current assets			
Inventories		**26**	24
Trade and other receivables	8	**10,479**	13,545
Cash and cash equivalents	12	**3,231**	11,476
Deferred tax assets		**916**	916
		14,652	25,961
Total assets		**145,546**	156,524
Liabilities:			
Current liabilities			
Trade and other payables	9	**9,628**	14,330
Provisions	10	**1,855**	1,855
Borrowings	11,12	**2,224**	3,174
		13,707	19,359
Net current assets		**945**	6,602
Non-current liabilities			
Borrowings	11,12	**19,611**	21,363
Deferred tax liabilities		**2,259**	2,846
Provisions	10	**3,287**	3,106
		25,157	27,315
Net assets		**106,682**	109,850
Equity:			
Called-up share capital		**1,095**	1,095
Share premium		**24,218**	24,218
ESOP Trust reserve		**(4)**	(4)
Translation reserve		**(17,672)**	(17,712)
Other reserve		**316**	248
Retained earnings		**98,729**	102,005
Total equity		**106,682**	109,850

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 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 loss for the period	–	–	–	(25)	–	(4,501)	(4,526)
At 30 June 2017	34,253	230,635	(873)	(17,710)	10	(155,452)	90,863
For the six months ended 30 June 2018 (Unaudited)							
At 31 December 2017	1,095	24,218	(4)	(17,712)	248	102,005	109,850
Share-based payments	–	–	–	–	89	–	89
Warrants expired	–	–	–	–	(21)	21	–
Total comprehensive loss for the period	–	–	–	40	–	(3,297)	(3,257)
At 30 June 2018	**1,095**	**24,218**	**(4)**	**(17,672)**	**316**	**98,729**	**106,682**

Condensed Consolidated Cash Flow Statement

For the six-month period ended	**30 June 2018 Unaudited $000**	30 June 2017 Unaudited $000
Cash flows from operating activities		
Loss for the period	**(3,297)**	(4,501)
Adjustments for non-cash and other items:		
Tax	**(531)**	(69)
Share of profit in associate	**(259)**	(531)
Finance costs	**1,082**	124
Depreciation and amortisation	**2,773**	8,866
Other (gains)/losses	**(1,135)**	1,206
Share-based payments	**89**	453
	(1,278)	5,548
Movements in working capital		
Decrease/(increase) in trade and other receivables	**2,898**	(13,111)
Increase in inventories	**(2)**	(25)
Decrease in trade and other payables and provisions	**(4,953)**	(2,824)
Net movements in working capital	**(2,057)**	(15,960)
Net cash used in operating activities	**(3,335)**	(10,412)
Cash flows from investing activities		
Payments for intangible assets	**(1,893)**	(14,844)
Payments for property, plant and equipment	**(529)**	(346)
Proceeds from disposal of property, plant and equipment	**16**	-
Loan repayments received	**-**	50
Dividends received from associate	**243**	531
Net cash used in investing activities	**(2,163)**	(14,609)
Cash flows from financing activities		
Proceeds from borrowings	**-**	22,222
Repayments of borrowings	**(2,233)**	(4,213)
Finance costs paid	**(846)**	(639)
Net cash (used)/generated from financing activities	**(3,079)**	17,370
Net decrease in cash and cash equivalents	**(8,577)**	(7,651)
Cash and cash equivalents – beginning of period	**11,476**	16,261
Effects of exchange rate changes on the balance of cash held in foreign currencies	**332**	20
Cash and cash equivalents – end of period	**3,231**	8,630

Notes to the Unaudited 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 2018 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 2017. The Group's presentation currency is the US Dollar and amounts are rounded to the nearest thousand dollars ($000) except as otherwise indicated.

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.

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 2017 except as set out below.

New amended standards adopted by the group
IFRS 15 Revenue from Contracts with Customers became applicable in the current reporting period. The adoption of this standard did not require any restatement of prior year comparatives as the application of these standards did not have a material impact on the financial report.

Disclosure of disaggregated revenue information consistent with the requirement included in IFRS 15 is presented in note 4.

Critical Accounting Judgements
In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Going concern
The assessment of the Group's ability to execute its strategy by funding future working capital requirements involves judgement.

The Directors monitor future cash requirements and are confident that the Group is able to continue as a going concern and no adjustment is required to the financial statements. Further information regarding going concern is outlined in Note 3.

As part of the assessment, management reviewed budgets and cash flow forecasts and compared the requirements to available resources, existing funding facilities and potential sources of additional funds.

Unit-of-production depreciation method
The Group's policy is to use the unit-of-production method of depreciation based on proved developed reserves for depreciation and amortisation of its oil and gas assets. These calculations require the use of estimates and assumptions and significant judgement is required in assessing the amount of estimated reserves. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Changes in proved developed reserves will prospectively affect the unit-of-production depreciation charges to the Income Statement. Proved developed reserves used in the calculation of unit-of-production depreciation were 21.1 billion cubic feet ("bcf") (prior period: 24.6bcf) in the Logbaba Field. This applies only to well La-105 which was the only well used in production during the period. Well La-106 was transferred from intangible assets to oil and gas assets at the end of the period and the unit-of production depreciation will be revised to the updated reserves published by the Group on 4 June 2018. The unit-of-production depreciation charged to the Income Statement, which was calculated, based on these reserves, was $2.3 million (prior period: $8.5 million). If the reserves were to vary by plus 10%, the unit-of-production depreciation for the reporting period would have decreased by $0.3 million and if they were to vary by minus 10% the unit-of-production depreciation for the reporting period would have increased by $0.3 million.

Accounting for joint operations
During the prior period, Société Nationale des Hydrocarbures ("SNH") exercised its right to participate in the Logbaba Project, namely 5% of the Upstream operations of the Logbaba Project. This participation is retrospective and therefore they are deemed to have participated since first production. The net share of this venture that has been included in these financial statements is 57% of the upstream operations and 60% of the downstream operations.

The unaudited interim condensed consolidated financial statements are prepared on the basis that downstream operations charge cost plus 15% to the upstream operations as a fee for marketing the gas. Shared services have been allocated between upstream and downstream operations based on the activity during the period.

Deferred tax assets
The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. A deferred tax asset of $0.9 million has been recognised in the reporting period (prior period: $0.9 million) in relation to the Group's operations in Cameroon as it is considered likely that the operations will generate future taxable profit against which the unused tax losses will be able to be applied. No deferred tax asset has been recognised in the reporting period in relation to the Group's other operations due to the unpredictability of future profit streams in the companies that have unutilised tax losses.

Key Sources of Estimation Uncertainty
The preparation of unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2017, namely the potential effects of the risks associated with operating in Cameroon, Russia and Kazakhstan; the uncertainties surrounding the determination of various provisions; and considerations regarding the impairment of the Group's assets.

3. GOING CONCERN

The Directors are required to give careful consideration to the appropriateness of the going concern basis in the preparation of the unaudited interim condensed consolidated financial statements.

Revenue in the reporting period was $5.0 million (prior period: $15.4 million). The decrease relates to the impact of ENEO Cameroon S.A. ("ENEO") ceasing to consume gas effective 1 January 2018 (discussed below). Underlying EBITDA for the period of $0.03 million (prior period: $4.4 million) reflecting the reduced revenues. The Group consumed cash of $8.6 million during the period (prior period: $7.7 million).

These conditions indicate the existence of a material uncertainty. In their consideration of the appropriateness of applying the going concern assumption the Directors have considered the following factors, estimates and assumptions which are considered to be relevant. Future outcomes may differ from these estimates.

Grid power gas sales agreement
The ENEO contract extension expired on 31 December 2017 and consumption of gas has not been renewed to date.

The Government of Cameroon, ENEO, Altaaqa Global ("Altaaqa"), the genset providers to ENEO which consume GDC's gas, and GDC continue to seek a resolution to the suspension of electricity generation at the ENEO owned Logbaba and Bassa power stations in Douala. The shortfalls in power supply in Cameroon continue, with hydroelectric schemes not meeting the current demand. As a consequence, GDC remains confident that a solution will be found as all parties are actively engaged in the various steps involved that will result in ENEO resuming the consumption of Logbaba gas.

The ongoing power shortage in Cameroon continues to provide opportunities in the grid power sector.

The GDC sales team is also aggressively seeking to expand gas sales in Cameroon in the thermal, industrial power generation and CNG sectors. Industrial power generation, in particular, offers significant opportunity as customers look for energy security. With two gensets in commissioning and a number of further prospective customers, GDC believes this is a sector which could generate significant cash for the Group. For customers beyond the reach of the pipeline network, GDC is exploring CNG solutions, and the Group announced on 26 June 2018 that GDC had entered a partnership with Naturelgaz Sanayi ve Ticaret A.S. (Europe's largest CNG supplier and distributor) to further this development.

Debt

The Group ended the period with cash and cash equivalents of $3.2 million (prior period: $8.6 million) and in a net debt position of $18.6 million (prior period: $25.2 million). The Group had borrowings of $21.8 million (prior period: $33.8 million). The Group has no available headroom on any of its current credit facilities.

The Company has successfully achieved a restructuring of the BGFI facility (see note 11). The terms of the restructuring allow the Company to extend the tenor of the existing principal balance for a period of five years from July 2018 to June 2023. The restructured agreement contains a principal repayment holiday for the first twelve months from July 2018 to June 2019. All other terms of the loan agreement remain unaffected, with the exception of additional pledges of security to replace the existing pledge of ENEO receivables, and recourse to related gas production volumes in the event of default.

The potential for industrial power generation for individual customers is being actively pursued. The Company has made application to several credit providers for funding to be made available for asset backed finance arrangements with qualifying customers who have signed suitable Gas Sales Agreements (GSAs) with take-or-pay type arrangements to secure the funding. The Directors conclude that this is an acceptable form of financing to generate additional revenues from new and existing customer bases.

Drilling programme

The successful completion of wells La-107 and La-108 in December 2017 significantly reduces the sustainability risk under which the Group had previously operated owing to the Douala operations being dependent on a single producing well (La-105). In addition, the increase in reserves resulting from La-107, and La-108, once the perforating gun is removed, and that the Upper Logbaba Sands have been perforated and tested, have enabled the Group to enter negotiations for a number of long-term, high volume gas supply agreements with electricity producers and other industries within Douala.

The final cost of the drilling programme, excluding capitalised interest costs, was $87.0 million (gross). At 30 June 2018, the outstanding attributable accounts payable and accruals relating to the drilling programme was $5.6 million (net), with $1.8 million (net) settled shortly after the reporting period via an issuance of new ordinary shares in the Company. The Company has negotiated extended payment terms with the remaining suppliers.

Aside from minor costs spent on the wells and flowlines during 2018, there are no further significant capital costs anticipated or committed on wells La-107 and La-108 during 2018. Should the Company sign GSAs requiring gas in volumes exceeding the production capabilities of La-105 and La-107, then remediation work on La-108 would be considered.

Cost reductions, limited capex

With the reduction of revenue in 2018 resulting from grid power consumption having ceased, the Company has implemented cost reduction measures, including headcount reductions and the removal of non-essential capital spend. Operating and capital costs are being monitored very closely in order to maximize cash preservation.

New funding potential

The Company has lodged an insurance claim with the Company's insurers to cover the substantial and material costs associated with a well control incident on well La-108 and the consequential schedule and cost overruns. The gross amount of the claim submitted is $24.5 million. As is common in these situations, the outcome of our claim is not certain. The claim has been disclosed as a contingent asset in Note 15.

The Company raised $23.7 million in net proceeds via an equity placement in November 2017. The Directors are exploring various alternatives to raising additional funds for ongoing operations of the business. The Directors believe that the Company will be able to raise sufficient capital to continue in operation.

Conclusion
The Directors have reviewed operating and cash forecasts in respect of the operating activities and planned work programmes of the Group's assets. In the case that either the consumption of gas pursuant to a grid power GSA does not resume or a settlement of the insurance claim is not completed, additional finance will be required and, in this event, the Directors believe that they will be able to access additional financing in order to continue to meet obligations and develop operations for a period of at least twelve months from the date of approval of these unaudited interim condensed consolidated financial statements.

On this basis the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. Accordingly, these 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.

4. SEGMENTAL ANALYSIS

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. The Group has one class of business: oil and gas exploration, development and production and the sale of hydrocarbons and related activities. This is analysed on a location basis. Only the Cameroon segment is generating revenue, which is from the sale of hydrocarbons. For the purposes of segmental reporting, the Russia and Kazakhstan segments have been combined as the assets of these segments have both been fully impaired. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

Six months to 30 June 2018 (Unaudited)	**Cameroon $000**	**Russia and Kazakhstan $000**	**Corporate $000**	**Total $000**
Revenue				
Gas Sales – thermal power	4,607	–	–	4,607
Gas Sales – industrial power	155	–	–	155
Gas sales – grid power	–	–	–	–
Gas Revenue	**4,762**	**–**	**–**	**4,762**
Condensate sales	252	–	–	252
Total Revenue	**5,014**	**–**	**–**	**5,014**
Segment result	**(1,555)**	**(238)**	**(953)**	**(2,746)**
Finance costs	**(991)**	**(21)**	**(70)**	**(1,082)**
Loss before tax	**(2,546)**	**(259)**	**(1,023)**	**(3,828)**
Tax	**(55)**	**-**	**586**	**531**
Loss for the period	**(2,601)**	**(259)**	**(437)**	**(3,297)**
Total assets	**137,934**	**80**	**7,532**	**145,546**
Total liabilities	**(36,366)**	**(488)**	**(2,010)**	**(38,864)**
Other segment information				
Capital expenditure:				
Intangible assets	**2,580**	**-**	**-**	**2,580**
Property, plant and equipment	**529**	**-**	**-**	**529**
Depreciation and amortisation	**2,743**	**-**	**30**	**2,773**

Six months to 30 June 2017 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue				
Gas Sales – thermal power	5,388	–	–	5,388
Gas Sales – industrial power	173	–	–	173
Gas sales – grid power	9,357	–	–	9,357
Gas Revenue	**14,918**	**–**	**–**	**14,918**
Condensate sales	502	–	–	502
Total Revenue	**15,420**	**–**	**–**	**15,420**
Segment result	(2,222)	(318)	(1,906)	(4,446)
Finance costs	(49)	(11)	(64)	(124)
Loss before taxation	(2,271)	(329)	(1,970)	(4,570)
Income tax expense	69	-	-	69
Loss 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

5. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after tax for the period available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the period, excluding treasury shares held by the ESOP Trust. Diluted loss per share is computed by dividing the profit or loss after tax for the period by the weighted average number of ordinary shares in issue, each adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period. If potential ordinary shares are anti-dilutive, they are excluded from the diluted loss per share calculation.

The following table sets forth the computation for basic and diluted loss per share.

For the six-month period ended	30 June 2018 Unaudited $000	30 June 2017 Unaudited $000
Loss for the period	**(3,297)**	(4,501)
	Number	Number
Number of shares		
Weighted number of ordinary shares - basic and diluted	**144,497,228**	109,596,483
	Cents	Cents
Loss per share –basic and diluted	**(2.28)**	(4.11)

6. INTANGIBLE ASSETS

Six months to 30 June 2018 (Unaudited)	**Exploration and evaluation assets $000**	**Software $000**	**Total $000**
Cost			
Opening balance	**129,412**	**371**	**129,783**
Additions	**2,563**	**17**	**2,580**
Effects of movement in foreign exchange	**(1,403)**	**-**	**(1,403)**
Closing balance	**130,572**	**388**	**130,960**
Accumulated amortisation and impairment			
Opening balance	**75,445**	**115**	**75,560**
Charge for the period	**-**	**40**	**40**
Effects of movement in foreign exchange	**(1,403)**	**-**	**(1,403)**
Closing balance	**74,042**	**155**	**74,197**
Carrying amount 30 June 2018	**56,530**	**233**	**56,763**

Twelve months to 31 December 2017	Exploration and evaluation assets $000	Software $000	Total $000
Cost			
Opening balance	91,413	323	91,736
Additions	37,468	57	37,525
Disposal	(859)	(9)	(868)
Effects of movement in foreign exchange	1,390	–	1,390
Closing balance	129,412	371	129,783
Accumulated amortisation and impairment			
Opening balance	74,055	43	74,098
Charge for the period	–	72	72
Effects of movement in foreign exchange	1,390	–	1,390
Closing balance	75,445	115	75,560
Carrying amount 31 December 2017	53,967	256	54,223

The remaining exploration and evaluation assets relate to the Logbaba drilling programme. During the period Well La-107 was transferred to oil and gas assets.

Recoverability of exploration and evaluation assets is dependent on the successful development of reserves, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop the projects and bring the assets to economic maturity and profitability.

7. PROPERTY, PLANT AND EQUIPMENT

Six months to 30 June 2018 (Unaudited)	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	**40,829**	**72,213**	**6,589**	**119,631**
Additions	**511**	**–**	**18**	**529**
Disposals	**(58)**	**–**	**–**	**(58)**
Closing balance	**41,282**	**72,213**	**6,607**	**120,102**
Depreciation				
Opening balance	**5,426**	**43,294**	**–**	**48,720**
Disposals	**(37)**	**–**	**–**	**(37)**
Charge for the period	**418**	**2,315**	**–**	**2,733**
Closing balance	**5,807**	**45,609**	**–**	**51,416**
Carrying amount 30 June 2018	**35,475**	**26,604**	**6,607**	**68,686**

Twelve months to 31 December 2017	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	84	67	4,883	5,034
Disposals	(435)	(579)	(90)	(1,104)
Closing balance	40,829	72,213	6,589	119,631
Depreciation				
Opening balance	4,237	30,030	–	34,267
Disposals	(56)	(170)	–	(226)
Charge for the period	1,245	13,434	–	14,679
Closing balance	5,426	43,294	–	48,720
Carrying amount 31 December 2017	35,403	28,919	6,589	70,911

Production wells, which are included in oil and gas assets, are depreciated on a unit-of-production basis.

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.

The realisation of property, plant and equipment of $68.7 million is dependent on the continued successful development of economic reserves, which is subject to a number of uncertainties including the Group’s ability to access financial resources to continue to successfully generate revenue from the assets.

8. TRADE AND OTHER RECEIVABLES

As at	30 June 2018 Unaudited $000	31 December 2017 Audited $000
Trade receivables	**4,303**	6,197
Other receivables	**6,176**	7,348
	10,479	13,545

Other receivables includes amounts due from joint ventures partners (RSM and SNH) of $3.7 million (31 December 2017: $5.7 million). This relates to their funding obligation for their share of their combined 43% participating interest in the Logbaba Project.

The carrying value of trade and other receivables approximates to fair value.

9. TRADE AND OTHER PAYABLES

As at	30 June 2018 Unaudited $000	31 December 2017 Audited $000
Trade payables and accruals	**6,491**	11,114
Other payables	**3,137**	3,216
	9,628	14,330

The carrying value of trade and other payables approximates to fair value.

10. PROVISIONS

As at	30 June 2018 Unaudited $000	31 December 2017 Audited $000
Decommissioning provisions	**2,383**	2,318
Production bonus provision	**778**	788
Provision for litigation	**1,855**	1,855
Other provisions	**126**	-
	5,142	4,961

The provision for litigation includes a provision of $1.5 million in relation to the land claim relating to the Logbaba Project. This provision is disclosed as a current liability.

11. BORROWINGS

As at	30 June 2018 Unaudited $000	31 December 2017 Audited $000
Loans – repayable in one year	**2,224**	3,174
Loans – repayable in two to five years	**19,611**	21,363
	21,835	24,537

The outstanding balance on the BGFI loan facility at 30 June 2018 was $20.4m (31 December 2017: $22.8 million). The loan terms were restructured in June 2018. The restructured loan has a term of five years commencing July 2018, an unchanged interest rate of 7.15%, and an initial 12-month interest only period. The loan is secured by a pledge over the revenue stream of certain customers, a pledge over attributable gas production volumes equivalent to the monthly installments and the ceding of GDC's rights to insurance claim for the tenor of the loan.

12. NET DEBT

As at	**30 June 2018 Unaudited $000**	31 December 2017 Audited $000
Cash and cash equivalents	**3,231**	11,476
Borrowings: Current liabilities	**(2,224)**	(3,174)
Borrowings: Non-current liabilities	**(19,611)**	(21,363)
	(18,604)	(13,061)

13. 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 2017. During the period, royalties of $0.8 million accrued to CHL by GDC. Dividends of $0.3 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 2018 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 2017.

14. COMMITMENTS

Subject to the Groups participation in the Matanda Project being formalized by a Presidential decree in Cameroon, GDC would have work programme commitments for its 75% interest in the project amounting to $11.25 million, to be spent within two years of the date of the Presidential decree.

15. CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

The Groups royalty obligations, and contingent obligations, are unchanged from those disclosed in the Group's Annual Report & Accounts to 31 December 2017.

Our JV partners in the Logbaba project, RSM and SNH, are both conducting audits on costs relating to years prior to the balance sheet date. At the date of signing these financial statements the outcome of these audits is unknown, however any findings from the audits could have an impact on the results.

Contingent Asset

During the drilling of well La-108 on Logbaba there was a well control event which was the main cause of the delay and cost overruns. An insurance claim has been lodged with the Company's insurers to cover the substantial and material costs associated with this event and the consequential schedule and cost overrun. As is normal in these situations, the outcome of our claim is not certain. The gross amount of the claim submitted is $24.5 million.

No asset has been recognised in the unaudited interim condensed consolidated Statement of Financial Position as the amounts and timing of the claim outcome are uncertain.

16. POST BALANCE SHEET EVENTS

On 10 July 2018, the Company issued 4,814,815 Ordinary shares to a supplier in lieu of a cash payment.

17. SEASONALITY

Revenues and operating profits for all customers are evenly spread between the two half years.

18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 28 September 2018.

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