



9 May 2019

**Victoria Oil & Gas Plc
("VOG" or "the Company" or "the Group")**

Q1 2019 Operations Update

Victoria Oil & Gas Plc, owner of Gaz du Cameroun S.A. ("GDC"), the Cameroon based gas and condensate producer and distributor, provides an update on the Group's operations for the three months ended 31 March 2019 ("Q1 19" or "the Quarter").

Highlights:

- Overall Q1 19 average gas production rate increased by 127% during the period to 10.10mmscfd (Q4 18: 4.45mmscfd), driven by the resumption of the contract with ENEO
- ENEO gas consumption consistently over 5.5mmscfd during the Quarter having recommenced on 22 December 2018
- Peak rate of 12.85mmscfd reached in Q1 19
- Q1 19 gross gas sales of 903.2mmscf (Q4 18: 403.8mmscf)
- 2 new customer gas sales agreements signed
- International Organization for Standardization compliance ("ISO") 9001, 14001 & 45001 audits successfully completed, emphasising the Company's commitment to international standards in its management systems

Post Period End:

- Completion of £13.57 million (gross) fundraise to strengthen the Company's financial position and provide a stable growth platform for the business
- Completion of Board Changes:
 - Kevin Foo stepped down as Director and Executive Chairman
 - Roger Kennedy assumed the role of Executive Chairman.
 - Appointment of John Daniel and John Knight as Independent Non-Executive Directors

Roger Kennedy, Executive Chairman of VOG commented:

"The past month has marked a positive new beginning for VOG, as the business restored a stable platform for future growth through the delivery of a strong set of Q1 19 production figures, in addition to the post period end completion of the fundraising and the reshaping of the Board.

VOG is in a much improved financial and operational position. As the only onshore gas supplier and operator of a gas pipeline network, we are well placed to take advantage of the increasing gas demand in Douala, Cameroon.

As a management team, we are confident about the future of this business, and are firmly focused on the development, diversification and expansion of our operations and customer base in Cameroon."

Corporate Update

On 7 March 2019, the Company announced that it had conditionally raised £13.57 million (gross), with new and existing shareholders, comprising a Placing of 59,357,488 New Ordinary Shares and a Subscription of 45,000,000 New Ordinary Shares, with 270,000 Fee Shares issued in connection with the Fundraising. The issue of the New Ordinary Shares was conditional upon, *inter alia*, the passing of the Resolution at the General Meeting held on 3 April 2019, which was duly passed.

The net proceeds of the Fundraising will enable the Company to:

- maintain and expand its existing operations in Cameroon, with a focus on securing new customers and increasing revenue;
- complete Well LA 108 at Logbaba and fund the ongoing planning of the Matanda project, a key focus for the Company;
- continue to implement its cost reduction programme in both the London and Cameroon operations; and
- fund its working capital requirements.

Board Changes

Kevin Foo stepped down as Director and Executive Chairman at the conclusion of the General Meeting. Roger Kennedy, formerly Senior Independent Director, has assumed the role of Executive Chairman. The Company was pleased to announce the appointment of two Independent Non-Executive Directors to the Board: John Knight, appointed Senior Independent Director, and John Daniel, both of whom bring a wealth of experience and expertise to strengthen the Board.

Logbaba - Quarterly Production Update

The Q1 19 gross and net gas and condensate sales at Logbaba for Gaz du Cameroun S.A., ("GDC"), are as follows:

Amounts in **bold** are gas and condensate sales attributable to GDC (57%):

	Q1 2019		Q4 2018		Q3 2018		Q2 2018		Q1 2018	
Gas sales (mmscf)										
Thermal	211	370	200	352	194	341	174	305	179	313
Industrial power	14	25	15	27	9	15	9	15	10	17
Grid power	290	508	15	25	0	0	0	0	0	0
Total (mmscf)	515	903	230	404	203	356	183	320	189	330
Average gas production (mmscfd)	10.10		4.45		3.72		3.30		3.50	
Condensate sold (bbl.)	3,825	6,710	2,701	4,738	2,298	4,032	1,657	2,907	1,654	2,900

The material increase in consumption (173% increase on Q1 18) is as a result of ENEO resuming gas consumption at the end of December 2018. Thermal customer consumption increased 5% quarter on quarter (18% on Q1 18).

Industrial Customer Updates

Gas Sales Agreements have been signed with two new customers during the quarter, each with thermal and industrial power requirements. Commissioning of these customers is anticipated in Q4 19, and mid 2020 respectively.

Grid Power Update

ENEO have consistently consumed gas from GDC in excess of 5.5mmscf/d, which is above the contracted consumption volume. The parties are currently operating on a signed binding Term Sheet and are working together to finalise a Fully Termed Agreement, which includes the provision of an appropriate bank guarantee. The invoices for gas consumed in 2019, totaling approximately \$3.6 million (net), remain outstanding. Management expect payment shortly and is actively engaging with both ENEO and the Government to resolve this.

Trade Indebtedness

The Company has settled with a large creditor from its last drilling program and now trades with its creditors within trading terms. GDC has received a statutory demand in the BVI from Weatherford Services and Rental Ltd (“Weatherford”) for payment of invoices relating to various services provided by Weatherford for the La-107 and La-108 drill program for an amount of approx. US\$2.9m. The Company contends that this matter was in dispute prior to service of the statutory demand and has made an application to have the statutory demand set aside. The Company has also formally disputed that the full funds demanded are due and is working to resolve the matter.

Cameroon Holdings Limited (“CHL”) Royalty Agreement

Since January 2019 the Company has ceased to make any payments under the Royalty Agreement. The Board is in the process of reviewing the governing documents regarding the payment of royalties to CHL and the Company is not currently making any payments under the Royalty Agreement.

ISO Certification

GDC has been working on International Organization for Standardization compliance (“ISO”) 9001, 14001 & 45001 ISO since 2017. It has developed and implemented its Integrated Management System (IMS) based upon the requirements of these International Standards.

We are pleased to announce that following an audit by an external certifying authority, GDC has completed the audit process for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 with certifications being expected by end of Q2 19. This achievement is evidence that Gaz du Cameroun has established management systems; Quality, Environmental and Occupational Safety and Health, which conform to international ISO standards. This accomplishment demonstrates our continued commitment to providing a high-quality product and delivering a consistent service to all our clients, alongside the investment of time and money into new technology, staff, processes and procedures by the Company.

Logbaba La-108 Insurance Claim

The insurance claim to recover the costs associated with the La-108 well control event has been declined by the insurer based on their opinion that there was insufficient evidence of an underground blow-out as defined in the insurance policy. Expert technical advisors to the Company have produced information contrary to what the insurer has put forward and the Board believes it has reasonable prospects of success in pursuing the claim through litigation in Cameroon. The parties relating to the Logbaba Project are evaluating their options.

La-108 remediation

As a result of increased production demand, planning has commenced for works to recover the perforating gun lost down-hole and to conduct further perforating and flow testing to complete well La-108.

Matanda

Following the receipt of a Presidential Decree conferring title over the Matanda PSC in December 2018, in Q1 19 planning commenced for the next phase of subsurface work on the block involving completion of the evaluation of the prospectivity and de-risking of existing prospects.

This announcement contains inside information.

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