CHAIRMAN'S STATEMENT

Dear Shareholder,

It is my pleasure to provide an update of your Company since the release of the 2010 Annual Results. Following the AGM on the 30 November, VOG completed the fundraising of £10.8m in new equity to reinforce our capital base. This capital underpins our transformation to a producing and cash generating company at our flagship Logbaba Gas field in Cameroon.

Award of the Exploitation Decree for the Logbaba Gas Field, to be signed by the President of Cameroon, His Excellency Paul Biya, is imminent. We must remember that this is a very high profile project in Cameroon and the first Exploitation Decree of its type to be issued. Once the decree has been issued, we expect to deliver first gas sales within five months.

Logbaba has aroused much interest in Cameroon. Over the last three months, Rodeo Development Limited, our subsidiary company in Cameroon has participated in many fact-finding meetings and discussions with Government, the Office of the President and industrial customers. In addition, we have had many community meetings and consultations with local chiefs and civic leaders. We are respecting these procedures and the response has been universally positive.

While these discussions have been underway, we have advanced the project on every front:

- All design and engineering is complete.
- All equipment has been procured and transported to site.
- Expro Worldwide B.V, who has been awarded the contract for the leased process gas separation and cleaning facilities, has shipped their equipment into Cameroon and this is ready to be constructed and commissioned.
- Contracts for civil works at the Logbaba site and trenching and installation of the pipeline have been tendered and evaluated and we are ready to award these contracts upon receipt of the Decree.
- As for other permits, the Company has obtained a Certificate of Environmental Conformance from the Ministry of Environment and Natural Affairs. We have secured a Letter of Approval for the right to work in public roads from the Douala City Council, Public Works Department. In addition, the Company has negotiated Transit Agreements with two state companies, Magzi Industrial Estate and Camrail, (the state railway company,) upon whose land part of the pipeline will be installed and we expect these to be signed shortly. Finally, the Demolition and Construction Permits for civils works at the Logbaba Site have been reviewed and are ready to be granted from the Douala City Council, Department of Construction and Urban Environment.

We remain on course to have a very successful year at Logbaba. The delay in getting the Exploitation Decree is minor in the overall context of this project and the future remains very exciting for us all.

Meanwhile, operations at West Medvezhye, Russia are gathering momentum. Our gas tomography and passive seismic surveys concluded last year confirmed direct hydrocarbon indication in six accumulations. VOG's technical team has carried our preliminary integration of the new data with existing datasets including seismic and well data. Work is progressing and the studies are highlighting several interesting leads for more detailed analysis and future drilling.

This month, we met with Russian geosciences consulting institutes with established experience in the region including OGFC Siberian Scientific & Analytical Centre, "SibNats" and Mineral LLC, "Mineral" to discuss technical collaboration. As a result, we have commissioned a seismic reprocessing and geological modelling study with Mineral to re-interpret certain targeted areas taking into account the newly integrated survey information.

Also in February, our technical team presented the results of our 2010 work programme and outlined forward plans for this year and 2012 to the Ministry of Natural Resources and other official bodies in Russia. I am delighted to report that the plans have been approved. We plan to drill two exploration/appraisal wells by the end of 2012. Drilling locations will be decided once we receive the results of the study by Mineral, which is expected to take 4 months and an additional 185 km of 2D seismic which will also be acquired this year.

In addition, we are assessing ways of exploiting the well 103 discovery to generate cash. This work will incorporate the 2011 subsurface studies and data acquisition and conceptual development studies to evaluate various surface production facilities and downstream options for commercialising these reserves.

Finally, we have extended the option to acquire Falcon Petroleum Limited which has assets in Mali and Ethiopia. In the meantime, the Company has also commissioned a third party evaluation to determine the prospectivity of the assets and a valuation range. This work is now complete and VOG is currently negotiating with the Directors of Falcon. We expect to provide a further update to the market shortly.

Kevin Foo

Chairman

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 NOVEMBER 2010

	Notes	6 months ended 30 November 2010 Unaudited $000	6 months ended 30 November 2009 Unaudited $000	12 months ended 31 May 2010 Audited $000
Continuing operations				
Administrative expenses		(2,053)	(3,155)	(5,796)
Other gains and (losses)	5	1,559	(472)	(133)
OPERATING LOSS		(494)	(3,627)	(5,929)
Interest received		21	18	71
Finance revenue	6	–	–	617
Finance costs	7	(360)	(863)	(866)
LOSS BEFORE TAXATION		(833)	(4,472)	(6,107)
Income tax expense	8	–	–	–
LOSS AFTER TAXATION FOR THE PERIOD		(833)	(4,472)	(6,107)
		Cents	Cents	Cents
Loss per share – basic	3	(0.06)	(1.11)	(0.63)
Loss per share – diluted		(0.06)	(1.11)	(0.63)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 NOVEMBER 2010

	6 months ended 30 November 2010 Unaudited $000	6 months ended 30 November 2009 Unaudited $000	12 months ended 31 May 2010 Audited $000
Loss for the financial period	(833)	(4,472)	(6,107)
Exchange differences on translation of foreign operations	(666)	218	70
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,499)	(4,254)	(6,037)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2010

	Notes	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
ASSETS:				
NON CURRENT ASSETS				
Intangible assets	4	122,543	102,360	115,917
Property, plant and equipment		351	143	221
Receivables	9	20,767	–	19,916
		143,661	**102,503**	**136,054**
CURRENT ASSETS				
Receivables	9	17,917	1,038	1,776
Cash and cash equivalents		7,225	14,196	6,034
		25,142	15,234	7,810
Held for sale assets		1,829	–	1,829
		26,971	15,234	9,639
TOTAL ASSETS		**170,632**	**117,737**	**145,693**
LIABILITIES:				
CURRENT LIABILITIES				
Trade and other payables	10	(13,625)	(11,635)	(17,595)
Borrowings		(462)	(1,184)	(1,854)
		(14,087)	(12,819)	(19,449)
NET CURRENT ASSETS /(LIABILITIES)		**12,884**	**2,415**	**(9,810)**
NON-CURRENT LIABILITIES				
Borrowings		–	(762)	–
Convertible loan – debt portion		(659)	(1,150)	(529)
Derivative financial instruments		(254)	(925)	(24)
Deferred tax liabilities		(6,599)	(6,599)	(6,599)
Provisions		(6,704)	(2,945)	(7,406)
		(14,216)	(12,381)	(14,558)
NET ASSETS		**142,329**	**92,537**	**111,686**
EQUITY:				
Share capital	11	16,897	8,351	11,648
Share premium		182,240	137,987	155,636
ESOP Trust reserve		(584)	(271)	(293)
Translation reserve		(11,370)	(10,556)	(10,704)
Other reserves		4,408	3,820	3,828
Retained earnings – deficit		(49,262)	(46,794)	(48,429)
TOTAL EQUITY		**142,329**	**92,537**	**111,686**

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 NOVEMBER 2010

	Share capital $000	**Share premium $000**	**ESOP Trust reserve $000**	**Retained earnings / (deficit) $000**	**Translation reserve $000**	**Other reserve $000**	**Total $000**
At 31 May 2009	4,289	114,620	(124)	(42,322)	(10,774)	2,882	68,571
Shares issued	4,062	25,416	(147)	–	–	–	29,331
Total comprehensive loss for the period	–	–	–	(4,472)	218	–	(4,254)
Share issue costs	–	(1,111)	–	–	–	–	(1,111)
Recognition of share based Payments	–	(938)	–	–	–	938	–
At 30 November 2009	8,351	137,987	(271)	(46,794)	(10,556)	3,820	92,537
Shares issued	3,297	19,514	(22)	–	–	(655)	22,134
Total comprehensive loss for the period	–	–	–	(1,635)	(148)	–	(1,783)
Share issue costs	–	(1,202)	–	–	–	–	(1,202)
Recognition of share based Payments	–	(663)	–	–	–	663	–
At 31 May 2010	11,648	155,636	(293)	(48,429)	(10,704)	3,828	111,686
Shares issued	5,249	28,028	(370)	–	–	–	32,907
Total comprehensive loss for the period	–	–	–	(833)	(666)	–	(1,499)
Share issue costs	–	(844)	–	–	–	–	(844)
Recognition of share based Payments	–	(580)	–	–	–	580	–
Credit for value of shares vested by ESOP	–	–	79	–	–	–	79
At 30 November 2010	16,897	182,240	(584)	(49,262)	(11,370)	4,408	142,329

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 NOVEMBER 2010

	6 months ended 30 November 2010 Unaudited $000	6 months ended 30 November 2009 Unaudited $000	12 months ended 31 May 2010 Audited $000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(833)	(4,472)	(6,107)
Non cash finance costs recognised in the income statement	130	63	866
Fair value loss/(gain) on embedded derivatives	230	373	(617)
Release of share based payment reserve	–	–	(655)
Depreciation and amortisation of non-current assets	218	104	207
Net foreign exchange gain	(1,258)	(500)	(568)
Value of shares vested by ESOP Trust	79	–	–
	(1,434)	(4,432)	(6,874)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other receivables	(17,071)	(293)	(17,365)
Increase in available for sale assets and inventories	–	–	(1,829)
Increase / (decrease) in trade and other payables	(5,140)	8,697	17,523
NET CASH USED IN OPERATING ACTIVITIES	**(23,645)**	**3,972**	**(8,545)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible fixed assets	(5,985)	(22,291)	(35,212)
Payments for tangible fixed assets	(145)	(124)	(310)
VAT recovered that had previously been capitalised	671	3,569	–
NET CASH USED IN INVESTING ACTIVITIES	**(5,459)**	**(18,846)**	**(35,522)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares	31,807	29,331	51,624
Shares issued to ESOP trust	(291)	–	–
Payment of equity share issue costs	(844)	(1,111)	(2,193)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**30,672**	**28,220**	**49,431**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,568**	**13,346**	**5,364**
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD	6,034	711	711
Effects of exchange rate changes on the balance of cash held in foreign currencies	(377)	139	(41)
CASH AND CASH EQUIVALENTS END OF THE PERIOD	**7,225**	**14,196**	**6,034**

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2010

1. PRINCIPAL ACCOUNTING POLICIES

The annual financial statements of Victoria Oil & Gas Plc are prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

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 annual consolidated financial statements for the year ended 31 May 2010.

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 annual consolidated financial statements as at 31 May 2010.

At the date of these interim financial statements the following Standards and Interpretation were in issue but not yet effective:

Name of new Standards/amendments	Effective from
IFRS 9 *Financial Instruments*	1 January 2013
IAS (revised Nov. 2009) *Related Party Disclosures*	1 January 2011
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010

The Directors anticipate that all of the above Standards and Interpretation will be adopted in the Group's financial statements in future periods and that they will have no material impact on the financial statements of the Group in the period of initial application.

2. SHARE OPTION EXPENSE

The fair value of warrants issued by the Company in respect of fees for share placings has been offset against Share Premium. The amount for the 6 months to 30 November 2010 was $580,000 (6 months to 30 November 2009 and 12 months to 31 May 2010: $938,000).

The warrants have been fair valued using a Black-Scholes option pricing model. The inputs into the Black-Scholes model were as follows:

	30 November 2010	**30 November 2009**	**31 May 2010**
Number of warrants	11,076,445	14,983,020	14,983,020
Weighted average share price – pence sterling	4.00	4.51	4.51
Option term – years	3	3 to 5	3 to 5
Share exercise price – pence Sterling	2.72 to 5.01	3.77 to 6.02	3.77 to 6.02
Risk-free rate	0.25%	0.25%	0.25%
% Expected volatility	125%	122%	122%
Expected dividend yield	nil	nil	nil

The expected volatility was determined based on the historical movement in the Company's share price over a period equivalent to the option period.

3. LOSS PER SHARE

Basic earnings or loss per share is computed by dividing the profit or loss after tax for the year available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year, excluding those held by the ESOP Trust. Diluted earnings or loss per share is computed by dividing the profit or loss after taxation for the financial year 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 year.

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

	30 November 2010 $000	30 November 2009 $000	31 May 2010 $000
Numerator:			
Numerator for basic EPS – retained loss	(833)	(4,472)	(6,107)
	Number	**Number**	**Number**
Denominator:			
Denominator for basic EPS and diluted EPS	1,499,257,499	403,555,842	968,919,960
	Cents	**Cents**	**Cents**
Loss per share – basic and diluted	(0.06)	(1.11)	(0.63)

Basic and diluted loss per share are the same, as the effect of the outstanding warrants is anti-dilutive and is therefore excluded.

4. SEGMENTAL ANALYSIS

The Group operates in one class of business being the exploration for, development and production of oil and gas and in three geographical segments, namely the Russian Federation, Republic of Cameroon and the Republic of Kazakhstan.

The analysis by geographical segment is shown below:

Six months to 30 November 2010

	Cameroon $000	Russia $000	Kazakhstan $000	Corporate $000	Total $000
Administrative expenses	(253)	(497)	(57)	(1,246)	(2,053)
Other gains and (losses)	1,495	(108)	(30)	202	1,559
Operating loss	1,242	(605)	(87)	(1,044)	(494)
Interest received	-	-	-	21	21
Finance costs	-	-	-	(360)	(360)
Profit/(loss) after tax	1,242	(605)	(87)	(1,383)	(833)
Taxation	-	-	-	-	-
Profit/(loss) after tax	1,242	(605)	(87)	(1,383)	(833)
Total Assets	92,617	56,288	123	21,604	170,632
Total Liabilities	(25,516)	(386)	(5)	(2,396)	(28,303)

Six months to 30 November 2009

	Cameroon $000	Russia $000	Kazakhstan $000	Corporate $000	Total $000
Administrative expenses	(148)	(22)	-	(2,985)	(3,155)
Other losses	-	(7)	-	(465)	(472)
Operating loss	(148)	(29)	-	(3,450)	(3,627)
Interest received	-	12	-	6	18
Finance costs	-	-	-	(863)	(863)
Loss before tax	(148)	(17)	-	(4,307)	(4,472)
Taxation	-	-	-	-	-
Loss after tax	(148)	(17)	-	(4,307)	(4,472)
Total Assets	47,335	59,796	114	10,492	117,737
Total Liabilities	(19,233)	(1,346)	(242)	(4,379)	(25,200)

Segmental Analysis (continued):

Twelve months to 31 May 2010

	Cameroon $000	Russia $000	Kazakhstan $000	Corporate $000	Total $000
Administrative expenses	(236)	(450)	–	(5,110)	(5,796)
Other gains and (losses)	203	262	–	(598)	(133)
Operating loss	(33)	(188)	–	(5,708)	(5,929)
Interest received	–	52	–	19	71
Finance revenue	–	–	–	617	617
Finance costs	–	–	–	(866)	(866)
Loss before tax	(33)	(136)	–	(5,938)	(6,107)
Taxation	–	–	–	–	–
Loss after tax	(33)	(136)	–	(5,938)	(6,107)
Total Assets	81,547	57,805	124	6,217	145,693
Total Liabilities	(15,440)	(1,507)	–	(17,060)	(34,007)

EXPLORATION AND EVALUATION ASSETS

The movement on exploration and evaluation assets, which relate to oil and gas interests, during the period was:

Six months to 30 November 2010

	Opening balance $000	Exchange $000	Additions $000	Disposals $000	Depreciation $000	Closing Balance $000
Cameroon	58,305	1,820	6,588	–	–	66,713
Russia	57,612	(884)	361	(1,089)	(170)	55,830
November 30 2010	115,917	936	6,949	(1,089)	(170)	122,543

Six months to 30 November 2009

	Opening balance $000	Exchange $000	Additions $000	Disposals $000	Depreciation $000	Closing Balance $000
Cameroon	24,475	–	21,554	–	–	46,029
Russia	58,675	573	737	(3,569)	(85)	56,331
November 30 2009	83,150	573	22,291	(3,569)	(85)	102,360

Twelve months to 31 May 2010

	Opening balance $000	Exchange $000	Additions $000	Disposals $000	Depreciation $000	Closing Balance $000
Cameroon	24,475	–	33,830	–	–	58,305
Russia	58,675	553	2,178	(3,591)	(203)	57,612
May 31 2010	83,150	553	36,008	(3,591)	(203)	115,917

Oil and gas interests at 30 November 2010 represent exploration and related expenditure on the Group's licences & permits in the geographical areas noted above. The realisation of these intangible assets by the Group is dependent on the discovery and successful development of economic reserves and the ability of the Group to raise sufficient funds to develop these interests. Should the development of economic reserves prove unsuccessful, the carrying value in the statement of financial position will be written-off.

The Directors have considered whether facts or circumstances exist that indicate that exploration and evaluation assets are impaired and considered that no impairment loss is required to be recognised as at 30 November 2010. Exploration and evaluation assets have been assessed for impairment having regard to the likelihood of further expenditures and ongoing appraisal for each geographical area.

5. OTHER GAINS AND (LOSSES)

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Foreign exchange gains and (losses)	1,559	(472)	(133)

6. FINANCE REVENUE

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Fair value gain on embedded derivatives	–	–	617

7. FINANCE COSTS

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Convertible loan interest	(130)	(427)	(759)
Fair value loss on embedded derivatives	(230)	(373)	–
Unwinding of discount on decommissioning costs	–	(63)	(107)
	(360)	(863)	(866)

Interest payable relating to the convertible loans includes both the stated and effective interest charge.

8. INCOME TAX EXPENSE

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Income tax expense	–	–	–

At the balance sheet date, the Group has unused tax losses of $38.0m (30 November 2009: $35.0m; 31 May 2010:$37.7m) available for offset against future profit. No deferred tax asset has been recognised in either year due to the unpredictability of future profit streams. Accordingly, at the year end, deferred tax assets amounting to $10.7m (30 November 2009: $9.3m; 31 May 2010: $10.6m) have not been recognised.

9. RECEIVABLES

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Amounts due within one year:			
VAT recoverable	113	137	278
Prepayments	91	31	254
Other receivables	17,713	870	1,244
	17,917	1,038	1,776

Other receivables at 30 November 2010 includes $14,706,000 due from subscribers for new ordinary shares in the Company issued in a placing on 15 November 2010 and $3,000,000 relating to RSM Production Corporation's 40% carried interest in the Logbaba gas development. The amount recoverable from RSM Production Corporation will be recovered from their share of initial net cash flows and is therefore dependent of the successful construction and commissioning of facilities and sales to customers.

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Amounts due in more than one year:			
Other receivables	20,767	_	19,916

Other receivables due in more than one year relates to RSM Production Corporation's 40% carried interest in the Logbaba gas development as described above.

10. TRADE AND OTHER PAYABLES

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Amounts due within one year:			
Trade creditors	12,403	10,199	15,907
Taxes and social security costs	1,083	10	754
Accruals and deferred income	139	242	211
Other creditors	–	1,184	723
	13,625	11,635	17,595

11. SHARE CAPITAL

Share capital as at 30 November 2010 amounted to $16.9 million. During the six months to 30 November 2010, the Group issued 676,263,527 shares for cash or in settlement of amounts due to creditors, increasing the number of shares in issue from 1,427,794,447 to 2,104,057,974.

12. RELATED PARTY TRANSACTIONS

Payments to Directors and other key management personnel are set out below.

	30 November 2010 Unaudited $000	30 November 2009 Unaudited $000	31 May 2010 Audited $000
Directors' remuneration	387	354	908
Other key management – short term benefits	316	82	1,043
Other key management – termination benefits	–	–	67

The following table provides the total amount of transactions entered into by the Group with other related parties:

	Purchases from related parties $000	Loans repaid to related parties $000	Cash advances to related parties $000	Amounts due from / (to) related parties $000
6 months to 30 November 2010				
Subsidiaries	–	–	6,773	56,458
Directors' other interests	–	788	–	(97)
Professional fees	483	–	–	–
6 months to 30 November 2009				
Subsidiaries	–	–	1,883	43,272
Directors' other interests	–	414	–	(810)
Professional fees	705	–	–	–
12 Months to 31 May 2010				
Subsidiaries	–	–	8,296	49,685
Directors' other interests	–	414	–	(876)
Professional fees	1,285	–	–	–

There was no intragroup trading or transactions between Group subsidiaries.

Radwan Hadi is Chief Operating Officer of the Company and a manager of Blackwatch Petroleum Services Limited, a firm of upstream oil and gas consultants. These accounts include $483,000 for the 6 months to 30 November 2010, (6 months to 30 November 2009: $705,000; 12 months to 31 May 2010: $1,285,000;) in relation to oil and gas technical services provided by Blackwatch Petroleum Services Limited to the Company.

In December 2008, HJ Resources Limited, a company owned by a discretionary trust of which Kevin Foo and certain members of his family are potential beneficiaries, provided unsecured loans to Victoria Oil & Gas International Limited totalling $1,188,000. Interest accrues at 0.5% per month. On 6 October 2010 the Company repaid $388,000 and on 20 October 2010 $400,000.

13. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

14. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25 February 2011.