

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

DEFINITIONS ARE AS SET OUT IN PART NINE OF THIS DOCUMENT.

THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF BRAMLIN SHARES TO TRADING ON AIM, A MARKET OPERATED BY THE LONDON STOCK EXCHANGE.

PART TWO OF THIS DOCUMENT CONTAINS AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 108 OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED).

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000, or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

An application will be made to the London Stock Exchange for the New VOG Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings in the New VOG Shares will commence on or as soon as practicable following the Effective Date which, subject to the satisfaction of certain conditions, including the sanction of the Scheme by the Court, is expected to occur on or about 12 December 2008.

The New VOG Shares will not be dealt in, or on, any other recognised investment exchange and no application has been or is being made for the New VOG Shares to be admitted to any such exchange.

You should read the whole of this document carefully. Your attention is drawn to the letter from the Independent Bramlin Directors which is set out in Part One of this document and which contains the unanimous recommendation of the Independent Bramlin Directors that you vote in favour of the Scheme to be proposed at the Court Meeting. A letter from Fox-Davies Capital Limited explaining the Scheme and the action to be taken in respect of the Court Meeting appears in Part Two of this document.

If you have sold or otherwise transferred all of your Bramlin Shares, please send this document but not the accompanying personalised Form of Proxy at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. **However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred part of your holding of Bramlin Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.**

RECOMMENDED PROPOSAL FOR THE ACQUISITION OF

BRAMLIN LIMITED

BY

VICTORIA OIL & GAS PLC

to be effected by way of a Scheme of Arrangement

under section 105 of the Companies (Guernsey) Law, 2008 (as amended)

ACTION TO BE TAKEN

Notice of the Court Meeting, which will be held at 10 a.m. on 5 December 2008 at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE is set out at the end of this document.

Bramlin Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Court Meeting. Whether or not you intend to attend the Court Meeting in person, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it to Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE as soon as possible and, in any event, so as to be received by no later than 10 a.m. on 3 December 2008.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New VOG Shares have not been and will not be registered under the U.S. Securities Act, in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10), and will be issued thereof. In addition, the New VOG Shares have not been and will not be registered under the securities laws of any state in the United States but will be issued in reliance on available exemptions from state law registration requirements. The New VOG Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Scheme or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Fox-Davies Capital, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively as financial adviser for Bramlin and no one else in connection with the Proposal and will not be responsible to anyone other than Bramlin for providing the protections afforded to clients of Fox-Davies Capital or for providing advice in relation to the Proposal or any other matters referred to in this document.

Strand Partners, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively as financial adviser for VOG and no one else in connection with the Proposal and will not be responsible to anyone other than VOG for providing the protections afforded to clients of Strand Partners or for providing advice in relation to the Proposal or any other matters referred to in this document.

The availability of the New VOG Shares to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of and observe any applicable requirements.

The issue of the New VOG Shares pursuant to the Scheme will not constitute an offer to the public requiring an approved prospectus under The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) or any rules made thereunder, as amended or section 85 of the Financial Services and Markets Act 2000, as amended and, accordingly, this document does not constitute a prospectus for these purposes and has not been approved by either the Guernsey Financial Services Commission nor the Financial Services Authority or by any other authority in any jurisdiction.

IMPORTANT NOTICE

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the Proposal disclaim any responsibility or liability for the violation of such restrictions by any person. This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to the document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

Copies of this document are not being, and must not be directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it into or from any such jurisdiction.

Overseas Shareholders should refer to paragraph 18 of Part Two of this document in respect of the implications of the Scheme and the Proposal on their holdings of Bramlin Shares.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Bramlin or VOG except where otherwise stated.

No person should construe the contents of this document as legal, financial or tax advice but should consult their own advisers in connection with the matters contained herein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the expected timing of the Scheme, the expected effects on Bramlin of the Scheme, anticipated earnings enhancements, estimated cost savings and other synergies, potential strategic options, plans for and benefits of integration, estimated future growth, market position and all other statements in this document other than statements of historical fact. Forward-looking statements include, without limitation, statements containing words such as “will”, “may”, “should”, “continue”, “aims”, “believes”, “expects”, “estimates”, “intends”, “anticipates”, “projects”, “plans” or similar expressions. By their nature, forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including, but not limited to, the satisfaction of the conditions to the Scheme, future market conditions, the behaviour of other market participants, the level of customers’ commercial activity and changes in the economic climate. Many of these risks and uncertainties relate to factors that Bramlin and VOG cannot control or estimate precisely, such as future market conditions and the behaviour of other market participants. The forward-looking statements contained in this document are made as of the date hereof and Bramlin and VOG assume no obligation and do not intend publicly to update or revise these forward-looking statements, whether as a result of future events or new information or otherwise as required pursuant to applicable law.

DEALING DISCLOSURE REQUIREMENTS

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in one per cent. (1 per cent.) or more of any class of “relevant securities” of Bramlin or VOG, all “dealings” in any such “relevant securities” (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date of the Court Meeting or the date on which the Scheme is withdrawn (or, if applicable, on which the Proposal becomes or is declared unconditional as to acceptances or lapses or is otherwise withdrawn). If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Bramlin or VOG, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Bramlin or VOG must be disclosed by no later than 12 noon (London time) on the Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to the application of Rule 8 to you, you should contact an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, contact the Panel on +44 20 7382 9026 or consult the Panel’s website at www.thetakeoverpanel.org.uk

INFORMATION FOR UNITED STATES SHAREHOLDERS

This document is not an offer of securities for sale in the United States. The New VOG Shares, which will be issued in connection with the Offer, have not been, and will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and no regulatory clearance in respect of the New VOG Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom. The New VOG Shares may not be offered or sold in the United States absent registration under the US Securities Act or an exemption from the registration requirements. The New VOG Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act.

For purposes of qualifying for this exemption from the registration requirements of the US Securities Act, Bramlin and VOG will advise the Court that VOG intends to rely on this Section 3(a)(10) exemption based on the Court’s sanctioning of the Scheme, following a hearing on its fairness to Bramlin Shareholders, at which hearing all Bramlin Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme, and with respect to which notification has been given to all Bramlin Shareholders. Under applicable US securities laws, Bramlin Shareholders (whether or not US persons) who are or will be “affiliates” of Bramlin or VOG prior to, or of VOG after, the Effective Date may be subject to certain restrictions on the sale of the New VOG Shares received in connection with the Scheme, as discussed below.

New VOG Shares issued to a Bramlin Shareholder who is neither an “affiliate” (within the meaning of the Securities Act), for the purposes of the US Securities Act, of Bramlin or VOG prior to the Effective Date, nor an affiliate of VOG after the Effective Date, would not be “restricted securities” under the US Securities Act and such New VOG Shares may be sold by such person in ordinary secondary market transactions without restriction under the US Securities Act. Persons who are affiliates of Bramlin or VOG prior to the Effective Date, or an affiliate of VOG after the Effective Date, may be subject to timing, manner of sale and volume restrictions on the sale of New VOG Shares received in connection with the Scheme under Rule 145(d) under the US Securities Act. Persons who may be deemed to be affiliates of VOG or Bramlin, as the case may be, include individuals who, or entities that, control, directly or indirectly, or are controlled by or are under common control with, VOG or Bramlin, as the case may be, and may include certain officers and directors of such company and such company’s principal shareholders (such as a holder of more than 10 per cent. of the outstanding capital stock). Bramlin Shareholders who are affiliates, in addition to reselling their New VOG Shares in the manner permitted by Rule 145 under the US Securities Act, may also sell their New VOG Shares under any other available exemption under the US Securities Act, including Regulation S under the US Securities Act. Bramlin Shareholders who believe they may be affiliates for purposes of the US Securities Act should consult their own legal advisers prior to any sale of New VOG Shares received pursuant to the Scheme.

The New VOG Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. VOG does not intend to take any action to facilitate a market in New VOG Shares in the United States.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New VOG Shares or passed an opinion on the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The Offer is subject to the disclosure requirements and practices applicable in Guernsey and the United Kingdom to schemes of arrangement, which differ from the disclosure and other requirements of US securities laws. The financial information included in this document has been prepared in accordance with UK GAAP and/or International Financial Reporting Standards (as applicable) that may not be comparable to the financial statements of US companies. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

Bramlin Shareholders who are citizens or residents of the United States or other jurisdictions outside the United Kingdom should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

ENFORCEABILITY OF JUDGMENTS

VOG was incorporated in England and Wales under the Companies Act 1985 registered No. 5139892. All of the VOG Directors are citizens or residents of countries other than the United States. All of the assets of such persons and a substantial portion of the assets of the VOG Group are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or VOG, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. There is substantial doubt as to the enforceability in Guernsey in original actions, or in actions for enforcement of judgments of US courts, based on the civil liability provisions of US federal securities laws.

US TREASURY CIRCULAR 230 NOTICE

To ensure compliance with requirements imposed by the IRS, you are hereby notified that any discussion of Federal tax issues contained or referred to in this document (i) is written in connection with the promotion or marketing of the transaction or matters addressed herein, and (ii) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding US tax penalties. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

INFORMATION FOR AUSTRALIAN SHAREHOLDERS

This document does not constitute an offer of securities for sale requiring disclosure under the Corporations Act (2001) (Australia) and does not constitute a prospectus for these purposes. As such, this document has not been lodged or registered with the Australian Securities and Investments Commission.

TO VOTE ON THE PROPOSAL

Whether or not you plan to attend the Court Meeting, **please complete and return the Form of Proxy, so as to be received by no later than 10 a.m. on 3 December 2008;**

If you require assistance, please call the Bramlin Shareholder helpline between 9:00 a.m. and 5:00 p.m. Monday to Friday (except UK public holidays) on

0207 960 9629 (from within the UK)

or

+44 (207) 960 9629 (from outside the UK)

Calls to the Bramlin Shareholder helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposal nor give any financial, legal or tax advice.

The completion and return of the Form of Proxy will not prevent you from attending and voting at the Court Meeting, or any adjournment thereof, in person should you wish to do so and are so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BRAMLIN SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORM OF PROXY AS SOON AS POSSIBLE.

This page should be read in conjunction with the ACTION TO BE TAKEN set out on page 6 of this document and the rest of the document.

ACTION TO BE TAKEN

The Court Meeting will be held at the Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE on 5 December 2008 at 10 a.m. The Scheme requires approval at this meeting.

Please check that you have received a Form of Proxy for use in respect of the Court Meeting with this document.

If you have not received all of these documents, please contact Bramlin on the helpline telephone number set out on page 5 of this document.

<p>IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BRAMLIN SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORM OF PROXY, AS SOON AS POSSIBLE.</p>
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To vote on the Scheme:

Whether or not you plan to attend the Court Meeting, please complete and sign the Form of Proxy and return it to Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE as soon as possible, but in any event so as to be received by no later than 10 a.m. on 3 December 2008. This will enable your votes to be counted at the Court Meeting in the event of your absence. If the Form of Proxy for use at the Court Meeting is not returned by 10 a.m. on 3 December 2008, it may be handed to the Chairman of the Court Meeting before the start of the Court Meeting.

If you wish to appoint more than one proxy in respect of your shareholding, you should photocopy the Form of Proxy as required. You should also read the "multiple Proxy Voting Instructions" set out on the Form of Proxy, and note the principles that will be applied in relation to multiple proxies.

The completion and return of the Form of Proxy will not prevent you from attending and voting at the Court Meeting, or any adjournment thereof, in person should you wish to do so and are so entitled.

DIRECTORS AND ADVISERS

Directors of Bramlin	Kevin Foo (<i>Non-Executive Chairman</i>) Jimmy Ford (<i>Chief Executive Officer</i>) Ernest Miller (<i>Commercial Director</i>) Alan Thomas (<i>Finance Director</i>) John Killer (<i>Non-Executive Director</i>) Colin Manderson (<i>Non-Executive Director</i>) William Kelleher (<i>Non-Executive Director</i>)
Company Secretary of Bramlin	Leena Nagrecha
Registered and Head Office of Bramlin	Suite 7, Provident House Havilland Street St. Peter Port Guernsey GY1 2QE
Nominated Adviser to Bramlin	Zimmerman Adams International Ltd 12 Camomile Street London EC3A 7PT
Rule 3 Adviser and Broker to Bramlin	Fox-Davies Capital Limited Whitefriars House 6 Carmelite Street London EC4Y 0BS
Guernsey Advocates to Bramlin	Babbé 18-20 Smith Street St Peter Port Guernsey GY1 4BL
English Solicitors to Bramlin	Kerman & Co LLP 200 Strand London WC2R 1DJ
Accountants to Bramlin	Nexia Smith & Williamson Audit Limited 25 Moorgate London EC2R 6AY
Registrars to Bramlin	Capita Registrars Guernsey Limited Longue Hougue House St. Sampson Guernsey GY2 4JN

Directors of VOG	Kevin Foo (<i>Executive Chairman</i>) Grant Manheim (<i>Executive Deputy Chairman</i>) Robert Palmer (<i>Finance Director</i>) George Donne (<i>Executive Director</i>) Rashed Al-Suwaidi (<i>Non-Executive Director</i>) Philip Rand (<i>Non-Executive Director</i>) Mukhtar Tuyakbayev (<i>Non-Executive Director</i>)
Company Secretary of VOG	Leena Nagrecha
Registered Office of VOG	Hatfield House 1st floor 52-54 Stamford Street London SE1 9LX
Nominated Adviser to VOG	Strand Partners Limited 26 Mount Row London W1K 3SQ
Broker to VOG	Jefferies International Limited Vintners Place, 68 Upper Thames Street London EC4V 3BJ
English Solicitors to VOG	Fladgate LLP 25 North Row London W1K 6DJ
Guernsey Advocates to VOG	Collas Day Manor Place St Peter Port Guernsey GY1 4EW
Accountants to VOG	Deloitte & Touche Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
Registrars to VOG	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS99 6ZY

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or date
Latest time for lodging Form of Proxy for Court Meeting	10 a.m. on 3 December 2008 ⁽¹⁾
Voting Record Time	6 p.m. on 3 December 2008 ⁽²⁾
Court Meeting	10 a.m. on 5 December 2008
<i>The following dates are subject to change; please see note (3) below</i>	
Scheme Record Time	6 p.m. on 11 December 2008
Last day of dealings in, and for registration of transfers of Bramlin Shares	11 December 2008
Court Hearing (to sanction the Scheme)	12 December 2008
Effective Date of the Scheme	12 December 2008
Cancellation to trading of Bramlin Shares on AIM	15 December 2008
Admission of New VOG Shares to trading on AIM	8:00 a.m. on 15 December 2008
CREST accounts credited with New VOG Shares in uncertificated form	Not later than 14 days after the Effective Date
Latest date for despatch of New VOG Shares in certificated form	Not later than 14 days after the Effective Date

Notes:

- (1) Please see "Action To Be Taken" on page 6.
- (2) If the Court Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6:00 p.m. on the day falling two days before the day of the adjourned meeting.
- (3) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme, and the date on which the Conditions are either satisfied or (where capable of waiver) waived.

Unless otherwise stated, all references in this document to times are to London time.

The Court Meeting will be held at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey GY1 2QE on 5 December 2008.

PART ONE

LETTER OF RECOMMENDATION FROM THE INDEPENDENT DIRECTORS OF BRAMLIN

(Registered in Guernsey with company registration number 44778)

Independent Directors:

Jimmy Ford (*Chief Executive Officer*)
Ernest Miller (*Commercial Director*)
Alan Thomas (*Finance Director*)
John Killer (*Non-Executive Director*)
Colin Manderson (*Non-Executive Director*)
William Kelleher (*Non-Executive Director*)

Registered Office:

Suite 7, Provident House
Havilland Street
St. Peter Port
Guernsey
GY1 2QE

Non-Independent Director:

Kevin Foo (*Non-Executive Chairman*)

12 November 2008

To Bramlin Shareholders and, for information only, to holders of Bramlin Warrants

Dear Shareholder

Recommended Proposal for the acquisition of Bramlin by VOG

1 Introduction

- 1.1 Today, the boards of the Independent Bramlin Directors and Independent VOG Directors announced, in accordance with Rule 2.5 of the City Code, that terms for a recommended proposal had been agreed for the acquisition by VOG of the entire issued and to be issued share capital of Bramlin not already owned by VOG. The Proposal is to be effected by way of a scheme of arrangement under section 105 of the Companies (Guernsey) Law, 2008 (as amended), which requires approval by Bramlin Shareholders and sanction of the Court. Upon the Scheme becoming effective, Bramlin Shareholders will receive 1.22 New VOG Shares for every one Bramlin Share. No fractions of New VOG Shares will be allotted.
- 1.2 The purpose of this letter is to explain the background to, and the terms of, the Proposal and the reasons why the Independent Bramlin Directors consider the terms of the Proposal to be fair and reasonable and unanimously recommend that Bramlin Shareholders vote in favour of the resolution to be proposed at the Court Meeting required to implement the Scheme, as they have irrevocably undertaken to do in respect of their beneficial holdings totalling 6,010,498 Bramlin Shares, representing, in aggregate, 4.43 per cent. of the existing issued share capital of Bramlin.
- 1.3 In order to approve the Proposal, Bramlin Shareholders will be required to vote in favour of the resolution to be proposed at the Court Meeting to be held on 5 December 2008. The actions you should take and the recommendation of the Independent Bramlin Directors are set out in paragraphs 12 and 13 respectively of this letter.

2 Summary of the terms of the Proposal

- 2.1 The Proposal is to be effected by way of a scheme of arrangement of Bramlin under section 105 of the Companies (Guernsey) Law, 2008 (as amended). The purpose of the Scheme is to enable VOG to acquire the whole of the issued and to be issued share capital of Bramlin. Under the terms of the Scheme, the Bramlin Shares will be transferred to VOG and, upon the Scheme becoming effective, Bramlin Shareholders will receive:

for every 1 Bramlin Share — 1.22 New VOG Shares

- 2.2 The relationship of the relative share values of Bramlin and VOG was determined during mid-September 2008 using the then current market prices as well as historical share prices for the preceding three month period. Based on the analysis of this three month period, the ratio of 1.22 new VOG shares for every Bramlin share represented a premium to the Bramlin shareholders of approximately 8 per cent. Since the announcement on 23 September 2008

confirming the discussions between Bramlin and VOG, the global economic and financial crisis has created increased share volatility and a deviation away from fundamental values in both companies. In light of the situation in the financial markets, the Independent Bramlin Directors believe that focusing on the terms prior to 23 September 2008 is more appropriate and representative of the real value of the Offer.

- 2.3 On the basis of the Closing Price of a VOG Share for the Dealing Day immediately prior to the commencement of the Offer Period of 7.40 pence per VOG Share, the Proposal valued each Bramlin Share at approximately 9.03 pence and the entire existing issued share capital of Bramlin at approximately £12.24 million. This represents:
- (a) a discount of approximately 14.02 per cent. to the Closing Price of 10.50 pence per Bramlin Share on the last Dealing Day immediately prior to the commencement of the Offer Period; and
 - (b) a discount of approximately 16.55 per cent. to the average Closing Price of 10.82 pence per Bramlin Share for the one month period prior to the commencement of the Offer Period.
- 2.4 On the basis of the Closing Price of a VOG Share on the last dealing day immediately prior to the publication of this document of 7.65 pence per VOG Share, the Proposal values each Bramlin Share at approximately 9.33 pence and the entire existing issued share capital of Bramlin at approximately £12.65 million. This represents:
- (a) a discount of approximately 11.11 per cent. to the Closing Price of 10.50 pence per Bramlin Share on the last Dealing Day immediately prior to the commencement of the Offer Period; and
 - (b) a premium of approximately 9.80 per cent. to the Closing Price of 8.50 pence per Bramlin Share on the last Dealing Day immediately prior to the publication of this document.
- 2.5 Bramlin Shareholders should note that the value of the Consideration (once implemented and if the Scheme becomes effective in accordance with its terms) will depend upon the market value of New VOG Shares received by them on the settlement date, and this value may vary.
- 2.6 The New VOG Shares will be issued credited as fully paid, on identical terms to and will rank *pari passu* with the existing issued VOG Shares, including the right to receive and retain all dividends and other distributions declared, paid or made after the Scheme becomes effective. VOG has no intention of paying or making a dividend or other distribution in respect of the New VOG Shares.
- 2.7 Following the date of this document, 53,385 Bramlin Shares are due to be subscribed for by, and issued to, Sigma Exploration Limited in accordance with the terms of its consultancy agreement, details of which are set out in paragraph 5.5 of Part Six of this document.
- 2.8 Completion of the Proposal, will result in the issue of up to 163,121,348 New VOG Shares by VOG, representing 36.4 per cent. of the VOG Enlarged Share Capital.
- 2.9 Fractions of New VOG Shares will not be allotted or issued to Bramlin Shareholders pursuant to the Proposal.
- 2.10 Application will be made to the London Stock Exchange for the New VOG Shares to be admitted to trading on AIM on the Scheme becoming effective. It is expected that Admission will become effective and that trading in the New VOG Shares will commence on AIM on or about 15 December 2008.
- 2.11 If the Scheme becomes effective, Bramlin will become a wholly owned direct subsidiary of VOG on the Effective Date and the Bramlin Shareholders will receive the Consideration referred to above.

Bramlin Warrants and New VOG Warrants

- 2.12 Conditional on the terms of the Scheme being approved by the Bramlin Shareholders and implemented by the Court, Strand Partners, Bramlin and VOG have conditionally agreed that Strand Partners' entitlement to the Bramlin Warrants shall be novated, and Strand Partners shall receive the New VOG Warrants, subject to the terms of the Strand Deed, further details of which are set out in paragraph 9.20 of Part Six of this document.

Deferred Bonus Shares

2.13 Certain Bramlin Directors and employees of Bramlin are entitled to the Deferred Bonus Shares. Under the Bonus Shares Deed, such recipients have agreed, from the Effective Date, to irrevocably waive their respective entitlements and VOG undertakes, from the Effective Date, to issue Deferred Bonus VOG Shares on the grant of an Exploitation Authorisation. Further details of the Bonus Shares Deed are set out in paragraph 8.12 of Part Six of this document.

Deferred Consideration Shares

2.14 The RDL Vendors and certain other parties are entitled to receive Deferred Consideration Shares under the RDL Acquisition Agreement. Pursuant to the Deferred Shares Deed, such recipients have agreed to waive their right to receive the Deferred Consideration Shares and VOG shall undertake, from the Effective Date, to allot and issue, the Deferred VOG Consideration Shares conditional upon the grant of an Exploitation Authorisation. For further details of the Deferred Shares Deed please see paragraph 8.13 of Part Six of this document.

Fully Diluted Enlarged VOG Share Capital

2.15 Upon the Effective Date, the number of VOG Shares in issue and to be issued on a fully diluted basis will be 483,662,952.

Approval of Bramlin Shareholders

2.16 To become effective, the Scheme requires, amongst other things, approval by the necessary majority at the Court Meeting of the Bramlin Shareholders present and voting, either in person or by proxy; satisfaction or waiver of the other conditions set out in Part Three of this document; and the Court Sanction being obtained. The Court Meeting, and the nature of the approvals required to be given at this meeting, is described in more detail in paragraph 10 of Part Two of this document. All Bramlin Shareholders are entitled to attend the Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme at their own cost.

2.17 The Scheme details of which are set out in Part Seven of this document will become effective upon the sanctioning by the Court of the Scheme, which, subject to the Court's timetable, is expected to occur by the close of business on or about 12 December 2008.

2.18 **If the Scheme becomes effective, it will be binding on all Bramlin Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting. Further details of the Scheme are set out in the Explanatory Statement at Part Two of this document.**

2.19 **Unless the Scheme becomes effective by no later than 31 January 2009, or such later date, if any, as Bramlin and VOG may agree and the Court may allow, the Scheme will not become effective and the Scheme will not proceed.**

2.20 **Prior to the Scheme becoming effective, an application will be made to the London Stock Exchange for the cancellation, subject to the Scheme becoming effective, of the Bramlin Shares to admission to trading on AIM. It is expected that cancellation of the admission to AIM of Bramlin Shares will take place on or shortly after the Effective Date.**

3 Background to and reasons for recommending the Proposal

3.1 Since Bramlin acquired RDL in December 2007, Bramlin's primary focus has been to:

- (a) secure an extension of the Logbaba Exploration Permit;
- (b) negotiate and sign natural gas sales agreements;
- (c) complete all preliminary steps required for the development of the Logbaba Field;
- (d) raise funding (by way of debt and/or equity) for the development of the Logbaba Field; and
- (e) commence development of the Logbaba Field.

3.2 Through the Logbaba Participating Interest, RDL has a 60 per cent. interest in the Logbaba Exploration Permit. To commercially produce natural gas from the Logbaba Field, RDL requires the Government of Cameroon to grant it (as holder or co-holder) an Exploitation

Authorisation. Further to a meeting of the Logbaba Operating Committee (attended by RDL, RSM and SNH) on 4 December 2007, it was resolved that RDL should submit to the Ministry through SNH a declaration of commerciality and an application to convert the current Logbaba Exploration Permit into an Exploitation Authorisation based on partial or complete results of the first well. Conversion of the Logbaba Exploration Permit to an Exploitation Authorisation will enable Bramlin to meet its obligations to RSM under the Farm-in Agreement.

- 3.3 On 18 July 2008, Bramlin was granted a six-month extension to the Logbaba Exploration Permit to midnight on 19 February 2009 by the Government of the Republic of Cameroon. The operational commitments of Bramlin under the Logbaba Exploration Permit included re-drilling two wells on the property and construction of a natural gas processing plant and pipeline which involved a significant financial commitment in the intervening period.
- 3.4 On 29 July 2008, Bramlin announced that it had signed various gas supply contracts and letters of intent for the sale of natural gas to several industrial users, sufficient to warrant proceeding to field development at the Logbaba Field. Further pre-drilling activities, such as conducting the *Environmental & Social Impact Assessment* and the process to acquire the necessary surface rights for drilling operations were initiated.
- 3.5 In July and August 2008, Bramlin, assisted by its broker at that time, held discussions with potential institutional investors with a view to raising the requisite funding for Bramlin's operational commitments referred to above but, in the face of the progressively deteriorating financial markets, it became apparent that Bramlin would be unable to secure the financing which would enable it to meet its immediate development obligations under the Logbaba Exploration Permit from conventional institutional equity sources.
- 3.6 Following the failure to raise financing in July and August 2008 the Independent Bramlin Directors did not believe it could rely on the Logbaba Exploration Permit being extended again and, with limited cash to meet increasingly urgent pre-drilling expenditure, it sought alternative funding solutions. The Independent Directors believe it has found a viable financial solution through the proposed scheme of arrangement with VOG. Discussions with VOG commenced in early September 2008 and resulted in a US\$5,000,000 (five million United States Dollars) secured loan facility being announced on 22 September 2008 (further details on the loan agreement and security arrangements between Bramlin and VOG are set out in paragraphs 8.9 and 8.10 of Part Six of this document). The announcement was followed by confirmation on 23 September 2008 that both companies were in talks that could lead to a recommended all-share offer being made by VOG for Bramlin. Importantly, the VOG loan facility allowed Bramlin's planned drilling activities to stay on schedule.
- 3.7 The business of the Enlarged Group will be the exploration, production and development of hydrocarbon resources in Africa and the FSU. The Independent Bramlin Directors and the Independent VOG Directors believe that the shareholders of both companies will derive considerable benefits from the combination of the two asset portfolios to create a larger company with a valuable early cash-flow project in Cameroon that will complement a temporarily suspended producing asset in Kazakhstan and an exciting longer-term asset in Russia.
- 3.8 Should the Scheme become effective, the assets of the Enlarged Group will be supplemented by the assets of the Bramlin Group, the most important of which is RDL's rights in respect of the Concession. The Independent VOG Directors believe that if the Cameroon asset comes on stream it will generate income and in due course profits for the Enlarged Group. The Independent VOG Directors also believe that the Enlarged Group will benefit from additional management expertise and exposure to a more diversified asset portfolio with the possibility of a near-term cash-flow from the Logbaba Field. At the same time the Enlarged Group will become subject to the risks inherent in the business of developing the Logbaba Field which include risks that the licence granted to RDL may not be renewed, that economically recoverable quantities of gas are not in fact produced at the site, that unforeseen delays in construction and commissioning or other technical difficulties may result in plans for production being delayed or that unexpected capital expenditure is required.

- 3.9 For a detailed summary of Bramlin and VOG's financial and trading positions please see the Explanatory Statement by Fox-Davies Capital Limited at Part Two of this document and, for details of Bramlin and VOG's most recent accounts, please see the Financial Information on both companies at Parts Four and Five of this document.
- 3.10 Should the Scheme become effective, subject to circumstances beyond Bramlin or VOG's control (including changing global economic conditions), it is anticipated that VOG will provide the new capital necessary to meet the immediate drilling obligations of Bramlin at the Logbaba Field, and the development expertise that will enable the Logbaba Field to be drilled in a timely manner, and production brought on-line with more certainty. It is anticipated that Bramlin will need further funding for future development of the Logbaba Field which VOG, subject to the business needs of the Enlarged Group and the prevailing economic conditions, anticipates being able to provide. The combination of VOG and Bramlin is also expected to bring savings in annual, general and administrative expenses. It is also expected that a broader shareholder base and a diversified asset base will ensure the enlarged entity is better positioned to secure ongoing funding for its projects. Your attention is drawn to the further information on VOG that is set out in Part Six of this document, and in particular the annual results of VOG for the year ended 31 May 2008, which contain information on VOG's current trading and financial position, corporate developments and outlook.

4 Benefits of the Proposal for Bramlin Shareholders

- 4.1 The Independent Bramlin Directors believe that completion of the Proposal will allow Bramlin Shareholders to benefit from:
- (a) access to funds to allow Bramlin to meet its immediate financial commitments on the Logbaba Exploration Permit so as to secure this permit.
 - (b) access to a broader range of suppliers for technical operations through VOG's existing contacts with drilling contractors, seismic surveyors and technical consultants;
 - (c) improved future access to equity funding given the broader shareholder base and greater liquidity in VOG Shares;
 - (d) additional management expertise; and
 - (e) exposure to a more diversified asset portfolio, combining Bramlin's near-term cash-flow from the Logbaba Field with VOG's producing and prospective assets in the FSU.
- 4.2 Taking into account all the factors above, the Independent Bramlin Directors believe that it is in the best interests of Bramlin Shareholders for the Proposal to become effective and, accordingly, they unanimously recommend that Bramlin shareholders vote in favour of the Scheme Resolution as they have undertaken to do through irrevocable undertakings in respect of their own holdings.

5 Effect of the Offer on Bramlin Directors, management, employees, consultants and locations

- 5.1 VOG attaches great importance to the skills and experience of the existing directors, management, consultants and employees of Bramlin. Accordingly, VOG has confirmed that they have no current plans to make any material change in the conditions of employment of Bramlin's or RDL's, directors, management, consultants and employees following the Scheme become effective. It is the intention of VOG to review the board composition of both companies following the Effective Date to consider operational requirements of the Enlarged Group.
- 5.2 Certain Bramlin Directors and employees of Bramlin are entitled to Deferred Bonus Shares. Under the Bonus Shares Deed, such recipients have agreed, from the Effective Date, to irrevocably waive their respective entitlements to Deferred Bonus Shares and VOG undertakes, from the Effective Date, to issue Deferred Bonus VOG Shares on the grant of the Exploitation Authorisation. Further details of the Bonus Shares Deed are set out in paragraph 8.12 of Part Six of this document.
- 5.3 Particulars of the service contracts, consultancy agreements and other arrangements (including the remuneration provisions) of the Bramlin Directors are set out at paragraph 5 of Part Six of the document.

- 5.4 Details of the interests of the Bramlin Directors in the share capital of Bramlin are set out in paragraph 4 of Part Six of this document. Bramlin Shares held by the Bramlin Directors will be subject to the Scheme.
- 5.5 Save as disclosed in this document, the effect of the Proposal on the interests of the Bramlin Directors will not differ from their effect on the interests of any other Bramlin Shareholder.

6 Irrevocable undertakings

- 6.1 Irrevocable undertakings to vote in favour of the Scheme Resolution to be put to the Court Meeting have been received by VOG in respect of a total of approximately 58.82 per cent. of Bramlin's existing issued share capital. Details of those irrevocable undertakings are as follows:
- (a) irrevocable undertakings to vote in favour of the Scheme Resolution to be put to the Court Meeting have been received by VOG from the Independent Bramlin Directors who hold beneficial interests in Bramlin Shares. They have provided voting undertakings in respect of their entire legal and beneficial holdings of Bramlin Shares amounting, in aggregate, to 6,010,498 shares (representing approximately 4.43 per cent. of Bramlin's existing issued share capital); and
 - (b) certain other Bramlin Shareholders who, in aggregate, hold 73,729,258 Bramlin Shares (representing approximately 54.39 per cent. of Bramlin's existing issued share capital) have irrevocably undertaken to vote in favour of the Scheme Resolution to be proposed at the Court Meeting in respect of their holdings at the Voting Record Time.
- 6.2 The irrevocable undertakings will remain binding until 31 January 2009, or until the Scheme Resolution is proposed and voted upon, whichever is the earlier. Further details of the irrevocable undertakings are set out in paragraph 11 of Part Six of this document.

7 Inducement fee agreement

- 7.1 As part of the negotiations between Bramlin and VOG, on 19 September 2008 Bramlin and VOG entered into heads of agreement which contained provisions including a legally binding non-solicitation clause where the board of the Independent Bramlin Directors agreed that in the event Bramlin breaches the non-solicitation clause, it will pay VOG's costs in relation to the Proposal, up to a maximum of one per cent. of the value of the Offer and subject to the approval of the Panel.
- 7.2 Bramlin has also agreed that it will not solicit or initiate competing proposals and that it will inform VOG as soon as reasonably practicable if Bramlin becomes aware of a competing proposal.
- 7.3 Bramlin has also agreed with VOG that if it receives an approach relating to a competing offer which the Independent Bramlin Directors intend to recommend instead of the Proposal, it will notify VOG, as soon as practicable, of the terms of that competing proposal. Further details of the heads of agreement are set out in paragraph 8.7 of Part Six to this document.

8 Lock-in arrangements

- 8.1 Lock-in deeds dated 11 November 2008 have been entered into between VOG, Strand Partners, Jefferies, each of the Bramlin Directors, key personnel of Bramlin and other significant Bramlin Shareholders other than Hydrocarbons Technologies Limited and William Kelleher (the "**Locked-in Parties**") who in total will hold 9.91 per cent. of the Enlarged VOG Share Capital who, following the Scheme being implemented in accordance with its terms. Pursuant to the terms of these deeds, each of the Locked-in Parties have, subject to certain exceptions, undertaken that they shall not at any time prior to the first anniversary of the date of Admission, without the prior written consent of VOG and, Strand Partners, dispose of any of the new VOG Shares acquired pursuant to the Scheme in which they are interested and any VOG Shares issued to them within the twelve month period following the date of Admission. These lock-in deeds also contain orderly market provisions which prevent any of the foregoing from disposing of any interests in such new VOG Shares except through Jefferies or through VOG's brokers from time to time for an additional period of six months.
- 8.2 Pursuant to the terms of a lock-in deed entered into on 11 November 2008 by Hydrocarbons Technologies Limited and William Kelleher (together the "**WK Locked-in Parties**") with VOG, Strand Partners and Jefferies, each of these WK Locked-in Parties have, subject to certain

exceptions, undertaken that they shall not at any time during the six month period commencing on the date of Admission, without the prior written consent of VOG and, Strand Partners, dispose of any of the new VOG Shares acquired pursuant to the Scheme in which they are interested and any VOG Shares issued to them within the six month period following the date of Admission. The deed also contains orderly market provisions which prevent any of the foregoing from disposing of any interests in certain VOG Shares except through Jefferies or through VOG's brokers from time to time for an additional period of twelve months.

- 8.3 Further details of these lock-in arrangements are set out in paragraphs 8.14 and 8.15 of Part Six of this document.

9 Taxation

- 9.1 Information regarding taxation is set out in Appendix I of this document.

10 Actions to be taken to approve the Scheme

- 10.1 The Scheme and the Offer are each subject to the satisfaction or, where capable of waiver, the waiver of the Conditions set out in Part Three of this document. In order to be effective, the Scheme must, *inter alia*, be approved by a majority in number of Bramlin Shareholders as described in paragraph 10.3 below.
- 10.2 A Court Meeting is required to be held at the direction of the Court to seek the approval of Bramlin Shareholders for the Scheme. This meeting is to be held on 5 December 2008 at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey GY1 2QE at 10 a.m.. While you do not have to attend the Court Meeting to vote on the Proposal, your support is important to us. Therefore, I strongly urge you to vote on the Proposal by completing, signing and returning the enclosed form of proxy whether or not you intend to attend and vote in person.
- 10.3 At the Court Meeting the approval of a majority in number of those Bramlin Shareholders voting (in person or by proxy), representing at least 75 per cent. in value of the Bramlin Shares in respect of which votes are cast (either in person or by proxy) will be required. Once the necessary approval has been obtained, the Scheme will become effective upon sanction by the Court of the Scheme. **If the Scheme becomes effective, it will be binding on all Bramlin Shareholders as at the Effective Date irrespective of whether, or how, they voted. Details of the conditions to the implementation of the Proposal and the Scheme are set out in Part Three of this document.**
- 10.4 As at 11 November 2008 (being the last Business Day prior to the date of this document), VOG held 1,902,627 Bramlin Shares representing approximately 1.4 per cent. of Bramlin's existing issued share capital. In addition, HJ Resources Limited (which is wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries) holds 15,304,169 Bramlin Shares (details of which are set out in paragraph 4.1 of Part Six of this document), representing approximately 11.3 per cent. of Bramlin's existing issued share capital. Any Bramlin Shares which are registered or beneficially owned by VOG (but not, for the avoidance of doubt, those in the name of HJ Resources Limited), at the Voting Record Time will be excluded from the definition of Bramlin Shares and will be precluded from voting at the Court Meeting. Whilst HJ Resources Ltd is entitled, as a matter of law, to vote at the Court Meeting, it has indicated that it does not intend to do so in respect of all of the Bramlin Shares registered in its name given Kevin Foo's position on the VOG board of directors. Further, VOG has agreed to procure that any member of the VOG Group which beneficially owns Bramlin Shares at the Voting Record Time, will not vote at the Court Meeting.
- 10.5 **It is important that as many votes as possible are cast at the Court Meeting (whether in person or by proxy) so that the Court may be satisfied that there is a fair representation of Bramlin Shareholder opinion. You are therefore strongly urged to complete, sign and return your Form of Proxy for the Court Meeting as soon as possible and, in any event, so as to be received by Bramlin by no later than 10 a.m. on 3 December 2008.**
- 10.6 ALTERNATIVELY, the Form of Proxy for the Court Meeting may be handed to the Chairman of the Court Meeting before the start of the Court Meeting on 5 December 2008.

- 10.7 If you have any other questions about this document or the Form of Proxy, please contact Bramlin on telephone number 0207 960 9629 or, if dialling from outside the UK, + 44 (207) 960 9629 between 9.00 a.m. and 5.00 p.m., Monday to Friday. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Bramlin will not be able to provide or give financial advice on the merits of the Proposal.
- 10.8 Bramlin Shareholders resident in, or citizens of, jurisdictions outside the UK should refer to paragraph 18 of Part Two of this document.

11 Further Information

- 11.1 Your attention is drawn to the Explanatory Statement from Fox-Davies Capital, Bramlin's financial adviser, which is set out in Part Two of this document which gives further details of the Proposal.
- 11.2 Your attention is also drawn to the financial information relating to VOG in Part Four of this document and the financial information relating to Bramlin in Part Five of this document.

12 Independent Bramlin Directors

- 12.1 The Proposal has been considered by Jimmy Ford (Chief Executive Officer), Ernest Miller (Commercial Director), Alan Thomas (Finance Director), John Killer (Non-Executive Director), Colin Manderson (Non-Executive Director) and William Kelleher (Non-Executive Director), who, after consultation with Fox-Davies Capital, Bramlin's financial adviser, are considered as being the Independent Bramlin Directors.
- 12.2 As Kevin Foo is a Director of VOG, and therefore deemed to be interested in the Proposal, he is precluded from providing advice to Bramlin Shareholders on the terms of the Proposal and on any appropriate course of action. Accordingly, he has taken no part in the discussions of the Independent Bramlin Directors relating to the Scheme and the Proposal.
- 12.3 At the date of the document, William Kelleher is interested in (directly and/or indirectly) 400,000 Existing VOG Ordinary Shares, representing 0.1 per cent. of the issued share capital of VOG and 35,383,688 Bramlin Shares, representing 26.1 per cent. of the issued share capital of Bramlin. After consultation with Fox-Davies Capital, Bramlin's financial adviser, it was confirmed that William Kelleher is not conflicted and is an Independent Bramlin Director, able to join in the unanimous recommendation of the Independent Bramlin Directors and vote the Bramlin Shares under his control.

13 Recommendation

- 13.1 The Independent Bramlin Directors, who have been so advised by Fox-Davies Capital, consider the Proposal to be fair and reasonable. In providing advice to the Independent Bramlin Directors, Fox-Davies Capital has taken into account the commercial assessments of the Independent Bramlin Directors.
- 13.2 Accordingly, the Independent Directors unanimously recommend that Bramlin Shareholders vote in favour of the Scheme Resolution to be proposed at the Court Meeting as the Independent Bramlin Directors have irrevocably undertaken to do in respect of, in aggregate, 6,010,498 Bramlin Shares, in which they are interested, representing approximately 4.43 per cent. of the existing issued share capital of Bramlin.

Yours faithfully

Jimmy D Ford,
Chief Executive Officer
For and on behalf of the Independent Bramlin Directors

- (a) a discount of approximately 14.02 per cent. to the Closing Price of 10.50 pence per Bramlin Share on the last Dealing Day immediately prior to the commencement of the Offer Period; and
 - (b) a discount of approximately 16.55 per cent. to the average Closing Price of 10.82 pence per Bramlin Share for the one month period prior to the commencement of the Offer Period.
- 2.4 On the basis of the Closing Price of a VOG Share on the last Dealing Day immediately prior to the publication of this document of 7.65 pence per VOG Share, the Proposal values each Bramlin Share at approximately 9.33 pence and the entire existing issued share capital of Bramlin at approximately £12.65 million. This represents:
- (a) a discount of approximately 11.11 per cent. to the Closing Price of 10.50 pence per Bramlin Share on the last Dealing Day immediately prior to the commencement of the Offer Period; and
 - (b) a premium of approximately 9.80 per cent. to the Closing Price of 8.50 pence per Bramlin Share on the last Dealing Day immediately prior to the publication of this document.
- 2.5 Bramlin Shareholders should note that the value of the Consideration (once implemented and if the Scheme becomes effective in accordance with its terms) will depend upon the market value of New VOG Shares received by them on the settlement date, and this value may vary.
- 2.6 Fractions of New VOG Shares will not be allotted or issued to Bramlin Shareholders pursuant to the Proposal. The New VOG Shares will be issued credited as fully paid, on identical terms to and will rank *pari passu* with the Existing VOG Ordinary Shares, including the right to receive and retain all dividends and other distributions declared, paid or made after the Scheme becomes effective. VOG has no intention of paying or making a dividend or other distribution in respect of the New VOG Shares.
- 2.7 Application will be made to the London Stock Exchange for the New VOG Shares to be admitted to trading on the AIM Market on the Scheme becoming effective. It is expected that Admission will become effective and that trading in the New VOG Shares will commence on AIM on or about 15 December 2008.
- 2.8 Following the date of this document, 53,385 Bramlin Shares are due to be subscribed for by, and issued to, Sigma Exploration Limited in accordance with the terms of its consultancy agreement, details of which are set out in paragraph 5.5 of Part Six of this document.
- 2.9 Completion of the Proposal, will result in the issue of up to 163,121,348 New VOG Shares, representing 36.41 per cent. of the Enlarged VOG Share Capital.
- 2.10 To become effective, the Scheme requires, among other things, approval by the necessary majority at the Court Meeting of the Bramlin Shareholders present and voting, either in person or by proxy; satisfaction or waiver of the other conditions set out in Part Three of this document; and Court Sanction. The Court Meeting and the nature of the approvals required to be given at them, are described in more detail in paragraph 10 of this Part Two below. All Bramlin Shareholders are entitled to attend the Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme.
- 2.11 The Scheme (details of which are set out in Part Seven of this document) will become effective upon the sanctioning by the Court of the Scheme which, subject to the Court's timetable, is expected to occur by the close of business on or about 12 December 2008.
- 2.12 As at 11 November 2008, VOG held or beneficially owned 1,902,627 Bramlin Shares representing approximately 1.4 per cent. of the issued share capital of Bramlin at the date of this document, and VOG Directors (excluding Kevin Foo) held or beneficially owned in aggregate 2,000,000 Bramlin Shares representing approximately 1.5 per cent. of the issued share capital of Bramlin at the date of this document.

3 Financial effects of the Proposal on Bramlin Shareholders

- 3.1 The following table shows, for illustrative purposes only and on the basis of the assumptions set out in the notes below, the financial effects of the Proposal on the capital value for a holder of one Bramlin Share if the Scheme becomes effective, based on the Closing Price

per VOG Share on the Business Day before the announcement on 22 September 2008 that VOG had provided a US\$5,000,000 (five million United States Dollars) secured loan facility to Bramlin which led to the subsequent announcement the following day that both parties were in discussions in relation to a possible offer and the effects of the Proposal based on the average share prices for each of Bramlin and VOG for one month and three months prior to that date.

Based on the price of Bramlin and VOG Ordinary Shares

<i>Capital Value</i>	<i>Notes</i>	<i>19 September 2008</i>	<i>Average over one month ending 19 September 2008</i>	<i>Average over three months ending 19 September 2008</i>
Value of 1.22 New VOG Shares	1	9.15p	10.46p	12.6p
Value of 1 Bramlin Shares	2	10.5p	10.89p	11.64p
Increase/decrease in capital value		-1.35p	-0.43p	0.96p
This represents an increase/decrease of approximately		-13 per cent	-4 per cent	8 per cent

1 Based on the closing price of 7.5p per VOG Share on 19 September 2008 (the last dealing day before the announcement of the \$5 million secured loan facility and the subsequent market speculation that resulted in the announcement on 23 September 2008 that Bramlin was in preliminary discussions with VOG on an all share offer), a one month average price of 8.57p per VOG Share ending 19 September 2008 and a three month average price of 10.33p per VOG Share ending 19 September 2008.

2 Based on the closing price of 10.5p per Bramlin Share on 19 September 2008 (the last dealing day before the announcement of the \$5 million loan facility and the subsequent speculation that resulted in the announcement on 23 September 2008 that Bramlin was in preliminary discussions with VOG which may lead to an all share offer), a one month average price of 10.89p per Bramlin Share ending 19 September 2008 and a three month average price of 11.64p per Bramlin Share ending 19 September 2008.

3 No account has been taken of any liability to taxation.

3.2 Neither Bramlin nor VOG has paid dividends and, accordingly, no comparison of income is presented.

4 Information on VOG

4.1 VOG was established in 2004 to utilise its technical and commercial expertise to build a portfolio of investments in the oil and gas sector in the FSU, in particular Russia and Kazakhstan. VOG was admitted to trading on AIM on 27 July 2004.

4.2 In November 2004, VOG completed the acquisition of 74.8 per cent. of Russian entity ZAO SeverGas-Invest (“SGI”), the holding company for the West Medvezhye gas and condensate field in Western Siberia. VOG subsequently brought its ownership in SGI up to 100 per cent. In August 2006, independent reserve auditors estimated total prospective resources for the West Medvezhye field at over 1.1 billion barrels of oil equivalent.

4.3 In October 2005, VOG acquired 100 per cent. of Feax Investments Company Limited, the holding company for VECA, which owns the subsoil use rights for the Kemerkol oil field in the Atyrau Oblast of Kazakhstan. Kemerkol has State-classified C1+C2 reserves of 26 million barrels and production was started at the field in March 2006.

4.4 Following an investment in January 2008 by a consortium of Middle Eastern investors through Noor Petroleum Limited, VOG has been assisted in its development programmes by Blackwatch and GeoDynamics who have provided advice on the development of its assets in Russia and Kazakhstan. During the course of 2008, VOG, with the assistance of Blackwatch and GeoDynamics, has conducted a complete technical review of its operations and assets in West Medvezhye and Kemerkol and undertaken to diversify its asset portfolio outside the FSU.

4.5 The board of Independent VOG Directors, after consultation with its technical consultants, Blackwatch, believes that the Logbaba Field is an excellent asset with near-term cash generation potential and that a geographical diversification of activities is in the best interests of its shareholders.

- 4.6 The Logbaba Field project will give VOG exposure to Cameroon and a growing domestic natural gas market. The ongoing geographical diversification of VOG's investment strategy has led it to consider and review investment opportunities in what VOG considers underexplored regions such as Ethiopia and Mali. The intentions of VOG are to continue its geographic diversification to include wider exposure in Africa with the objective of seeking acquisition opportunities for early cash flow. Further evidence of this diversification is demonstrated by the recent option agreement for the acquisition of Falcon, details of which are set out in paragraph 4.12 of Part Two and at paragraph 8.3 of Part Six of this document.
- 4.7 VOG's investment strategy is based on acquiring interests in the oil and gas sector which the VOG Directors believe are undervalued and where such a transaction has the potential to create value for its shareholders.

Current Trading and Prospects of the VOG Group

- 4.8 VOG's most recent audited accounts, for the period from 1 June 2007 to 31 May 2008 are set out at Part Four of this document. For the year ended 31 May 2008, VOG reported a loss on ordinary activities for the period of US\$1.17 million (2007: US\$1.32 million), net assets of US\$105.93 million (2007: US\$72.04 million) and cash and cash equivalents of US\$9.27 million (2007: US\$9.95 million). These figures have been extracted from the VOG Directors' report and financial statements for the year ended 31 May 2008, which were reported in accordance with IFRS.
- 4.9 VOG announced on 1 July 2008, that it had received a certificate from the Russian Ministry of Natural Resources confirming registration of a discovery of Well 103 in the West Medvezhye field. This certificate completes the requirement for conversion of the West Medvezhye licence for its 20 year production phase. The exploration around the location of the next target at the West Medvezhye field, Well 105, is continuing with a reinterpretation of the existing seismic data and the new data obtained from the drilling of Well 103 being undertaken. A geochemical survey has also been completed to evaluate further potential target areas around the location of Well 103.
- 4.10 VOG also announced on 1 July 2008, that its Kazakh subsidiary, Victoria Energy Central Asia LLP has temporarily suspended production from Kemerkol pending resolution of a legal claim against it. In the opinion of the VOG Board and its Kazakh legal advisors, the claim against Victoria Energy Central Asia LLP is without justification and is being vigorously defended. Assuming successful resolution of the legal dispute over the Kemerkol asset, VOG intends to re-commence production from its existing wells and to acquire a GeoDynamics passive seismic survey over the entire licence block. Following analysis of the results, the short-term programme is to drill a further two exploration wells with further drilling dependent on the success of the survey.
- 4.11 As announced on 28 October 2008, VOG has signed an option to acquire 100 per cent. of Falcon in the next 12 months. An independent technical study on the Falcon assets will be commissioned and the consideration for any acquisition will be based on the valuation provided, capped at a maximum of \$12.5 million.

5 Information on Bramlin

- 5.1 Bramlin is a Guernsey incorporated oil and gas company with a 60 per cent. working interest in the Logbaba onshore gas field near Douala, the principal port city of Cameroon. Bramlin was initially admitted to trading on AIM on 18 January 2007 with the purpose of making investments and acquisitions in the energy and mining sectors. Bramlin's first investment was the acquisition of RDL. RDL holds the 60 per cent. working interest in and is operator of the Logbaba Field. A report by independent reserve auditors, RPS Energy as of 28 July 2008 concludes that the Logbaba Field has gross proved plus probable reserves of 104 billion cubic feet of natural gas.
- 5.2 Since Bramlin acquired RDL in December 2007, Bramlin's principal focus has been to achieve the following objectives:
- (a) secure an extension of the Logbaba Exploration Permit;
 - (b) negotiate and sign natural gas sales agreements;
 - (c) complete all preliminary steps required for the development of the Logbaba Field;

- (d) raise funding (by way of debt and/or equity); and
 - (e) commence development of the Logbaba Field
- 5.3 On 18 July 2008, the Government of Cameroon granted to Bramlin a six-month extension to the Logbaba Exploration Permit which runs until midnight on 19 February 2009. The operational commitments of Bramlin under the Logbaba Exploration Permit included re-drilling two wells on the property and construction of a natural gas processing plant and pipeline which involved a significant financial commitment in the intervening period.
- 5.4 On 29 July 2008, Bramlin announced that it had signed various gas supply contracts and letters of intent for the sale of natural gas to several industrial users, sufficient to warrant proceeding to field development at the Logbaba Field. Further pre-drilling activities, such as conducting the *Environmental & Social Impact Assessment* and the process to acquire the necessary surface rights for drilling operations were initiated.
- 5.5 For Bramlin's financial year ended 31 December 2007, Bramlin reported a loss on ordinary activities for the period of £345,730 (2006: £3,180 profit), net assets of £24,561,185 (2006: £48,180) and it had cash and cash equivalents of £2,087,201 (2006: £2,753,009). These figures have been extracted from the Bramlin Directors' report and financial statements for the year ended 31 December 2007, which were reported in accordance with IFRS. In the interim report for the six months ended 30 June 2008, the Bramlin Group reported a loss on ordinary activities for the period of £405,501 (2007: £82,110), net assets of £24,561,185 (2006: £48,180) while cash and cash equivalents had fallen to £501,673 (2007: £2,911,257). These figures have been extracted from the 'Chairman's Statement' and financial statements for the six months ended 30 June 2008, which were reported in accordance with IFRS. Please refer to Part Five for further financial information relating to Bramlin.

6 Irrevocable undertakings

- 6.1 Irrevocable undertakings to vote in favour of the Scheme Resolution to be proposed at the Court Meeting have been received by VOG in respect of a total of approximately 58.82 per cent. of Bramlin's existing issued share capital. Details of those irrevocable undertakings are as follows:
- (a) irrevocable undertakings to vote in favour of the Scheme Resolution to be put to the Court Meeting have been received by VOG from the Independent Bramlin Directors who hold beneficial interests in Bramlin Shares. They have provided voting undertakings in respect of their entire legal and beneficial holdings of shares amounting, in aggregate, to 6,010,498 shares (representing approximately 4.43 per cent. of Bramlin's existing issued share capital); and
 - (b) certain other Bramlin Shareholders who, in aggregate, hold 73,729,258 Bramlin Shares (representing approximately 54.39 per cent. of Bramlin's existing issued share capital) have irrevocably undertaken to vote in favour of the Scheme Resolution to be proposed at the Court Meeting in respect of their holdings at the respective Voting Record Time.
- 6.2 The irrevocable undertakings will remain binding until 31 January 2009 or until the Scheme Resolution is proposed and voted upon, whichever is the earlier. Details of the irrevocable undertakings are set out in paragraph 11 of Part Six of this document.

7 Background to and reasons for recommending the Proposal

- 7.1 In July and August 2008, Bramlin, assisted by its then broker, held discussions with potential institutional investors with a view to raising the requisite funding for Bramlin's operational commitments. However, in the face of the progressively deteriorating financial markets, it became apparent that Bramlin would be unable to secure the financing which would enable it to meet its immediate development obligations under the Logbaba Exploration Permit from conventional institutional equity sources.
- 7.2 Following the failure to raise financing in July and August 2008, the board of Independent Bramlin Directors did not believe it could rely on the Logbaba Exploration Permit being extended again and, with limited cash to meet increasingly urgent pre-drilling expenditure, it sought alternative funding solutions. The board of Independent Bramlin Directors believes it has found a viable financial solution through the proposed scheme of arrangement with VOG.

Discussions with VOG commenced in early September 2008 and resulted in a US\$5,000,000 (five million United States Dollars) secured loan facility being announced on 22 September 2008 (details on the loan agreement and security arrangements between Bramlin and VOG are set out in paragraphs 8.8 to 8.10 of Part Six of this document) that was followed by confirmation on 23 September 2008 that both companies were in talks that could lead to an offer. Importantly the initial VOG loan facility allowed Bramlin's planned activities to stay on schedule.

- 7.3 VOG was seen by the board of Independent Bramlin Directors as an attractive merger partner as it provided an immediate funding solution in the form of the \$5,000,000 (five million US dollars) secured loan facility and, importantly, VOG was also able to facilitate Bramlin's access to a drilling rig that could be mobilised by year end 2008. The Independent Bramlin Directors believe the minimum operational commitments on the Logbaba Exploration Permit require the commencement of drilling operations that will allow Bramlin to apply for an Exploitation Authorisation prior to 19 February 2009. Access to, and mobilisation of, a drill rig was particularly important since the Bramlin Board did not believe the Logbaba Exploration Permit would be extended again by the Cameroon authorities.
- 7.4 The business of the Enlarged Group will be the exploration, production and development of hydrocarbon resources in Africa and the FSU. The boards of the Independent Bramlin Directors and the Independent VOG Directors believe they have found considerable benefits for the shareholders of both companies by combining the two asset portfolios to create a larger company with a valuable early cash-flow project in Cameroon to complement a temporarily suspended producing asset in Kazakhstan and an exciting longer-term asset in Russia.
- 7.5 Should the Scheme become effective, the assets of the Enlarged Group will be supplemented by the assets of the Bramlin Group, the most important of which is RDL's rights in respect of the Concession. The Independent VOG Directors believe that if the Cameroon asset comes on stream it will generate income and in due course profits for the Enlarged Group. The Independent VOG Directors also believe that the Enlarged Group will benefit from additional management expertise and exposure to a more diversified asset portfolio with the possibility of a near-term cash-flow from the Logbaba Field. At the same time the Enlarged Group will become subject to the risks inherent in the business of developing the Logbaba Field which include risks that the licence granted to RDL may not be renewed, that economically recoverable quantities of gas are not in fact produced at the site, that unforeseen delays in construction and commissioning or other technical difficulties may result in plans for production being delayed or that unexpected capital expenditure is required.
- 7.6 In relation to the Proposal, VOG has secured irrevocable undertakings to vote in favour of the resolution to be put to the Court Meeting from the Independent Bramlin Directors who hold legal and/or beneficial interest in Bramlin Shares and certain other Bramlin Shareholders who, in aggregate hold 79,739,756 Bramlin Shares representing approximately 58.82 per cent. of Bramlin's existing issued share capital.
- 7.7 Your attention is drawn to the financial information on VOG and Bramlin that is set out in Parts Four and Five of this document. In particular, your attention is drawn to the annual results of VOG for the year ended 31 May 2008, which contain information on VOG's current trading and financial position, corporate developments and outlook.

8 Benefits of the Proposal for Bramlin Shareholders

- 8.1 The board of Independent Bramlin Directors believe that completion of the Proposal will allow Bramlin Shareholders to benefit from:
- (a) access to funds to allow Bramlin to meet its immediate financial commitments on the Logbaba Exploration Permit so as to secure this permit;
 - (b) access to a broader range of suppliers to technical operations through VOG's existing contacts with drilling contractors, seismic surveyors and technical consultants;
 - (c) improved future access to equity funding given the broader shareholder base and greater liquidity in VOG shares;
 - (d) additional management expertise; and

- (e) exposure to a more diversified asset portfolio, combining Bramlin's near-term cash-flow from the Logbaba Field with VOG's producing and prospective assets in the FSU.
- 8.2 Taking into account all the factors above, the Independent Bramlin Directors believe that it is in the best interests of Bramlin Shareholders for the Proposal to become effective and, accordingly, they unanimously recommend that Bramlin Shareholders vote in favour of the Scheme Resolution as they have agreed to do through irrevocable undertakings in respect of their own holdings.

9 Structure of the Offer

- 9.1 The Offer is to be effected by way of a scheme of arrangement between Bramlin and Bramlin Shareholders under section 105 of the Companies (Guernsey) Law, 2008 (as amended). The Scheme is set out in full in Part Seven of this document. If the Scheme becomes effective, it will result in Bramlin becoming a wholly owned direct subsidiary of VOG. This is to be achieved by transferring the Bramlin Shares held by Bramlin Shareholders to VOG.
- 9.2 VOG will issue and allot the relevant number of New VOG Shares to the Bramlin Shareholders on the register at the Scheme Record Time.
- 9.3 To become effective, the Scheme requires, among other things, the approval by a majority in number of Scheme Shareholders who vote, representing at least 75 per cent. in value of the Bramlin Shares voted, either in person or by proxy at the Court Meeting.
- 9.4 It is proposed that, under the Scheme (details of which are set out in Part Seven of this document), all the Bramlin Shares in issue prior to the Voting Record Time will be transferred to VOG. Any further Bramlin Shares issued before the Scheme Record Time and in respect of which the holders are or have consented to be bound by the Scheme will also be transferred to VOG.
- 9.5 Bramlin Shareholders who are on the register of members of Bramlin at the Scheme Record Time will receive 1.22 (one point twenty-two) New VOG Shares on the basis set out in paragraph 2 of this Part Two of this document. Shares in Bramlin issued after the Scheme Record Time will not be subject to the Scheme.
- 9.6 It is expected that the Scheme will become effective by the close of business on or about 12 December 2008. The Scheme can only become effective if all the conditions to which the Scheme is subject have been satisfied or, if capable of waiver, waived by no later than 31 January 2009 or such later date, if any, as Bramlin and VOG may agree and the Court may allow.
- 9.7 The Scheme will become effective upon a copy of the Court Order being sanctioned by the Court.
- 9.8 **If the Scheme becomes effective, it will be binding on all Bramlin Shareholders, irrespective of whether or not they attended the Court Meeting and irrespective of the manner in which they voted.**

10 Consents and Court Meeting

- 10.1 Before the Court's Sanction can be sought for the Scheme, the Scheme will require approval by the Bramlin Shareholders at the Court Meeting which is being held at the direction of the Court to seek approval of Bramlin Shareholders of the Scheme. Notice of the Court Meeting is set out in Part Eight of this document.
- 10.2 The Scheme is subject to the approval by the necessary majority of Bramlin Shareholders at the Court Meeting which will be held at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE at 10 a.m. on 5 December 2008.
- 10.3 Save as set out below, Bramlin Shareholders' entitlement to attend and vote at the Court Meeting and the number of votes which may be cast at each meeting will be determined by reference to the register of members of Bramlin at the Voting Record Time, including any adjournment thereto.

Court Meeting

- 10.4 The Court Meeting has been convened for 10 a.m. on 5 December 2008 at Suite 7, Provident House, Havilland Street, St. Peter Port, Guernsey GY1 2QE to enable Bramlin Shareholders to consider and, if thought fit, approve the Scheme. At the Court Meeting, voting will be by poll and not a show of hands and each Bramlin Shareholder who is present in person or by proxy will be entitled to one vote for each Bramlin Share held. The approval required by the Court Meeting is that those voting to approve the Scheme must:
- (a) represent a simple majority in number of those Bramlin Shareholders present and voting in person or by proxy; and
 - (b) also represent 75 per cent. in value of the Bramlin Shares held by those Bramlin Shareholders present and voting in person or by proxy at the Court Meeting.
- 10.5 As at 11 November 2008 (being the last Business Day prior to the date of this document), VOG held 1,902,627 Bramlin Shares representing approximately 1.4 per cent. of Bramlin's existing issued share capital. In addition, HJ Resources Limited (which is wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries) holds 15,304,169 Bramlin Shares (details of which are set out in paragraph 4.3 of Part Six of this document) representing approximately 11.3 per cent. of Bramlin's existing issued share capital. Any Bramlin Shares which are registered or beneficially owned by VOG (but not, for the avoidance of doubt, those in the name of HJ Resources Limited), at the Voting Record Time will be excluded from the definition of Bramlin Shares and will be precluded from voting at the Court Meeting. Whilst HJ Resources Limited is entitled, as a matter of law, to vote at the Court Meeting, it has indicated that it does not intend to do so in respect of all of the Bramlin Shares registered in its name given Kevin Foo's position on the VOG board of directors. Further, VOG has agreed to procure that any member of the VOG Group which beneficially owns Bramlin Shares at the Voting Record Time, will not vote at the Court Meeting.
- 10.6 It is important that as many votes as possible are cast at the Court Meeting (whether in person or by proxy) so that the Court may be satisfied that there is a fair representation of Bramlin Shareholder opinion. You are therefore strongly urged to complete, sign and return your Form of Proxy for the Court Meeting as soon as possible.

Conditions to the Scheme

- 10.7 The Conditions to the Scheme are set out in full in Part Three of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:
- (a) the approval of the Scheme Resolution at the Court Meeting by Bramlin Shareholders;
 - (b) the sanction of the Scheme by the Court; and
 - (c) Admission becoming effective.

Court Hearing

- 10.8 Under the Companies (Guernsey) Laws, 2008 (as amended), the Scheme requires the sanction of the Court. The hearing by the Court to sanction the Scheme is currently scheduled to be held on or about 12 December 2008, subject to the prior satisfaction or (where capable of waiver) waiver of the Conditions set out in Part Three of this document. VOG has confirmed that it will be represented by counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby.
- 10.9 The Scheme will become effective upon the sanction by the Court.
- 10.10 **If the Scheme becomes effective, it will be binding on all Bramlin Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting. If the Scheme does not become effective by 31 January 2009 (or such later day if any as Bramlin and VOG may agree with, where applicable the consent of the Panel and (if required) the Court may allow), the Scheme will not proceed and the Offer will lapse.**
- 10.11 An application will be made by VOG to the London Stock Exchange for the New VOG Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement of the New VOG Shares will commence at 8:00 a.m. on or shortly following the Effective Date. The New VOG Shares issued pursuant to the Offer

will be issued as fully paid and rank *pari passu* with the existing VOG Shares including in respect of all dividends proposed, made, paid or declared from the time they are issued and allotted.

- 10.12 All Bramlin Shareholders are entitled to attend the Court Hearing in person or to be represented at their own expense by counsel to support or oppose the sanctioning of the Scheme.
- 10.13 The Scheme will become effective following the requisite approval of the Scheme being obtained from Bramlin Shareholders and the sanction of the Court, this is expected to occur on or about 12 December 2008.
- 10.14 **Unless the Scheme becomes effective by no later than 31 January 2009, or such later date as Bramlin and VOG may agree and the Court may allow, the Scheme will not become effective and Proposal will not proceed.**

Alternative means of implementing the Offer

- 10.15 VOG has reserved the right to elect (with the consent of the Panel where necessary) to implement the Offer by way of a takeover offer, in which case additional documents will be despatched to Bramlin Shareholders. In such event, such a takeover offer will (unless otherwise agreed) be implemented on the same terms as far as applicable as those which would apply to the Scheme (subject to appropriate amendments including (without limitation) an acceptance condition of 90 per cent. (or such lesser percentage, being more than 50 per cent. as VOG may decide) of the shares to which the offer relates).

11 Effect of the Offer on management, employees, consultants and locations

- 11.1 Certain Bramlin Directors and employees of Bramlin are entitled to the Deferred Bonus Shares. Under the Bonus Shares Deed, such recipients have agreed, from the Effective Date, to irrevocably waive their respective entitlements to Deferred Bonus Shares and VOG undertakes, from the Effective Date, to issue Deferred Bonus VOG Shares conditional on the grant of all Exploitation Authorisation. Further details of the Bonus Shares Deed are set out in paragraph 8.12 of Part Six of this document.
- 11.2 Particulars of the service contracts, consultancy agreements and other arrangements (including the remuneration provisions) of the Bramlin Directors are set out at paragraph 5 of Part Six of the document.
- 11.3 Save as disclosed in this document, the effect of the Proposal on the interests of the Bramlin employees and consultants will not differ from its effect on the interests of any other Bramlin Shareholder.
- 11.4 The Board of Bramlin has not received an opinion from the representatives of its employees on the effect of the Scheme on employment.

12 Effect of the Scheme on holders of Bramlin Warrants

- 12.1 Conditional on the terms of the Scheme being approved by the Bramlin Shareholders and sanctioned by the Court, the entitlement to the Bramlin Warrants of Strand Partners shall be, novated and Strand Partners shall receive new VOG Warrants on substantially the same terms.

13 Bramlin Directors and the effect of the Scheme on their interests

- 13.1 The interests of the Bramlin Directors in the share capital of Bramlin are set out in paragraph 4.1 of Part Six of this document.
- 13.2 As at 11 November 2008 (being the last dealing day prior to the posting of this document) and save as disclosed in this document, no Bramlin Directors or employees or other third party have been granted options over new Bramlin Shares.
- 13.3 Certain Bramlin Directors and employees of Bramlin are entitled to the Deferred Bonus Shares. Under the Bonus Shares Deed, such recipients have agreed, from the Effective Date, to irrevocably waive their respective entitlements and VOG undertakes, from the Effective Date, to issue Deferred Bonus VOG Shares conditional on the grant of the Exploitation Authorisation. Further details of the Bonus Shares Deed are set out in paragraph 8.12 of Part Six of this document.

- 13.4 Particulars of the service contracts, consultancy agreements and other arrangements (including the remuneration provisions) of the Bramlin Directors are set out at paragraph 5 of Part Six of the document.
- 13.5 Save as described above and in paragraph 5 of Part Six of this document, the effect of the Scheme on the interests of the Bramlin Directors does not differ from its effect on the interests of other Bramlin Shareholders.

14 Settlement and share certificates

- 14.1 The New VOG Shares are to be issued in registered form. Subject to the Scheme becoming effective, settlement of the Consideration to which any Bramlin Shareholder is entitled under the Scheme will be implemented in full in accordance with the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which VOG may otherwise be, or claim to be, entitled against such Bramlin Shareholder, and will be effected in the manner set out below.
- 14.2 If a Bramlin Shareholder's entitlement to New VOG Shares includes a fraction of one New VOG Share, such entitlement will be rounded down to the nearest whole number of New VOG Shares.

Shares held in certificated form

- 14.3 Where Bramlin Shareholders hold Bramlin Shares in certificated form, New VOG Share certificates will be despatched in certificated form (i.e. not in CREST) as soon as possible after the Effective Date, and in any event no later than 14 days thereafter, to the address appearing in the register of members of Bramlin as at the Scheme Record Time or, in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holding concerned or in accordance with any special instructions regarding communications. All documents sent through the post will be sent at the risk of the person(s) entitled thereto.

Shares held in uncertificated form (i.e. in CREST)

- 14.4 Where Bramlin Shares are held in uncertificated form (i.e. in CREST), any New VOG Shares to which a Bramlin Shareholder is entitled will be issued to such Shareholder in uncertificated form. VOG will procure that Euroclear is instructed to credit the appropriate stock account in CREST of the Bramlin Shareholder concerned with such Bramlin Shareholder's entitlement to New VOG Shares and to transfer such Bramlin Shareholder's holding of Bramlin Shares, by no later than 14 days after the Effective Date. However, VOG may (if, for any reason, it wishes to do so) determine that the New VOG Shares are to be issued in certificated form, to be despatched by post no later than 14 days after the Effective Date.

Share certificates and transfer of Shares

- 14.5 On the Effective Date, share certificates for Bramlin Shares will cease to be valid and should be destroyed. In addition, entitlements to Bramlin Shares held within the CREST system will be transferred on the Effective Date. You should note that, based on the expected timetable set out on page 10 of this document, the last date for registration of transfers of Bramlin Shares is expected to be 11 December 2008. No transfers of Bramlin Shares (other than transfers to VOG or any nominee(s) of VOG) will be registered after the Scheme Record Time.

15 Cancellation of admission of Bramlin Shares to trading on AIM

- 15.1 Application will be made to the London Stock Exchange for Bramlin Shares to be suspended from trading on AIM with effect from 7.00 a.m. on the day of the Court Hearing and no transfers of Bramlin Shares will be registered after this time. There will be no dealings in Bramlin Shares from this date. Prior to the Effective Date, an application will be made to the London Stock Exchange for the cancellation, subject to the Scheme becoming effective, of the Bramlin Shares, to admission to trading on AIM. If the Scheme becomes effective based on the expected timetable set out on page 10 of this document, the last day of dealings in Bramlin Shares on the London Stock Exchange is expected to be 11 December 2008 (being the dealing day immediately prior to the Hearing Date).

16 Admission of New VOG Shares to trading on AIM

- 16.1 Application will be made to the London Stock Exchange for the New VOG Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings on AIM (for normal settlement) will commence at 8.00 a.m. on the first Dealing Day after the Effective Date.
- 16.2 No application is being made for the New VOG Shares to be admitted to listing, or to be dealt in, on any exchange other than AIM.
- 16.3 Temporary documents of title will not be issued pending the dispatch, where applicable, by post of definitive certificates for New VOG Shares in accordance with the terms of the Scheme. Pending the issue of definitive certificates for the New VOG Shares, transfers will be certified against the register held by the Registrars.

17 Taxation

- 17.1 A summary of the tax consequences of the Scheme is set out in Appendix I to this document. Such summary is intended as a general guide only and if you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.

18 Overseas Shareholders

- 18.1 The implications of the Proposal for Bramlin Shareholders resident in, or citizens of, jurisdictions outside the UK (“**Overseas Shareholders**”) may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due to such jurisdiction.
- 18.2 It is the responsibility of Bramlin Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom to ensure that the correct rate of postage is paid before returning the enclosed Form of Proxy. If VOG is advised that the allotment and issue of New VOG Shares would infringe the laws of any jurisdiction outside the United Kingdom or would require VOG to observe any governmental or other consent or any registration, filing or other formality with which VOG is unable to comply or compliance with which VOG regards as unduly onerous, VOG may in its sole discretion determine that such VOG Shares shall not be allotted and issued to such holder but shall instead be allotted and issued to a nominee appointed by VOG as trustee and sold by the trustee at the best price reasonably obtainable with the net proceeds being remitted to the respective overseas Shareholder.
- 18.3 The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with applicable restrictions may constitute a violation of securities laws of any such jurisdiction. The New VOG Shares to be issued pursuant to the Proposal have not been and will not be registered under the United States Securities Act of 1933 (as amended). Furthermore, the New VOG Shares have not been and will not be registered under any of the relevant securities laws of Canada, Australia, Japan or South Africa. Accordingly, the New VOG Shares may not be offered, sold, resold or delivered directly or indirectly in or into the United States, Canada, Australia, Japan or South Africa or any jurisdiction in which to do so is unlawful (except in compliance with applicable legislation). In any case where the issue of New VOG Shares would infringe the law of any foreign jurisdiction, or necessitate compliance with any special requirement, the Scheme provides that such shares may be issued to a nominee and then sold, with the net proceeds of sale being remitted to the relevant Overseas Shareholder.
- 18.4 This document does not constitute an offer to sell or the solicitation of an offer to buy New VOG Shares or a solicitation of a vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documentation have been prepared for the purposes of complying with Guernsey law, the City Code and all applicable rules and regulations of the UKLA and the London Stock Exchange (including the AIM Rules)

and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside Guernsey.

Information for Bramlin Shareholders resident in, or citizens of the United States

- 18.5 This document is not an offer of securities for sale in the United States. The New VOG Shares, which will be issued in connection with the Offer, have not been, and will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and no regulatory clearance in respect of the New VOG Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom. The New VOG Shares may not be offered or sold in the United States absent registration under the US Securities Act or pursuant to an exemption from the registration requirements. The New VOG Shares will be issued in reliance upon various securities' Section 3(a)(10) under the US Securities Act and various exemptions of State law.
- 18.6 For purposes of qualifying for this exemption from the registration requirements of the US Securities Act, Bramlin and VOG will advise the Court that VOG intends to rely on the Section 3(a)(10) exemption based on the Court's sanctioning of the Scheme, which will be relied upon by VOG as an approval of the Scheme following a hearing on its fairness to Bramlin Shareholders. All Bramlin Shareholders are entitled to attend the hearing in person or through counsel to support or oppose the sanctioning of the Scheme. Notification of the hearing will have been given to all Bramlin Shareholders. Under applicable US securities laws, Bramlin Shareholders (whether or not US persons) who are or will be "affiliates" of Bramlin or VOG prior to, or of VOG after, the Effective Date may be subject to certain restrictions on the sale of the New VOG Shares received in connection with the Scheme, as discussed below.
- 18.7 New VOG Shares issued to a Bramlin Shareholder who is neither an "affiliate" (within the meaning of the US Securities Act), for the purposes of the US Securities Act, of Bramlin or VOG prior to the Effective Date, nor an affiliate of VOG after the Effective Date, would not be "restricted securities" under the US Securities Act and such New VOG Shares may be sold by such person in ordinary secondary market transactions without restriction under the US Securities Act. Persons who are affiliates of Bramlin or VOG prior to the Effective Date, or an affiliate of VOG after the Effective Date, may be subject to timing, manner of sale and volume restrictions on the sale of New VOG Shares received in connection with the Scheme under Rule 145(d) under the US Securities Act. Persons who may be deemed to be affiliates of VOG or Bramlin, as the case may be, include individuals who, or entities that, control, directly or indirectly, or are controlled by or are under common control with, VOG or Bramlin, as the case may be, and may include certain officers and directors of such company and such company's principal shareholders (such as a holder of more than 10 per cent. of the outstanding capital stock). Bramlin Shareholders who are affiliates, in addition to reselling their New VOG Shares in the manner permitted by Rule 145 under the US Securities Act, may also sell their New VOG Shares under any other available exemption under the US Securities Act, including Regulation S under the US Securities Act. Bramlin Shareholders who believe they may be affiliates for purposes of the US Securities Act should consult their own legal advisers prior to any sale of New VOG Shares received pursuant to the Scheme.
- 18.8 The New VOG Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. VOG does not intend to take any action to facilitate a market in New VOG Shares in the United States.
- 18.9 Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New VOG Shares or passed an opinion on the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.
- 18.10 The Offer is subject to the disclosure requirements and practices applicable in Guernsey and the United Kingdom to schemes of arrangement, which differ from the disclosure and other requirements of US securities laws. The financial information included in this document has been prepared in accordance with UK GAAP and/or International Financial Reporting Standards (as applicable) that may not be comparable to the financial statements of US

companies. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

- 18.11 Bramlin Shareholders who are citizens or residents of the United States or other jurisdictions outside the United Kingdom should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

Information for Bramlin Shareholders resident in Australia

- 18.12 This document is not an offer of securities for sale in the Commonwealth of Australia and has not been and will not be lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Australian Corporations Act.
- 18.13 Accordingly New VOG Shares will be issued without disclosure for the purposes of the Corporations Act.
- 18.14 Bramlin does not assume any liability in respect of the requirements of the Australian Corporations Act as to the content of disclosure documents.
- 18.15 The New VOG Shares issued pursuant to the Scheme may not be offered for sale within Australia within 12 months after the issue of those shares, except in circumstances where disclosure to investors under Chapter 6D of the Australian Corporations Act would not be required. Chapter 6D is complex and you should consult your legal advisers if in any doubt regarding your position.
- 18.16 The information in this document is general information and is not financial product advice for the purposes of Chapter 7 of the Australian Corporations Act and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should consult your legal, investment or other professional adviser.

19 Actions to be taken

- 19.1 Bramlin Shareholders will find enclosed with this document a Form of Proxy to be used at the Court Meeting.
- 19.2 It is important that as many votes as possible are cast at the Court Meeting so that the Court may be satisfied that there is a fair representation of Bramlin Shareholder opinion. Bramlin Shareholders are therefore strongly urged to complete, sign and return the Form of Proxy for the Court Meeting as soon as possible.
- 19.3 Whether or not you propose to attend the meeting in person, you are requested to complete and return the Form of Proxy.
- 19.4 The completed Forms of Proxy should be returned to Bramlin as soon as possible and, in any event, so as to be received by them no later than 10 a.m. on 3 December 2008 for the Court Meeting. The return of the Form of Proxy will not prevent you from attending the Court Meeting and voting in person if you wish.
- 19.5 The Form of Proxy in respect of the Court Meeting may also be handed to the Chairman of the Meeting before the start of the Meeting.
- 19.6 Forms of Proxy can be amended or revoked at any time up to the start of the Court Meeting.
- 19.7 If you wish to amend or revoke your Form of Proxy after you have returned it to Bramlin, you should contact Bramlin at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey, GY1 2QE.
- 19.8 If the Scheme becomes effective, Bramlin Shareholders will receive their Consideration without having to take any further action.
- 19.9 If you are in any doubt as to the actions you should take in relation to the Scheme, you should seek your own independent financial advice. If you would like any further help completing the Form of Proxy please contact Bramlin on 0207 960 9629 or, if dialling from outside the UK, +44 (207) 960 9629 between 9.00 am and 5.00 pm, Monday to Friday.
- 19.10 For legal reasons, Bramlin will not be able to provide or give financial advice on the merits of the Proposal.

20 Further Information

20.1 The terms of the Scheme are set out in full in Part Seven of this document. Your attention is also drawn to the further information contained at Part Six of this document which forms part of the explanatory statement pursuant to section 108 of Companies (Guernsey) Law, 2008 (as amended). In particular your attention is drawn to the conditions to the implementation of the Scheme in Part Three of this document, other financial information on VOG and Bramlin in Parts Four and Five respectively, the additional information in Part Six, and the Notice of Meeting in Part Eight, and the taxation summary in Appendix I.

Yours faithfully

Fox-Davies Capital Limited

PART THREE

CONDITIONS TO IMPLEMENTATION OF THE PROPOSAL

The Offer is conditional upon the Scheme becoming unconditional and becoming effective by not later than 31 January 2009 or such later date (if any) as Bramlin and VOG may agree and the Court may allow.

1 The Offer is conditional upon:

- 1.1 the approval by a majority in number representing 75 per cent. in value of the holders of Bramlin Shares present and voting, either in person or by proxy, at the Court Meeting;
- 1.2 the Court Sanction being obtained;
- 1.3 VOG Shareholders approving at a general meeting an increase in VOG's authorised share capital and authorising the VOG Directors to allot the new share capital; and
- 1.4 permission being granted for the admission of the New VOG Shares to trading on AIM in accordance with the AIM Rules or (if VOG so determines and subject to the consent of the Panel) the London Stock Exchange agreeing to admit such shares to trading on AIM subject only to the allotment of such shares.

2 Bramlin and VOG have agreed that, subject as stated in paragraph 3 below, the Court Sanction will only be sought if the following conditions are satisfied or waived:

2.1 Authorisations

- (a) all authorisation in any jurisdiction necessary for or in respect of the Offer, its implementation or any acquisition of any shares in, or control of, Bramlin or any other member of the Wider Bramlin Group by any member of the Wider VOG Group having been obtained in terms and in a form satisfactory to VOG acting reasonably from any relevant person or from any person or body with whom any member of the Wider Bramlin Group has entered into contractual arrangements and all such authorisations remaining in full force and effect and there being no intimation of any intention to revoke or not renew the same; and
- (b) all authorisations necessary to carry on the business of any member of the Wider Bramlin Group remaining in full force and effect and there being no notification of any intention to revoke or not to renew the same; and
- (c) all necessary filings having been made and all applicable waiting and other periods having expired, lapsed or been terminated and all applicable statutory or regulatory obligations in any jurisdiction in respect of the Offer having been complied with.

2.2 Regulatory intervention

No relevant person having taken, instituted, implemented or threatened any legal proceedings, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, order or decision or taken any other step and there not continuing to be outstanding any statute, regulation, order or decision that would or might reasonably be expected to (in each case to an extent which is material and adverse in the context of the Wider Bramlin Group):

- (a) make the Offer, its implementation or the acquisition or proposed acquisition of any shares in, or control or management of, the Wider Bramlin Group by VOG illegal, void or unenforceable; or
- (b) otherwise directly or indirectly prevent, prohibit or otherwise restrict, restrain, delay or interfere with the implementation of, or impose additional conditions or obligations with respect to or otherwise challenge or require amendment of, the Offer or the proposed acquisition of Bramlin by VOG or any acquisition of shares in Bramlin by VOG; or
- (c) refer the Scheme (or any matter arising from it) to the Competition Commission; or
- (d) require, prevent or delay the divestiture by VOG of any shares or other securities in Bramlin; or

- (e) impose any limitation on the ability of any member of the Wider VOG Group or any member of the Wider Bramlin Group to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities or the equivalent in any member of the Wider Bramlin Group or management control over any member of the Wider Bramlin Group; or
- (f) require, prevent or delay the disposal by VOG or any member of the Wider VOG Group, or require the disposal or alter the terms of any proposed disposal by any member of the Wider Bramlin Group, of all or any part of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties; or
- (g) (save as required pursuant to the Offer) require any member of the Wider VOG Group or of the Wider Bramlin Group to offer to acquire any shares or other securities (or the equivalent) in any member of the Wider Bramlin Group owned by any third party (in each case, other than in implementation of the Offer); or
- (h) impose any limitation on the ability of any member of the Wider VOG Group or the Wider Bramlin Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider VOG Group and/or the Wider Bramlin Group; or
- (i) result in any member of the Wider VOG Group or the Wider Bramlin Group ceasing to be able to carry on business under any name under which it presently does so; or
- (j) otherwise materially and adversely affect any or all of the businesses, assets or financial condition of any member of the Wider VOG Group or the Wider Bramlin Group;

and all applicable waiting and other time periods during which any such relevant person could institute or implement or threaten any legal proceedings having expired, lapsed or been terminated.

2.3 Consequences of the Offer

Save as Disclosed, there being no provision of any agreement to which any member of the Wider Bramlin Group is a party, or by or to which any such member, or any part of its assets, may be bound, entitled or subject, which as a consequence of the Offer or of the acquisition or proposed acquisition of all or any part of the issued share capital of, or change of control or management of, Bramlin or any other member of the Bramlin Group would or could reasonably be expected to result in (in each case to an extent which is material and adverse in the context of the Wider Bramlin Group):

- (a) any material assets or interests of any member of the Wider Bramlin Group being or falling to be disposed of or charged in any way or ceasing to be available to any member of the Wider Bramlin Group or any rights arising under which any such asset or interest could be required to be disposed of or charged in any way or could cease to be available to any member of the Wider Bramlin Group; or
- (b) any monies borrowed by, or other indebtedness (actual or contingent) of, or any grant available to, any member of the Wider Bramlin Group being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or the ability of such member of the Wider Bramlin Group to incur any such borrowing or indebtedness becoming or being capable of becoming withdrawn, inhibited or prohibited; or
- (c) any such agreement or the rights, liabilities, obligations or interests of any such member under it being or becoming capable of being terminated or materially and adversely modified or affected or any onerous obligation arising or any material adverse action being taken under it; or
- (d) the interests or business of any such member in or with any third party (or any arrangements relating to any such interests or business) being terminated or becoming capable of being terminated or adversely modified or affected; or
- (e) the financial or trading position or prospects or value of any member of the Wider Bramlin Group being materially prejudiced or materially adversely affected; or

- (f) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Bramlin Group or any such security (whenever arising or having arisen) becoming enforceable or being enforced; or
- (g) the creation of actual or contingent liabilities by any member of the Wider Bramlin Group; or
- (h) the ability of any member of the Bramlin Group to carry on its business being materially and adversely affected,

and no event having occurred which, under any provision of any such agreement or arrangement to which any member of the Wider Bramlin Group is a party, or by or to which any such member, or any of its assets, may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in sub-paragraphs (a) to (h) inclusive.

2.4 No corporate action taken since the Accounting Date

Since the Accounting Date, save as otherwise Disclosed or pursuant to transactions in favour of Bramlin or a wholly-owned subsidiary of Bramlin, no member of the Wider Bramlin Group having:

- (a) issued or agreed to issue or authorised or proposed the issue or grant of additional shares of any class or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save pursuant to the issue of Bramlin Shares on the exercise of Bramlin Options); or
- (b) redeemed, purchased, repaid or reduced or announced the redemption, purchase, repayment or reduction of any part of its share capital or made or announced the making of any other change to its share capital; or
- (c) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus issue or other distribution whether payable in cash or otherwise other than dividends lawfully paid to Bramlin or wholly owned subsidiaries of Bramlin; or
- (d) (save for transactions between two or more wholly owned members of the Bramlin Group) merged or demerged with or from, or acquired, any body corporate or authorised or proposed or announced any intention to propose any such merger or demerger; or
- (e) other than in the ordinary course of business acquired or disposed of, transferred, mortgaged or charged, or created or granted any security interest over, any material assets (including shares and trade investments) or authorised or proposed or announced any intention to propose any acquisition, disposal, transfer, mortgage, charge or creation or grant of any security interest; or
- (f) (save for transactions between two or more wholly owned members of the Bramlin Group) issued or authorised or proposed the issue of any debentures or incurred or increased borrowings, indebtedness or liability (actual or contingent); or
- (g) entered into or varied, or authorised or proposed the entry into or variation of, or announced its intention to enter into or vary, any transaction, arrangement, contract or commitment (whether in respect of capital expenditure or otherwise) which is material and of a long term, onerous or unusual nature or magnitude or which is restrictive to the existing business of any member of the Wider Bramlin Group or which is not in the ordinary course of business; or
- (h) entered into, implemented, effected, authorised or proposed or announced its intention to enter into, implement, effect, authorise or propose any material contract, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business; or
- (i) waived or compromised any material claim (other than in the ordinary course of business); or

- (j) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any material contract with any of the directors or senior executives of Bramlin or any of the directors or senior executives of any other member of the Wider Bramlin Group; or
- (k) taken or proposed any corporate action or had any legal proceedings instituted or threatened against it or petition presented for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction; or
- (l) been unable, or admitted in writing that it is unable, to pay its debts or has stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business; or
- (m) made any material alteration to its memorandum or articles of association, or other incorporation documents; or
- (n) entered into any agreement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition 2(d).

2.5 Other events since the Accounting Date

In the period since the Accounting Date, save as Disclosed:

- (a) no litigation or arbitration proceedings, prosecution, investigation or other legal proceedings having been announced, instituted, threatened or remaining outstanding by, against or in respect of, any member of the Wider Bramlin Group or to which any member of the Wider Bramlin Group is or may become a party (whether as claimant, defendant or otherwise) which in any case, would be likely to have a material adverse effect on the financial position of the Wider Bramlin Group;
- (b) no material adverse change or deterioration having occurred in the business or assets or financial or trading position, assets, or profits of any member of the Wider Bramlin Group;
- (c) no enquiry or investigation by, or complaint or reference to, any relevant person against or in respect of any member of the Wider Bramlin Group having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of, any member of the Wider Bramlin Group which, in any case, would be likely to have a material adverse effect on the financial position of the Wider Bramlin Group; or
- (d) no contingent or other liability having arisen or become apparent or increased which, in any case, would be likely to have a material adverse effect on the financial position of the Wider Bramlin Group.

2.6 Other issues

Save as Disclosed, VOG not having discovered that (in each case to an extent which is material and adverse in the context of the Wider Bramlin Group):

- (a) the financial, business or other information disclosed at any time by any member of the Wider Bramlin Group, whether publicly or in the context of the Offer either contained a material misrepresentation of fact or omitted to state a fact necessary to make the information disclosed not misleading in any material respect; or
- (b) any contingent liability disclosed in such disclosed information would or might materially and adversely affect, directly or indirectly, the business or profits of the Wider Bramlin Group taken as a whole; or
- (c) any information disclosed at any time by or on behalf of any member of the Wider Bramlin Group is or becomes incorrect in any material respect; or
- (d) there has been a disposal, spillage or leakage of waste or hazardous substance or any substance likely to impair the environment or harm human health on, or there has been an emission or discharge of any waste or hazardous substance or any substance likely to impair the environment or harm human health from, any land or other asset now or

previously owned, occupied or made use of by any past or present member of the Wider Bramlin Group which in each case would be reasonably likely to give rise to any liability (whether actual or contingent, civil or criminal) or cost on the part of any member of the Wider Bramlin Group; or

- (e) any past or present member of the Wider Bramlin Group has failed to comply with any and/or all applicable legislation or regulations of any relevant jurisdiction with regard to the use, treatment, handling, storage, transport, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance reasonably likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such use, treatment, handling, storage, transport, disposal, spillage, release, discharge, leak or emission (whether or not it constituted a non-compliance by any member of the Wider Bramlin Group with any such legislation or regulations, and wherever the same may have taken place) any of which use, treatment, handling, storage, transport, disposal, spillage, release, discharge, leak or emission would be reasonably likely to give rise to any liability (actual or contingent, civil or criminal) or cost on the part of any member of the Wider Bramlin Group.

3 General

- 3.1 VOG reserves the right to waive all or any of the conditions contained in paragraphs 2.1 to 2.6 above inclusive, in whole or in part.
- 3.2 VOG shall be under no obligation to waive or treat as fulfilled any of the conditions in paragraph 2 of this Part Three earlier than the date of the Court Sanction of the Scheme notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment or waiver. If VOG is required by the Panel to make an offer for Bramlin Shares under the provisions of Rule 9 of the City Code, VOG may make such alterations to the conditions as may be necessary to comply with the provisions of that Rule.
- 3.3 The Offer will be governed by Guernsey law. The rules of the City Code and the Court will, so far as they are appropriate, apply to the Offer.

PART FOUR
FINANCIAL INFORMATION RELATING TO VOG

Financial record for the three years ended 31 May 2008

The financial information contained in this Part Four has been extracted without material adjustment from the 2008 annual accounts which contain financial statements and supporting notes under International Financial Reporting Standards for the periods from 1 June 2006 to 31 May 2007 and 1 June 2007 to 31 May 2008 and for the 2007 annual accounts, which contain financial statements and supporting notes under UK Generally Accepted Accounting Practice for the period from 1 June 2005 to 31 May 2006 and 1 June 2006 to 31 May 2007.

The financial information in this Part Four does not constitute statutory accounts.

Deloitte, of Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland have given audit reports in respect of the three years ended 31 May 2008 and each report was unqualified.

PART A

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2008

	Notes	2008 \$000	2007 \$000
Continuing operations			
REVENUE	4	1,726	373
Cost of sales		(1,655)	(199)
GROSS PROFIT		71	174
Other gains and (losses)	5	260	(3,053)
Administrative expenses		(4,857)	(3,460)
OPERATING LOSS		(4,526)	(6,339)
Interest received		248	151
Finance revenue	6	11,095	9,642
Finance costs	7	(7,985)	(4,773)
LOSS BEFORE TAXATION	8	(1,168)	(1,319)
Income tax expense	9	-	-
LOSS AFTER TAXATION FOR THE FINANCIAL YEAR		(1,168)	(1,319)
		Cents	Cents
Loss per share - basic	13	(0.70)	(1.17)
Loss per share - diluted	13	(0.70)	(1.17)

CONSOLIDATED BALANCE SHEET

AS AT 31 MAY 2008

	Notes	2008 \$000	2007 \$000
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	14	104,365	92,649
Property, plant and equipment	15	2,008	1,363
Investments	16	696	–
Restricted cash	17	122	–
		107,191	94,012
CURRENT ASSETS			
Inventory		3	–
Receivables	18	1,226	1,821
Cash and cash equivalents	19	9,270	9,945
		10,499	11,766
TOTAL ASSETS		117,690	105,778
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	20	(4,947)	(5,706)
NET CURRENT ASSETS		5,552	6,060
NON-CURRENT LIABILITIES			
Borrowings	21	(3,693)	–
Convertible loan – debt portion	22	(212)	(14,399)
Derivative financial instruments	22	(1,518)	(13,636)
Provisions	23	(1,393)	–
		(6,816)	(28,035)
NET ASSETS		105,927	72,037
EQUITY:			
Called-up share capital	27	2,621	1,129
Share premium		100,133	71,935
ESOP Trust reserve	28	(124)	(74)
Investment revaluation reserve	25	295	–
Translation reserve		110	–
Other reserve	24	2,852	–
Retained earnings – surplus/(deficit)		40	(953)
TOTAL EQUITY		105,927	72,037

The financial statements were approved by the Board of Directors on 11 November 2008

KEVIN A FOO

ROBERT PALMER

COMPANY BALANCE SHEET

AS AT 31 MAY 2008

	Notes	2008 \$000	2007 \$000
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	15	8	10
Investments	16	34,378	33,682
		34,386	33,692
CURRENT ASSETS			
Receivables	18	71,512	56,116
Cash and cash equivalents	19	8,806	9,215
		80,318	65,331
TOTAL ASSETS		114,704	99,023
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	20	(4,014)	(757)
NET CURRENT ASSETS		76,304	64,574
NON-CURRENT LIABILITIES			
Borrowings	21	(3,693)	–
Convertible loan – debt portion	22	(212)	(14,399)
Derivative financial instrument	22	(1,518)	(13,636)
		(5,423)	(28,035)
NET ASSETS		105,267	70,231
EQUITY			
Called-up share capital	27	2,621	1,129
Share premium	24	100,133	71,935
Investment revaluation reserve	25	295	–
Other reserve	24	2,852	–
Retained earnings – (deficit)		(634)	(2,833)
TOTAL EQUITY		105,267	70,231

The financial statements were approved by the Board of Directors on 11 November 2008

KEVIN A FOO
CHAIRMAN

ROBERT PALMER
FINANCE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2008

	Called up share capital \$000	Share premium \$000	ESOP Trust reserve \$000	Investment revaluation reserve \$000	Retained earnings/ (deficit) \$000	Translation reserve \$000	Other reserve \$000	Total \$000
At 1 June 2006	1,044	68,153	(53)	–	(2,545)	–	–	66,599
Shares issued for cash	85	4,853	(45)	–	–	–	–	4,893
Transfer concerning issue expenses of loan notes	–	(1,071)	–	–	1,071	–	–	–
Credit re value of shares vested by ESOP	–	–	24	–	1,840	–	–	1,864
Loss for the year	–	–	–	–	(1,319)	–	–	(1,319)
At 31 May 2007	1,129	71,935	(74)	–	(953)	–	–	72,037
Shares issued for cash	1,063	29,205	(50)	–	–	–	–	30,218
Share issue costs	–	(3,353)	–	–	–	–	–	(3,353)
Conversion of loan notes	429	4,507	–	–	–	–	–	4,936
Transfer concerning issue expenses of loan notes	–	(2,161)	–	–	2,161	–	–	–
Revaluation to fair value	–	–	–	295	–	–	–	295
Currency translation adjustment	–	–	–	–	–	110	–	110
Gain on redemption of embedded derivative	–	–	–	–	–	–	2,852	2,852
Loss for the year	–	–	–	–	(1,168)	–	–	(1,168)
At 31 May 2008	2,621	100,133	(124)	295	40	110	2,852	105,927

SHARE PREMIUM RESERVE

The share premium reserve comprises of the excess of monies received in respect of share capital over the nominal value of shares issued, less share and debenture issue costs.

ESOP TRUST RESERVE

The ESOP Trust reserve comprises of shares in the Company held by the Victoria Oil & Gas ESOP Trust.

INVESTMENTS REVALUATION RESERVE

The investments revaluation reserve includes revaluation of available for sale investments to market value.

RETAINED EARNINGS DEFICIT

Retained earnings comprises accumulated losses in the current year and prior years.

TRANSLATION RESERVE

The translation reserve includes movements that relate to the retranslation of non-monetary items whose functional currencies are not US dollars.

OTHER RESERVE

The Other reserve includes gains and losses arising on redemption of the embedded derivative component of hybrid financial instruments stated at fair value.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2008

	Called up share capital \$000	Share premium \$000	Investments revaluation reserve \$000	Retained earnings/ (deficit) \$000	Other reserve \$000	Total \$000
At 1 June 2006	1,044	68,153	–	(2,584)	–	66,613
Shares issued for cash	85	4,853	–	–	–	4,938
Transfer concerning issue expenses of loan notes	–	(1,071)	–	1,071	–	–
Credit re value of shares vested by ESOP	–	–	–	1,840	–	1,840
Revaluation to fair value	–	–	–	–	–	–
Loss for the year	–	–	–	(3,160)	–	(3,160)
At 31 May 2007	1,129	71,935	–	(2,833)	–	70,231
Shares issued for cash	1,063	29,205	–	–	–	30,268
Share issue costs	–	(3,353)	–	–	–	(3,353)
Conversion of loan notes	429	4,507	–	–	–	4,936
Transfer concerning issue expenses of loan notes	–	(2,161)	–	2,161	–	–
Revaluation to fair value	–	–	295	–	–	295
Gain on redemption of embedded derivative	–	–	–	–	2,852	2,852
Profit for the year	–	–	–	38	–	38
At 31 May 2008	2,621	100,133	295	(634)	2,852	105,267

SHARE PREMIUM RESERVE

The share premium reserve comprises of the excess of monies received in respect of share capital over the nominal value of shares issued, less share and debenture issue costs.

INVESTMENTS REVALUATION RESERVE

The investments revaluation reserve includes revaluation of available for sale investments to market value.

RETAINED EARNINGS DEFICIT

Retained earnings comprises accumulated losses in the current year and prior years.

OTHER RESERVES

The Other reserve includes gains and losses arising on redemption of the embedded derivative component of hybrid financial instruments stated at fair value.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2008

	2008 \$000	2007 \$000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	(1,168)	(1,319)
Finance costs recognised in income statement	7,985	4,773
Investment revenue recognised in income statement	(248)	(151)
Impairment loss recognised in income statement	–	2,293
Depreciation and amortisation of non-current assets	671	242
Fair value gain on embedded derivatives	(11,095)	(9,642)
Net foreign exchange gain	(3,695)	(712)
Value of shares vested by Victoria Oil & Gas Plc ESOP Trust	–	750
	(7,550)	(3,766)
MOVEMENTS IN WORKING CAPITAL		
Decrease/ (increase) in trade and other receivables	(106)	(225)
(Increase)/decrease in inventories	(3)	16
(Decrease)/increase in trade and other payables	(3,137)	1,715
	(10,796)	(2,260)
CASH USED IN OPERATIONS		
Interest paid	(867)	(982)
	(11,663)	(3,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	248	151
Payments for intangible fixed assets	(7,236)	(27,441)
Payments for tangible fixed assets	(949)	(766)
Proceeds from sale of tangible fixed assets	12	–
Proceeds from sale of intangible assets	300	–
Transfer to fund for asset retirement obligations	(122)	–
	(7,747)	(28,056)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	30,218	4,893
Proceeds from issue of convertible loan notes	2,000	37,100
Repayment of convertible loan notes	(15,717)	–
Payment of equity issue costs	(990)	–
Payment of loan issue costs	(265)	(3,214)
Proceeds from borrowings	3,410	–
	18,656	38,779
	(754)	7,481
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR		
Effects of exchange rate changes on the balance of cash held in foreign currencies	79	84
	9,270	9,945
CASH AND CASH EQUIVALENTS END OF THE YEAR		

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2008

	2008 \$000	2007 \$000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	38	(3,160)
Finance costs recognised in income statement	7,785	4,773
Investment revenue recognised in income statement	(247)	(151)
Depreciation and amortisation of non-current assets	2	2
Fair value gain on embedded derivatives	(11,095)	(9,642)
Net foreign exchange gain	(88)	(82)
Impairment loss recognised in income statement	–	3,682
Value of shares vested by Victoria Oil & Gas Plc ESOP Trust	–	750
	(3,605)	(3,828)
MOVEMENTS IN WORKING CAPITAL		
Increase in trade and other receivables	(14,883)	(22,433)
Increase in trade and other payables	877	(197)
	(17,611)	(26,458)
CASH USED IN OPERATIONS		
Interest paid	(867)	81
	(18,478)	(26,377)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	247	151
Payments for intangible fixed assets	(914)	(5,631)
Payments for tangible fixed assets	–	(2)
	(667)	(5,482)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	30,268	4,938
Proceeds from issue of convertible loan notes	2,000	37,100
Repayment of convertible loan notes	(15,717)	–
Payment of equity issue costs	(990)	–
Payment of loan issue costs	(265)	(3,214)
Proceeds from borrowings	3,410	–
	18,706	38,824
	(439)	6,965
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR		
Effects of exchange on the balance of cash held in Foreign currency	30	82
	8,806	9,215
CASH AND CASH EQUIVALENTS END OF THE YEAR		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and Company are summarised below.

(i) Basis of preparation

For all periods up to and including the year ended 31 May 2007, the Group and Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In accordance with AIM rules, the Group is required to present its annual consolidated financial statements for the year ended 31 May 2008 in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as adopted by the EU and IFRIC interpretations adopted by the EU and with those parts of the Companies Act 1985, applicable to companies reporting under IFRS. The Group’s and Company’s transition date to IFRS is 1 June 2006. The comparative financial information for the year ended 31 May 2007 has been restated on a consistent basis with those accounting policies applied by the Group and Company in preparing its first full financial statements in accordance with IFRS as at 31 May 2008, except where otherwise required or permitted by IFRS 1 “First Time Adoption of International Accounting Standards”.

The impact of IFRS on the financial statements for the year ended 31 May 2007 and the significant decisions taken in respect of availing, or otherwise, of the exemptions available on the transition to IFRS are outlined in Note 2 to the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards, and also International Financial Reporting Standards as adopted by the European Union.

(ii) Accounting convention

The financial statements are prepared under the historical cost convention other than available for sale assets at fair value.

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill and any deficiency credited to income statement in the period of acquisition.

The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised. Subsequently any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(iv) Revenue recognition

Sales of oil and gas products are recognised when the significant risks and rewards of oil and gas products pass to the customer, which is normally when oil and gas is delivered to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Interest income is accrued on a timely basis by reference to the principal amount and the effective interest rate applicable.

(v) Operating Profit/(Loss)

Operating Profit / (Loss) represents revenue less cost of sales and administration expenses. It is stated before investment revenue and finance costs and other gains and losses.

(vi) Foreign currencies

The presentation currency of the Group financial statements is US Dollars and the functional currency and the presentation currency of the parent company is US Dollars. The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). Whilst, the Kazakh operations generate sales in Kazakh Tenge, the selling price is fixed taking into consideration movement in the world price for oil which is US Dollar denominated. The Group's expenses, which are primarily to contractors on exploration and development, are incurred primarily in Kazakh Tenge, Russian Roubles and Sterling. However, this expenditure, is also largely US Dollar denominated. Therefore, the Group's policy is to conduct and manage its operations in US Dollars. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollars, the presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year, other than when a monetary item forms part of a net investment in a foreign operation, then exchange differences on that item are recognised in equity. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

(viii) Capitalisation of interest

Finance costs are charged to the income statement, except in the case of development finance on specific capital projects where interest and related financing costs are capitalised as part of the cost of the project development.

(ix) Employee Share Ownership Plan ("ESOP")

The Victoria Oil & Gas ESOP Trust was established on 22 February 2006 to hold ordinary shares purchased to satisfy share scheme awards made to the employees of the Group, which are transferred to the members of the scheme on grant which is also the relevant vesting date. The Trust is consolidated in the financial statements in accordance with SIC 12 'Special Purpose Entities'. From the perspective of the consolidated financial statements, the shares of the Company held by the trust are treasury shares and are deducted from equity in accordance with IAS 32.

(x) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

(xi) Intangible assets

Exploration and evaluation assets

Expenditure incurred in respect of research of potential hydrocarbon exploration, prior to the group acquiring an exploration licence is expensed in the income statement.

Exploration expenditure relates to the initial search for deposits with economic potential in the Russian Federation and the Republic of Kazakhstan. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration assets which include the cost of acquiring rights to explore rights and costs incurred in relation to evaluating the technical feasibility and commercial viability of extracting a hydrocarbon resource are capitalised as part of exploration and evaluation assets.

Exploration costs include an allocation of administration and salary costs, including share based payments as determined by management. Exploration costs are capitalised until technical feasibility and commercial viability of extraction of reserves are demonstratable. Prior to reclassification to property, plant and equipment (Note 1 xii), exploration and evaluation assets are assessed for impairment, and any impairment loss recognised immediately in the income statement.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(xii) Property, Plant & Equipment

Plant & Equipment

Plant and equipment is stated at cost less any subsequent accumulated depreciation and any provision for impairment.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation is charged so as to write off the cost of plant and equipment, over their useful lives using the straight line method, on the following basis:

Plant and equipment 10%

Fixtures and fittings 15%

Oil and gas interests

Costs are transferred to property, plant and equipment assets in each regional cost pool when technical feasibility and commercial viability of extraction of reserves are demonstrated.

A review is performed annually for any indication that the value of the Group's oil and gas interest may be impaired.

Depreciation and depletion of costs in depreciable pools is provided under the unit of production method based on estimated commercial reserves in each regional cost pool. Commercial reserves are developed and undeveloped oil and gas reserves, not proven and probable reserves.

Changes in estimates affecting unit of production calculations for depreciation, decommissioning and production tax provisions are accounted for prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Expected decommissioning costs of a property are provided on the basis of net present value of the liability. An equivalent amount is added to the oil and gas interest asset, and charged to the income statement on a unit of production basis.

(xiv) Decommissioning

Decommissioning costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas.

Decommissioning provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a decommissioning provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Decommissioning costs are a normal consequence of exploration, development and production activities, and the majority of such expenditure is incurred at the end of the life of the field. Although the ultimate cost to be incurred is uncertain, the provision has been estimated in accordance with the management's expectation of the decommissioning costs and of the period when those costs are to be incurred.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The amortisation of "unwinding" of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a finance cost, rather than as an operating cost.

The initial decommissioning provision together with other movements in the provision, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are included within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xv) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Convertible bond – hybrid financial instruments

Where a convertible loan meets the definition of a compound financial instrument the component parts are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. However, where, at inception, the conversion option is such that the option will not be settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan does not meet the definition of a compound financial instrument. In such cases, the convertible loan (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. Attached options (options entered into in consideration for entering into the host contract) on similar terms are also embedded derivatives.

The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. At each reporting date, the embedded derivatives are measured at fair value with changes in fair value recognised in the income statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost. The embedded derivatives and host contract are presented under separate headings in the balance sheet.

The fair value of the embedded derivatives are calculated using Binomial Lattice and simulation models depending on the characteristics of the loan notes.

Interest expense is calculated using the effective interest rate method.

On conversion or redemption, the embedded derivative is reflected at fair value immediately prior to redemption or conversion and the resulting change is recognised in the income statement. Any difference between the fair value and the redemption or conversion value is recognised directly in equity through other reserves.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investment in subsidiaries

Investments in subsidiaries in the Company balance sheet are stated at cost, less any accumulated impairments.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(xvi) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(xvii) Share based payments and share options

The Group has applied the requirements of IFRS 2 "Share-Based Payment". In accordance with the transitional provisions, IFRS 2 has been applied to all equity instruments vesting after 1 June 2006.

When the Group issues equity-settled share based payments to suppliers or employees, they are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Where the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of an appropriate valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

(xviii) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Impairment of intangible assets

The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use. This assessment requires judgement as to: the likely future commerciality of the asset and when such commerciality should be determined: future revenues; capital and operating costs; and the discount rate to be applied to such revenues and costs.

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.

Convertible bonds

The estimation of the fair value of embedded derivatives requires the selection of an appropriate valuation model and consideration as to the assumptions used as inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options.

Exploration and evaluation

The assessment of the classification of costs between intangible assets and tangible assets and whether general administration costs and salary costs are capitalised or expensed. Management consider the nature of each cost incurred and whether it is deemed appropriate to capitalise it and the appropriate classification. Costs which can be demonstrated as project related and not a corporate cost are included in the cost of exploration and evaluation assets.

Recoverability of VAT

The Group has recognised the potential difficulty of recovering VAT paid during the exploration and development phase of the project. In the light of this uncertainty judgements have been made as to the extent of provision required against this VAT.

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.

Key sources of estimation uncertainty

The preparation of 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 year. 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 year are discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Decommissioning provision

The amount of provisions in respect of decommissioning costs is based on legal requirements currently enacted or substantially enacted, assumptions regarding the life of certain exploration, development and production assets, expected site restoration costs, current prices for similar activities and the discount rate.

Oil and gas reserves

Reserves and resources are used in the units of production calculation for depreciation as well as the determination of the timing of well closure costs and impairment analysis.

There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

Convertible Bonds

The carrying value of the derivative financial instrument in the Balance Sheet is derived from a valuation model. Assumptions used in this model are subject to inherent uncertainties and may change significantly if the volatility in the Company's share price changes. An example of the effects of such changes is shown in Note 26.

Operating in Russia and Kazakhstan

The Group's activities are conducted through its investments in subsidiaries operating in the oil and gas industry. These operations are subject to political, economic and regulatory uncertainties prevailing in these countries.

The legislation regarding taxation and foreign exchange transactions is constantly evolving and many new laws and regulations are not always clearly written and their interpretation is subject to the opinions of local inspectors.

Similarly the laws and regulations concerning environmental assessments and site rehabilitation continues to evolve. Accordingly, the Group may be liable to substantial costs in the future relating to past and current operations.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

First time adoption of IFRS

Up to and including the financial year ended 31 May 2007 the Group and Company prepared its financial statements in accordance with UK GAAP. These financial statements, for the year ended 31 May 2008, are the first annual financial statements required to be prepared in accordance with IFRS as adopted by the European Union.

Accordingly, the Group and Company has prepared financial statements that comply with IFRS applicable for periods beginning on or after 1 June 2006 and the significant accounting policies meeting those requirements are described in Note 1. In preparing these financial statements, the Group and Company has started from an opening consolidated balance sheet as at 1 June 2006, the Group's and Company's date of transition to IFRS and made those changes in accounting policies required by IFRS 1, First-time Adoption of International Financial Reporting Standards.

Reconciliations between the previously reported losses after tax for the year ended 31 May 2007 and the Balance Sheet as at 31 May 2007 and those presented under IFRS are included at the end of this note.

The presentation of certain items in the cash flow statement prepared under IAS 7 "Cash Flow Statements" differs to the previous presentation under UK GAAP. Under IAS 7, the cash flow statement is presented to show movements in cash and cash equivalents, whilst under UK, the cash flow statement is prepared to show movements in cash only. Under IFRS, cash flows are segregated into three categories: operating, investing and financing. This differs from UK GAAP which requires additional sub categories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Exemptions applied

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principle of retrospective restatement. The Group has taken the following exemptions:

IFRS 2: Share-based Payment has not been applied in respect of share options granted before 7 November 2002.

IFRS 21: Cumulative translation difference for all foreign operations have been set to zero at the date of transition to IFRS.

Standards and interpretations in issue but not yet effective

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are: IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of embedded derivatives; and IFRIC 10 Interim reporting and impairments. The adoption of these interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue, but not yet effective:

- IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2008);
- IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);
- IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 2 (Revised) Share Based Payment (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 11 IFRS 2: Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 12 Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009); and
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).

A full analysis of the above standards and interpretations has yet to be completed but given the current Group operations, in the opinion of the Directors, the above are unlikely to have a material impact on the Group and Company financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

RECONCILIATIONS FROM PREVIOUS UK GAAP TO IFRS COMPARATIVE FIGURES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2007

	As previously measured under UK GAAP \$000	Transition adjustments \$000	Under IFRS \$000
Revenue	373	–	373
Cost of Sales	(199)	–	(199)
Gross profit	174	–	174
Other gains and losses	(3,053)	–	(3,053)
Administrative expenses	(3,513)	53	(3,460)
Operating loss	(6,392)	53	(6,339)
Interest received	151	–	151
Finance revenue	–	9,642	9,642
Finance costs	(2,053)	(2,720)	(4,773)
Loss before taxation	(8,294)	6,975	(1,319)
Taxation	–	–	–
Loss after taxation	(8,294)	6,975	(1,319)
Loss per share (Cents)			
Basic	(7.06)	(5.89)	(1.17)
Diluted	(7.06)	(5.89)	(1.17)

The transition adjustments reflect the following changes:

ADMINISTRATION EXPENSES

Adjustment arises on consolidation of the ESOP Trust in accordance with IAS27.

FINANCE REVENUE

The convertible loan notes have been redefined as hybrid financial instruments. The Finance income arises on taking the reduction in the fair value of the embedded derivative element to the Income Statement.

FINANCE COST

The increase in the finance cost reflects the accrual for interest at the effective interest rate, being the rate necessary to increase the initial value of the debt portion of the convertible loan to the repayable amount at the end of the term.

LOSS PER SHARE

The decrease in the loss per share is as a result of the above adjustments, partially offset by reducing the weighted average number of shares in issue by the weighted average number of shares held by the ESOP Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

RECONCILIATION FROM PREVIOUS UK GAAP TO IFRS COMPARATIVE FIGURES

CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2007

	As previously measured under UK GAAP \$000	Transition adjustments \$000	Under IFRS \$000
NON-CURRENT ASSETS			
Intangible assets	93,708	(1,059)	92,649
Property, plant and equipment	874	489	1,363
	94,582	(570)	94,012
CURRENT ASSETS			
Receivables	1,442	379	1,821
Cash and cash equivalents	9,924	21	9,945
	11,366	400	11,766
TOTAL ASSETS	105,948	(170)	105,778
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(5,702)	(4)	(5,706)
NET CURRENT ASSETS	5,664	396	6,060
NON-CURRENT LIABILITIES			
Borrowings	(31,241)	31,241	–
Convertible loan – debt portion	–	(14,399)	(14,399)
Derivative financial instrument	–	(13,636)	(13,636)
NET ASSETS	69,005	3,032	72,037
EQUITY:			
Called-up share capital	1,129	–	1,129
Share premium	71,935	–	71,935
ESOP Trust reserve	–	(74)	(74)
Equity component of convertible loan	3,716	(3,716)	–
Retained earnings – (deficit)	(7,775)	6,822	(953)
TOTAL EQUITY	69,005	3,032	72,037

The transition adjustments reflect the following changes:

INTANGIBLES

In accordance with IFRS 6, the following amounts have been transferred out of intangibles:

Property, plant and equipment acquired for the exploration programme, previously included as deferred development expenditure. Subsequent depreciation is charged to the Exploration and Evaluation cost pool in intangible fixed assets. (NBV \$489,000)

Pre licence expenditure previously capitalised as deferred development costs within intangible fixed assets, which is now written off. (\$194,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Pre licence expenditure in respect of the element that is recoverable from 3rd parties which is now included in receivables (\$376,000).

PROPERTY, PLANT AND EQUIPMENT

As stated above, in accordance with IFRS6 plant and equipment acquired for the exploration programme is included within P, P&E whereas previously it had been included within deferred development expenditure.

RECEIVABLES

Pre licence study costs which the Group expects to sell to a third party for value. Previously included within intangible assets.

CASH AND CASH EQUIVALENTS

Increase resulting from consolidation of the ESOP Trust in accordance with SIC 12 'Special Purpose Entities'.

TRADE AND OTHER PAYABLES

Increase resulting from consolidation of the ESOP Trust.

BORROWINGS

The convertible loan note was previously treated as a compound financial instrument under UK GAAP, but this was reviewed and redesignated as a hybrid financial instrument comprising a host note with an embedded derivative in accordance with IAS 32 (Borrowings \$31,241,000, equity component of convertible loan \$3,716,000 and credit to retained earnings \$7,424,000).

CONVERTIBLE LOAN-DEBT PORTION

This represents the difference at date of issue between the fair value of the financial instrument and the fair value of the embedded derivative contained within it plus subsequent interest accrued using the effective interest rate less interest paid.

DERIVATIVE FINANCIAL INSTRUMENT

Fair value of the embedded derivative contained within the convertible loan notes. The basis of valuation is set out in Note 22.

ESOP TRUST RESERVE

The Victoria Oil & Gas ESOP Trust has been consolidated on the basis that it is controlled by the Company. The ESOP Trust reserve represents the value of shares in the Company held by the Trust which are deductible from equity in accordance with IAS 32.

EQUITY COMPONENT OF CONVERTIBLE LOAN

Convertible loan notes had previously been accounted for as compound financial instruments and split between the liability element and an equity component which are now shown as convertible loan note-debt portion and derivative financial instrument.

RETAINED EARNINGS

This represents the effect of the net impact of the above adjustments.

3. FUNDAMENTAL UNCERTAINTIES

Going Concern

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements particularly as the income statement states that the Group incurred a loss of \$1,168,000 for the year ended 31 May 2008. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group in order to finance the continuing development of the existing projects and title to the Group's assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

To realise the full potential of its assets further working capital will be required. The Directors have prepared financial projections which show that the Company will have sufficient cash resources available for at least 12 months from the date of this report to continue in operational existence. These projections include assumptions in respect of raising further capital. Notwithstanding the difficult economic climate at present, the Directors are currently considering further opportunities for raising finance for the Group and are in regular contact with specialist investors interested in providing finance to companies operating in our sector and geographical area.

At 31 May 2008 the Group had \$9.3 million of cash and \$8.0 million of the \$10.0 million convertible loan notes created in December 2007 still available to be drawn down subject to certain conditions. (see Note 22).

Litigation and Claims

In February 2008, a claim was brought against the Company's Kazakh subsidiary, Victoria Energy Central Asia LLP (VECA), in the Economic Court of the Atyrau Oblast in Kazakhstan by Cypriot company Rasova Enterprises Company Limited. The claim was brought on the basis that the agreement for the transfer of the subsoil use rights for the Kemerkol oil field from the previous licensee, Saga Creek Gold Company LLP, to VECA had been improperly executed. At the time of the transfer, legal opinions were obtained by the Company, which confirmed that the transfer had been undertaken correctly. In March 2008, the Economic Court ruled in favour of Rasova Enterprises Company Limited and declared the agreement for the transfer of the subsoil licence to VECA invalid, but did not invalidate the registration of the licence in the name of VECA by the Kazakh Ministry of Energy and Mineral Resources. It is the intention of the Company to submit an appeal against the decision to the Supreme Court for the Republic of Kazakhstan.

Following the decision of the Economic Court, the Company commenced proceedings in the English Courts against the vendor for breach of warranties under the original sale and purchase agreements signed in 2005 for the acquisition of Kemerkol. In September 2008, the High Court of Justice ruled in favour of the Company and a 'Case Management Conference' is due to be convened in November 2008 to determine the quantum of damages due to the Company.

In September 2008, the Company successfully filed for an injunction in the Court of the Queen's Bench in Alberta, Canada against Alhambra Resources Ltd, the parent company of Saga Creek Gold Company LLP and others. The injunction prohibits those parties from in any way transferring any rights to the Kemerkol licence to any third party. Alhambra is currently appealing the injunction.

Production was temporarily suspended on 16 June 2008 pending resolution of the claim against VECA. In the event that the Group is unsuccessful in retaining the licence an impairment provision will be necessary against the \$40 million investment by the group in the net assets associated with VECA and the Kemerkol licence. In such an event, the Directors will look to recover the Group's investment by pursuing a claim for damages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

4. SEGMENTAL ANALYSIS

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

The analysis of turnover, the profit before taxation, assets, liabilities, depreciation and additions to non current assets by geographical segment is shown below:

4A. SEGMENT REVENUE AND SEGMENT RESULT

	Revenue		Loss before tax	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Russian Federation	–	–	(107)	–
Republic of Kazakhstan	1,726	373	(974)	(471)
Total for continuing operations	–	–	(1,081)	(471)
Unallocated Head Office	–	–	(87)	(848)
	1,726	373	(1,168)	(1,319)

There was no inter-segmental revenue.

4B. SEGMENT ASSETS AND LIABILITIES

	Assets		Liabilities	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Russian Federation	66,518	60,771	1,240	4,080
Republic of Kazakhstan	41,449	34,929	1,086	863
Total for continuing operations	107,967	95,700	2,326	4,943
Unallocated Head Office	9,723	10,078	9,437	28,798
	117,690	105,778	11,763	33,741

4C. OTHER SEGMENTAL INFORMATION

	Depreciation and amortization		Additions to non current assets	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Russian Federation	–	10	2,501	21,179
Republic of Kazakhstan	670	230	6,448	6,901
Total for continuing operations	670	240	8,949	28,080
Unallocated Head Office	2	2	–	920
	672	242	8,949	29,000

In 2008, \$56,000 of depreciation of plant and equipment was capitalised as exploration and evaluation expenditure (2007:\$55,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

5. OTHER GAINS AND LOSSES

	2008	2007
	\$000	\$000
Impairment of carrying value of Olager Oil LLP	–	(2,293)
Foreign exchange gains and (losses)	260	(760)
	260	(3,053)

In 2007, Olager Oil LLP, a group company, sold its only potentially income earning asset, an interest in the Tamdykol field, for \$300,000. As a result an impairment provision was created to reduce its net assets and the investment in subsidiary shown in the parent company Balance Sheet appropriately.

6. FINANCE REVENUE

	2008	2007
	\$000	\$000
Fair value gain on embedded derivatives	11,095	9,642

The above gains represent reductions in the fair value of the embedded derivatives in the convertible loan notes described more fully in Note 22. At each year end, and immediately prior to redemption or conversion, the embedded derivatives are revalued to fair value as explained in Note 1 (xv) – Financial Instruments – Convertible bond – hybrid financial instruments.

7. FINANCE COSTS

	2008	2007
	\$000	\$000
Convertible loan interest	(7,212)	(4,773)
Other interest expense	(571)	–
Unwind of discount on decommissioning costs	(202)	–
	(7,985)	(4,773)

Interest payable relating to the convertible loan includes both the stated and the effective interest charges.

8. LOSS BEFORE TAXATION

	2008	2007
	\$000	\$000
The profit before taxation is stated after charging/crediting:		
Directors' remuneration	888	1,644
Auditors' remuneration	172	38
Depreciation	264	75
Amortisation of intangibles	351	112
and after crediting		
Fair value gain on embedded derivatives	11,095	9,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

In 2008 the Chairman was the highest paid Director and received \$300,000. In 2007 the remuneration of the highest paid Director was \$717,000 and that of the Chairman was \$323,000.

The analysis of auditors' remuneration is as follows:

	Total 2008 \$000	Total 2007 \$000
Audit fee	172	106
Remuneration for non audit work	–	–
	172	106

Expenses comprise:	2008 \$000	2007 \$000
Direct materials	429	82
Wages and salaries	2,485	2,197
Professional fees	1,617	418
Office and other administrative expenditure	876	453
Travel	313	120
Rent	176	202
Depreciation & amortisation	616	187
	6,512	3,659

The above has been disclosed in the income statement as follows:

	2008 \$000	2007 \$000
Cost of sales	1,655	199
Administrative expenses	4,857	3,460
	6,512	3,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

9. INCOME TAX EXPENSE

The following deferred tax asset has not been recognised at the balance sheet date:

	2008 \$000	2007 \$000
Tax losses - revenue	4,057	2,430

Factors affecting the tax expense:

	2008 \$000	2007 \$000
Loss on ordinary activities before tax	(1,168)	(1,319)
Income tax calculated at 30% (2007 : 30%)	(350)	(395)

Effects of:

Effect of expenses not deductible for tax	205	742
Effect of finance costs not deductible for tax	1,847	899
Fair value adjustment on derivative not taxable	(3,329)	(2,893)
Increase of tax losses	1,627	1,647
Tax charge	0	0

At the balance sheet date, the Group had unused tax losses of \$13.6 million (2007: \$8.1 million) available for offset against future profit. No deferred tax asset has been recognised due to the unpredictability of future profits streams. Losses may be carried forward indefinitely.

10. EMPLOYEE INFORMATION

The average number of persons employed by the Group during the year was:

	2008 Number	2007 Number
Directors	5	4
Technical	53	45
Management and administration	30	40
	88	89

	\$000	\$000
Staff costs for the above persons were:		
Wages and salaries	3,154	2,923
Social security costs	407	482
Share based payments	-	750
	3,561	4,155

Included in the above is \$1,076,000 (2007: \$1,958,000) of wages and salaries which were capitalised within exploration and evaluation assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

11. DIRECTORS REMUNERATION

	2008 \$000	2007 \$000
Remuneration		
- Short term employee benefits	888	1,064
- Distribution from ESOP Trust	-	580
	888	1,644

The number of Directors to whom retirement benefits are accruing is nil.

During the year, no short term employee benefits or share based payments were capitalised within exploration and evaluation. In 2007, short term employee benefits of \$277,000 were capitalised.

12. KEY MANAGEMENT COMPENSATION

	2008 \$000	2007 \$000
The compensation paid to key management personnel is as set out as follows;		
Short term employee benefits	1,929	2,230
Termination benefits	-	10
Distribution from ESOP Trust	-	580
	1,929	2,820

The Company does not provide a pension scheme or other post employment benefits to any employees, including Directors.

13. EARNINGS PER SHARE

The loss per share is based on the Group loss after taxation for the financial year of \$1,168,000 (2007 – Loss \$1,319,000) and on 166,118,178 (2007 -112,932,204) ordinary shares being the weighted average number of shares in issue during the year, excluding those held by the ESOP Trust. Diluted earnings per share is computed by dividing the loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

14. INTANGIBLE ASSETS

	Group	
	2008	2007
Exploration and evaluation assets:	\$000	\$000
Cost		
Opening balance	92,809	66,464
Exchange adjustments	3,442	620
Additions	8,629	28,234
Impairment loss	–	(2,509)
Closing balance	104,880	92,809
Accumulated amortisation		
Opening balance	160	48
Exchange adjustments	4	–
Charge for the year	351	112
Closing balance	515	160
Net book amount		
Opening balance	92,649	66,416
Closing balance	104,365	92,649

SEGMENTAL ANALYSIS

	Group	
	2008	2007
Exploration and evaluation assets:	\$000	\$000
Russian Federation	66,504	59,908
Republic of Kazakhstan	37,861	32,741
	104,365	92,649

Exploration and evaluation assets relate principally to expenditure incurred in oil and gas and related expenditure on the West Medvezhye project in Russia and Kemerkol in Kazakhstan.

All present indications are that exploration projects will have a value in excess of the accumulated costs to date. An impairment provision was made in 2007 against the carrying value of the net assets of Olager Oil LLP following the sale of its only potentially income earning asset (see Note 5).

The realisation of this intangible asset is dependent on the discovery and successful development of economic reserves including the ability to raise finance to develop future projects. Should this prove unsuccessful the value included in the balance sheet would be written off to the income statement.

The Directors are aware that by its nature there is an inherent uncertainty in such exploration and evaluation expenditure as to the value of the asset. Having reviewed the exploration and evaluation expenditure at 31 May 2008, the Directors are satisfied that the value of the intangible asset is not less than carrying value, subject to the outcome of the legal case as explained in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant & Equipment \$000	Oil and Gas Interests \$000	Total \$000
Cost:			
At 1 June 2006	13	877	890
Exchange adjustments	–	(13)	(13)
Additions	2	764	766
Disposals	–	(74)	(74)
At 31 May 2007	15	1,554	1,569
Exchange adjustments	–	31	31
Additions	–	949	949
Disposals	–	(24)	(24)
At 31 May 2008	15	2,510	2,525
Accumulated Depreciation:			
At 1 June 2006	3	82	85
Exchange adjustments	–	(1)	(1)
Disposals	–	(8)	(8)
Charge for year	2	128	130
At 31 May 2007	5	201	206
Exchange adjustments	–	3	3
Charge for the year	2	318	320
Disposals	–	(12)	(12)
At 31 May 2008	7	510	517
Net book amount:			
At 31 May 2008	8	2,000	2,008
At 31 May 2007	10	1,353	1,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

Company

	Plant \$000
Cost:	
At 1 June 2006	13
Additions	2
At 31 May 2007	15
Additions	–
At 31 May 2008	15
Depreciation:	
At 1 June 2006	3
Charge for year	2
At 31 May 2007	5
Charge for the year	2
At 31 May 2008	7
Net book amount:	
At 31 May 2008	8
At 31 May 2007	10

16 INVESTMENTS

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Listed investments (A)	696	–	696	–
Investments in subsidiaries (B)	–	–	33,682	33,682
	696	–	34,378	33,682

A Listed Investments

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Available for sale investments	696	–	696	–

Listed investments are all in the UK and are stated at fair value. The Company owns 1,902,627 ordinary shares of £0.01 each in Bramlin Limited (1.4% of the issued share capital of that company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

b. INVESTMENTS IN SUBSIDIARIES

Unlisted

	Company	
	2008	2007
	\$000	\$000
Cost:		
Cost of investments	37,364	37,364
Impairment:		
Opening balance	(3,682)	–
Charge for the year	–	(3,682)
Closing balance	(3,682)	(3,682)
Net book value:		
Closing balance	33,682	33,682
Opening balance	33,682	37,364

The value of the Company's unlisted investments at 31 May 2008 represents the investment in the subsidiaries owning West Medvezhye gas project and Kemerkol. The realisation of these assets by the Group and the Company is dependent on the development of economic reserves and the ability of the Group to raise sufficient funds to develop these interest. Should the development of economic reserves prove unsuccessful, the carrying value in the balance sheet will be written off.

Having reviewed the carrying value of each asset, the Directors are satisfied that the recoverable amount is not less than the carrying value.

In 2007, the Group and Company created an impairment provision against its investment in Olager Oil LLP following the sale of its principal asset, an investment in the Tamdykol licence in Kazakhstan.

SEGMENTAL ANALYSIS OF INVESTMENTS

	Company	
	2008	2007
	\$000	\$000
Listed		
UK	696	–
Unlisted		
Russian Federation	17,390	17,390
Republic of Kazakhstan	16,292	16,292
	33,682	33,682
Total Investments	34,378	33,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

HOLDING

The principal holdings of the group are:

Company	Country of incorporation	Class of shares	Percentage of capital	Status
Victoria Petroleum Limited	England & Wales	Ordinary	100%	Holding company
Victoria Oil & Gas International Limited	British Virgin Islands	Ordinary	100%	Active
ZAO SeverGas-Invest	Russia	Ordinary	100%	Active
Victoria Oil & Gas Central Asia Limited	England & Wales	Ordinary	100%	Representative office
Feax Investments Company Limited	Cyprus	Ordinary	100%	Holding company
Victoria Energy Central Asia UK Limited	England & Wales	Ordinary	100%	Holding company
Victoria Energy Central Asia LLP	Kazakhstan	Ordinary	100%	Active
Olager Oil LLP	Kazakhstan	Ordinary	90%	Dormant
Mogol LLP	Kazakhstan	Ordinary	100%	Dormant

The principal activity of all active companies for the relevant financial period was exploration for and development of oil and gas assets.

The investments of the Group at 31 May 2008 and 31 May 2007 principally represent investments in the West Medvezhye project in the Russian Federation and the Kemerkol project in Kazakhstan

Included in the investments in the Company balance sheet is an amount of \$17.4 million in respect of West Medvezhye (2007:\$17.4 million) and \$16.3 million (2007:\$16.3 million) relating to the investment in Kemerkol and \$0.7 million (2007: nil) relating to Bramlin Limited. The recovery of the investments in West Medvezhye and Kemerkol are dependent on the successful realisation of intangible assets through the development of economic oil and gas reserves and other items.

17. RESTRICTED CASH

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Restricted cash	122	–	–	–

The Group is required under its exploration licence in Kazakhstan to deposit 1% of its exploration expenditure into a separate deposit account for the purpose of rehabilitating the site. The funds may only be used following approval of the rehabilitation program by the relevant authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

18. RECEIVABLES

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<i>Amounts due within one year:</i>				
VAT recoverable	486	482	113	99
Prepayments	310	98	20	46
Amounts due from subsidiaries	–	–	70,971	55,470
Other receivables	430	1,241	408	501
	1,226	1,821	71,512	56,116

The carrying value of the receivables approximates to their fair value. The Directors review all receivables that are past their agreed terms and assess whether any amounts are irrecoverable, which is determined with reference to past default experience. Typical terms, for trade receivables, are 100% prepayment. No trade debts were overdue at the year end.

As outlined in Note 14, the value of the amounts due from Group undertakings is dependent on the successful discovery and development of economic reserves.

Included in Other receivables of both the Group and the Company is an amount of \$357,745 receivable from Flair Petroleum Limited which is part due and is fully secured on shares in FEC Resources Inc. and shares in Flair Petroleum Limited. The debt is expected to be repaid in the next 12 months.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Cash and cash equivalents	9,270	9,945	8,806	9,215

Funds are held in US Dollars, Sterling, Kazakh Tenge and Russian Roubles in order to enable the Group to trade and settle its debts in the local currency in which they occur and in order to mitigate the Group's exposure to short term foreign exchange fluctuations. Cash is also held in floating rate accounts or deposits maturing in three months or less. The carrying amount of these assets approximates to their fair value.

Denomination:	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
US Dollar	918	4,943	908	4,937
Sterling	8,020	4,299	7,898	4,278
Kazakh Tenge	324	263	–	–
Russian Rouble	8	440	–	–
	9,270	9,945	8,806	9,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade creditors	512	4,225	2	183
Taxes and social security costs	74	763	–	–
Accruals and deferred income	4,148	718	4,012	574
Other creditors	213	–	–	–
	4,947	5,706	4,014	757

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, payment is made accordingly. In the absence of agreed terms it is the Group's policy that payment is made between 15 and 30 days. The carrying value of trade and other payables approximates to their fair value.

21. BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Loans from related parties	3,693	–	3,693	–

Millennium Projects Limited is a discretionary trust of which Mukhtar Tuyakbayev, a Director of the Company is a potential beneficiary. On 10 September 2007, the Company concluded an agreement with Millennium Projects Limited for an unsecured loan of up to £3,000,000. Interest accrues at 1% per month and is payable on redemption of the loan. During the year the Company drew down £1,750,652. This loan has no fixed repayment date.

22 CONVERTIBLE LOAN NOTES

NOOR PETROLEUM CONVERTIBLE LOAN

On 21 December 2007, the Company announced the creation of a \$10 million unsecured convertible loan note (the "Note"). The Note is due for repayment on 31 December 2010 and bears interest at the rate of 2.5% per annum, payable biannually and is convertible into ordinary shares of the Company at a conversion price of 16.5 pence per ordinary share. In the event the Note is redeemed at term, the effective interest rate increase to 6.5% per annum and interest will be payable accordingly.

As the conversion option is denominated in foreign currency terms such that the option will not be settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash, the Note does not meet the definition of a compound financial instrument. Instead the Note (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the Note reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost.

The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. At each reporting date the embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss as they arise. The embedded derivatives and host contract are presented under separate headings in the balance sheet.

On 29 January 2008, the Company announced the closing of the placing of the first \$2 million of the Note with UAE based Noor Petroleum Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

These principles have been reflected as follows:

	Group and Company
	2008
	\$000
Proceeds from issue of convertible loan	2,000
Loan transaction costs	(265)
Net Proceeds from convertible loan	1,735
Convertible loan debt portion – amortised cost	212
Derivative financial instruments – fair value	1,518
	1,730
Convertible loan debt portion at inception	172
Interest charged	40
Closing convertible loan debt portion – amortised cost	212
Derivative financial instruments – conversion option at inception	1,829
Fair value movement – gain	(311)
Closing derivative financial instruments conversion option	1,518

The fair value of the derivative financial instrument was calculated using a Binomial Lattice model for the conversion option.

The inputs used were as follows:

Option Term – years	3
Share Price – pence sterling	16.5
Risk-free rate	4.94%
Expected volatility	78.3%
Dividend yield	nil

The fair value of the derivative financial instruments disclosed in the financial statements was determined using a valuation technique based on assumptions that are not supported by prices from observable current market transaction in the same instrument.

£20 MILLION SECURED CONVERTIBLE LOAN NOTE

On 17 October 2006 the Company completed a private placement of Secured Guaranteed Convertible bonds due October 2009. The Company issued £11.5 million of the bonds at that time and a further £7.25 million on 12 April 2007. Interest on the loans was 2.5% per annum, for the period to 17 April 2007, and 6.25% per annum thereafter, payable biannually. The loan was convertible into ordinary shares of the Company at a price of 61 pence per share until 3 April 2007, thereafter at an adjusted 3 day weighted average share price, subject to a minimum conversion price of 43 pence per share.

The loan was secured by charges over all of the shares in the operating subsidiaries and supported by cross-guarantees from all group companies.

£8 million of the loan notes were redeemed in cash on 1 February 2008 from the £20 million fund raising. £10.75 million was converted into new shares at an agreed share price of 25 pence per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

These principles have been reflected as follows:

	Group and Company
	2007
	\$000
Proceeds from issue of convertible loan	37,100
Loan transaction costs	(3,214)
Net Proceeds from convertible loan	33,886
Convertible loan debt portion – amortised cost	14,399
Derivative financial instruments – fair value	13,636
	28,035
Convertible loan debt portion at inception	10,608
Interest charged	4,773
Interest paid	(982)
Convertible loan debt portion – amortised cost at 31 May 2007	14,399
Interest charged	7,172
Interest paid	(884)
Balance on redemption of loan, 1 February 2008	20,687
	2007
	\$000
Derivative financial instruments – conversion option at inception	23,278
Fair value movement – gain	(9,642)
Derivative financial instruments conversion option at 31 May 2007	13,636
Fair value movement – gain	(10,784)
Balance on redemption, 1 February 2008	2,852

The fair value of the derivative financial instrument was calculated using a simulation model.

The inputs used were as follows:

Option Term – years	3
Share Price – pence sterling	61p, reducing to 43p
Risk-free rate	5.64%
Expected volatility	69%
Dividend yield	nil

The fair value of the derivative financial instruments disclosed in the financial statements was determined using a valuation technique based on assumptions that are not supported by prices from observable current market transaction in the same instrument.

Summary of fair value movements

	Group		Company	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
£20m secured convertible loan	10,784	9,642	10,784	9,642
Noor Petroleum convertible loan	311	–	311	–
Total fair value movement	11,095	9,642	11,095	9,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

23. PROVISIONS FOR DECOMMISSIONING COSTS

	Group	
	2008 \$000	2007 \$000
Decommissioning costs		
At 1 June	–	–
Additional provision in year	1,191	–
Unwinding of discount charged to the income statement	202	–
At 31 May	1,393	–

The provision has been recognised at the present value of the Group's year end obligation for expected decommissioning costs based on an estimate of the decommissioning costs and of the year when those costs are likely to be incurred.

24. OTHER RESERVE

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
At 1 June	–	–	–	–
Gain on redemption of fair valued embedded derivative	2,852	–	2,852	–
At 31 May	2,852	–	2,852	–

This reserve arises through the partial conversion and partial redemption of a hybrid financial instrument during the year at the amortised cost of the lost loan note. The embedded derivative was revalued to fair value immediately prior to the redemption and conversion and the fair value adjustment was reflected in the income statement.

25. INVESTMENTS REVALUATION RESERVE

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
At 1 June	–	–	–	–
Increase arising on revaluation	295	–	295	–
At 31 May	295	–	295	–

The revaluation reserve arises on the revaluation of the Group and Company's investment in Bramlin Limited, which is quoted on AIM and valued at current market price.

26. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash balances and various items such as trade receivable and trade payable which arise directly from trading operations.

The Group undertakes certain transactions denominated in foreign currencies. Hence, it has an exposure to exchange rate fluctuation.

The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in US Dollar, Sterling, Kazakh Tenge and Russian Roubles. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

The Company has a policy of not hedging due to no significant dealings in currencies other than the reporting currency and Sterling denominated transactions and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis.

Except for embedded derivatives contained in hybrid financial instruments, the Group does not enter into any derivative transactions, and it is the Group's policy that no trading in derivatives shall be undertaken. The issue of hybrid financial instruments forms an important part of the Group's funding of working capital and the associated risks are considered by the Board at that time.

The main financial risks arising from the Group's financial instruments are as follows:

INTEREST RATE RISK

The Group had no outstanding bank borrowings at the year end or prior year end. During the year the Group drew down £1.75 million of a £3.0 million loan facility from Millennium projects at a fixed rate of 1% per month to assist with working capital requirements.

New projects and acquisitions are financed by a combination of existing cash surpluses and through funds raised from equity share issues and other instruments. The Group may use project finance in the future to finance exploration and development costs on existing licences. The Company manages its interest rate exposure by borrowing at fixed rates of interest.

LIQUIDITY RISK

As regards liquidity, the Group's exposure is confined to meeting obligations under short term trade payables agreements and under longer term borrowing arrangements. This exposure is considered significant. The risk is partially managed by the majority of long term borrowings have been taken on terms that allow conversion to new shares.

The Group's commitments have been fully met from cash flows generated from trading and equity finance raised to date. The Directors are confident that adequate cash resources exist to finance operations for the future including exploration and development. Controls over expenditure are carefully managed. Long term liabilities, such as decommissioning costs will be met from funds deposited in designated bank accounts.

The Company's and Group's contractual maturity for its non derivative long term financial liabilities is more than one but not more than five years.

FOREIGN CURRENCY RISK

Although the Group is based in the UK, it has significant investments in overseas subsidiaries which operate in Russia and Kazakhstan. These overseas subsidiaries are funded in US Dollars which is largely converted to local currency to fund operations as it is a legal requirement to make all in country payments in local currency. Whilst, the Kazakh operations generate sales in Kazakh Tenge, the selling price is fixed taking into consideration movement in the world price for oil which is US Dollar denominated. Expenditure, which is primarily to contractors on exploration and development, is also largely US Dollar denominated. The Group holds surplus cash in Sterling and buys US Dollars, Roubles and Tenge as required at the most advantageous rates available to meet short term creditor obligations and fund other expenditure.

The Group is exposed at any point in time to exchange rate fluctuations.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and restricting the buying and selling of currencies to predetermined exchange rates within specified bands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

The functional currency of the majority of the Group's operations is US Dollars and the reporting currency is US Dollars. The carrying amounts of the Group's significant foreign currency denominated monetary assets and liabilities at the reporting dates are as follows:

Group	Assets		Liabilities	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
US \$	15,210	18,581	1,349	28,037
Sterling	9,092	4,977	8,808	761
Roubles	57,369	52,128	1,240	4,080
Tenge	36,019	30,092	1,086	863
	117,690	105,778	11,763	33,741

Company	Assets		Liabilities	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
US \$	105,734	94,161	1,349	28,035
Sterling	8,970	4,862	8,088	757
	114,704	99,023	9,437	28,792

The Group does not utilise swaps or forward contracts to manage its currency exposures.

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial liability will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Group's overall market positions are monitored on a monthly basis by the Directors.

The Directors consider that the expected volatility assumption is the most important driver of the fair value of the embedded derivative within the hybrid financial instruments. The following table provides an analysis of the fair value of the derivative based on an expected volatility figure five percentage points lower and five percentage points higher respectively than the assumptions set out in Note 22.

Expected volatility	Embedded Derivative	Embedded Derivative	Gain/ (loss)	Gain/ (loss)
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Per Note 22	1,518	13,636	–	–
5 percentage points higher	1,575	14,442	57	806
5 percentage points lower	1,461	12,803	(57)	(833)

CAPITAL MANAGEMENT

The objective of managing capital is to maximise shareholder value. The capital structure of the Group and Company consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

The Group reviews the capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

27. CALLED-UP SHARE CAPITAL

	2008	2007
	£'000	£'000
Group and Company		
Authorised:		
400,000,000 ordinary shares of 0.5p each	2,000	2,000
Allotted Called-Up and Fully Paid:		
	2008	2007
	\$000	\$000
Ordinary shares of 0.5p each:		
Opening balance 124,125,207 shares (2007: 115,362,424)	1,129	1,044
Issued during the year: 151,548,051 shares (2007: 8,762,783)	1,492	85
Closing balance 275,673,258 shares (2007: 124,125,207)	2,621	1,129

Translated at the exchange rate prevailing at the date of issue.

SHARE ISSUES

The Company issued the following shares during the period:

	Number	Date	Issue Price(p)
Placing for working capital	111,466	15 Aug 07	49.0
Exercise of convertible loan notes	43,604,651	1 Feb 08	25.0
Placing for working capital	101,666,667	1 Feb 08	15.0
Placing for working capital	165,267	13 Mar 08	19.0
Subscription by ESOP Trust	5,980,000	13-Mar-08	0.5
Placing for working capital	20,000	13-Mar-08	19.0

OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES

At flotation in July 2004, the Company granted options to subscribe for 1,250,000 Ordinary shares of 0.5p each at 20p per share. These vested when granted and they are exercisable within 30 days of the Board giving notice to the option holders that the Company is not in a closed period. The option price was the exercise price and no value was placed on the options at the point that they vested.

28. ESOP TRUST RESERVE

The Victoria Oil & Gas ESOP Trust is consolidated in these accounts as if it were a subsidiary undertaking, in accordance with SIC 12. The ESOP Trust Reserve eliminates the value of the shares in the Company held by the ESOP Trust, by treating these as treasury shares.

The balance on the reserve is analysed separately in the Consolidated Statement of Changes in Equity shown on page 20 and reflects the subscription for new shares by the ESOP Trust and the distribution of shares to beneficiaries.

29. SHARE BASED PAYMENTS AND ESOP TRUST

The Victoria Oil & Gas ESOP Trust was established on 22 February 2006 to hold ordinary shares purchased to satisfy share scheme awards made to the employees of the Group, which are transferred to the members of the scheme on grant, which is also the relevant vesting date.

No grants were made during the year. In 2007, shares with a fair value of \$1,840,000 were granted and vested.

The Group did not issue any share based payments in the current or prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

30. COMMITMENTS

The Company has Minimum Work Programme commitments for the Kemerkol oil field of at least a further \$6.3 million over the next 2½ years. The West Medvezhye gas project was upgraded to a production licence in the year, the Company is currently negotiating a five year minimum work programme with the Russian Ministry of Natural Resources.

31. PARENT COMPANY INCOME STATEMENT

As permitted by Section 230 of the Companies Act, 1985 the parent company's Income Statement has not been presented in this document. The profit after taxation for the parent company for the year is \$38,000 (2007 loss: \$3,160,000)

32. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Victoria Oil & Gas Plc and the subsidiaries listed in Note 15. Victoria Oil & Gas Plc is the ultimate parent entity of the Group.

Related parties include key management personnel, payments to Directors and other key management are set out in Notes 10 and 11.

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

2008	Purchases from related parties \$000	Loans from related parties \$000	Cash advances to related parties \$000	Amounts due from/(to) related parties \$000
Subsidiaries	–	–	15,127	70,791
Directors' other interests	38	3,410	–	(3,410)
2007	Purchases from related parties \$000	Loans from related parties \$000	Cash advances to related parties \$000	Amounts due from/(to) related parties \$000
Subsidiaries	–	–	28,619	55,664
Directors' other interests	37	–	–	–

There was no intergroup trading or transactions between Group subsidiaries.

Robert Palmer is a Director of the Company and a member of The Gallagher Partnership LLP, an accountancy practice. These accounts include \$38,000 (2007: \$37,000) in relation to general accountancy services provided by The Gallagher Partnership LLP to the Company.

As noted in Note 20b, Millennium Projects Limited is a discretionary trust, of which Mukhtar Tuyakbayev is a potential beneficiary. On 10 September 2007 the Company concluded an agreement with Millennium Projects Limited for an unsecured loan of up to £3,000,000. Interest accrues at 1% per month and is payable on redemption of the loan. During the year the Company drew down £1,750,652.

33. SUBSEQUENT EVENTS

Details of subsequent events are given in the Directors' Report.

PART B

Consolidated Profit and Loss Account

for the year ended 31 May 2007

	<i>Notes</i>	<i>2007</i> \$000	<i>2006</i> \$000
Turnover	2	373	166
Cost of sales		(199)	(133)
Gross profit		174	33
Administrative expenses		(3,513)	(1,851)
Realised foreign exchange (losses)/gains		(760)	338
Operating loss	2	(4,099)	(1,480)
Provision against fair value adjustment to the assets of deconsolidated subsidiary		(2,293)	—
Costs of issuing debentures during the year	21	(1,071)	—
Interest payable	3	(982)	(1)
Interest receivable		151	335
Loss on ordinary activities before taxation		(8,294)	(1,146)
Taxation	4	—	—
Loss on ordinary activities after taxation		(8,294)	(1,146)
Retained loss for the year		(8,294)	(1,146)
		<i>Cents</i>	<i>Cents</i>
Group loss per share	6	(7.06)	(1.21)
Group loss per share diluted	6	(7.06)	(1.21)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 May 2007

	<i>Notes</i>	<i>2007</i> \$000	<i>2006</i> \$000
Loss for the financial year		(8,294)	(1,146)
Value of shares vested in beneficiaries by Victoria Oil & Gas Plc ESOP Trust		1,840	
Transfer from share premium account relating to costs of issue of convertible loan	15	1,071	—
Total recognised losses for the financial year		(5,383)	(1,146)

Balance Sheets
as at 31 May 2007

	Notes	Consolidated		Company	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Fixed assets					
Intangible fixed assets	7	93,708	67,178	—	—
Tangible fixed assets	8	874	614	10	10
Financial assets	9	—	—	33,682	37,364
		<u>94,582</u>	<u>67,792</u>	<u>33,692</u>	<u>37,374</u>
Current assets					
Stocks		—	16	—	—
Debtors	10	1,442	1,215	56,310	27,941
Cash at bank and in hand		9,924	2,380	9,215	2,168
		<u>11,366</u>	<u>3,611</u>	<u>65,525</u>	<u>30,109</u>
Creditors					
Amounts falling due within one year	11	(5,702)	(4,598)	(757)	(676)
Net current (liabilities)/assets		<u>5,664</u>	<u>(987)</u>	<u>64,768</u>	<u>29,433</u>
Creditors:					
Amounts falling due in more than one year	12	(31,241)	—	(31,241)	—
Net assets	13	<u>69,005</u>	<u>66,805</u>	<u>67,219</u>	<u>66,807</u>
Capital and reserves					
Called up share capital	14	1,129	1,044	1,129	1,044
Share premium account	15	71,935	68,153	71,935	68,153
Equity component of convertible loan	21	3,716	—	3,716	—
Profit and loss account	15	(7,775)	(2,392)	(9,561)	(2,390)
Shareholders' funds equity	16	<u>69,005</u>	<u>66,805</u>	<u>67,219</u>	<u>66,807</u>

The financial statements were approved by the Board on 29 November 2007

Kevin A Foo
Chairman

Robert Palmer
Finance Director

Consolidated Cash Flow Statement
for the year ended 31 May 2007

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Cash flow from operating activities		
Operating loss	(4,099)	(1,480)
Deprecation	187	96
Stocks decrease	16	2
Debtors increase	(227)	(372)
Creditors increase	826	4,112
Currency translation adjustment	(608)	(325)
Provision against debt due from deconsolidated subsidiary	282	—
Value of shares vested by Victoria Oil & Gas Plc ESOP Trust	750	—
Net cash (outflow)/inflow from operating activities	<u>(2,873)</u>	<u>2,033</u>
Returns on investments and debt service costs		
Interest received	151	335
Interest paid	(704)	(1)
Net cash inflow from returns on investments and servicing of finance	<u>(553)</u>	<u>334</u>
Tax paid	—	—
Capital expenditure and financial investment		
Acquisition of intangible fixed assets net of value of shares vested by Victoria Oil & Gas Plc ESOP Trust	(27,441)	(23,086)
Acquisition of tangible fixed assets	(413)	(452)
Acquisition of shares in subsidiaries	—	(11,069)
Net cash outflow from capital expenditure	<u>(27,854)</u>	<u>(34,607)</u>
Net cash outflow before financing	<u>(31,280)</u>	<u>(32,240)</u>
Financing		
Issue of ordinary shares	1,724	23,136
Issue of convertible loan note	37,100	—
Net cash inflow from financing	<u>38,824</u>	<u>23,136</u>
Increase/(decrease) in cash in the year	<u>7,544</u>	<u>(9,104)</u>
Analysis of net cash		
	<i>31 May</i>	<i>31 May</i>
	<i>2006</i>	<i>2007</i>
	<i>\$000</i>	<i>\$000</i>
Cash at bank and in hand	<u>2,380</u>	<u>9,924</u>

Notes to the Consolidated Financial Statements

for the year ended 31 May 2007

1. Accounting policies

Going Concern

The financial statements are prepared on a going concern basis, the validity of which is dependent on finance being available for the continuing working capital requirements of the Group and for the development of the existing projects. The Directors are currently considering opportunities for raising finance for the Group. Based on the assumption that such finance will become available, the Directors believe that the going concern basis is appropriate for the financial statements. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the Group's assets, in particular the intangible fixed assets, to their realisable values.

Accounting Convention

The financial statements have been prepared on the historical cost basis.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards.

The consolidated financial statements are stated in thousands of US Dollars, which is the reporting currency of the Group.

Basis of Group Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by it, made up to 31 May 2007. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill and any deficiency credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Intangible Assets – Deferred Development Expenditure

Exploration costs, which are based on geographical areas, are capitalised until the results of the projects are known in accordance with the UK Statement of Recommended Practice on Accounting for Oil and Gas Exploration and Development, Production and Decommissioning Activities. Exploration costs include an allocation of administrative and salary costs as determined by management. When a project proves successful the costs are then transferred to depreciable cost pools within tangible assets. An annual assessment is made of whether the economic value of the interest is in excess of costs capitalised as deferred development expenditure. Any impairment is transferred to depreciable regional cost pools within tangible fixed assets and depreciated. Where a project is terminated, which is ascertained on a country basis, the related exploration costs are written off immediately.

Impairment of tangible and intangible assets including goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the geographical cost pool to which the asset belongs. An intangible asset with an indefinite useful life

is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or geographical cost pool) is estimated to be less than its carrying amount, the carrying amount of the asset (or geographical cost pool) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or geographical cost pool) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or geographical cost pool) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Tangible fixed assets

Tangible fixed assets are recorded at cost net of accumulated depreciation and any provision for impairment.

Depreciation is charged on the following basis:

Plant and equipment	–	10% straight line
Fixtures and fittings	–	15% straight line

Turnover

Turnover is the value of net sales to customers outside the Group and excludes VAT. Revenue is recognised when physical delivery occurs

Foreign currencies

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Profit and loss items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised as income or as expenses in the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Capitalisation of interest

Finance costs are charged to the profit and loss account, except in the case of development financings where interest and related financing costs are capitalised as part of the cost of development.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax payable or expected to be recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used

in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

Employee Share Ownership Plan (ESOP)

In accordance with UITF abstract 38, subscriptions for shares by the Trustees of the ESOP are accounted for in the year in which the shares are allotted. The cost of assets vesting unconditionally in identified beneficiaries is treated as expenditure incurred during the year and is capitalised or written off to the Profit and loss account as appropriate at market value at the date of vesting.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Reportable income and expenses

All turnover relates to the sale of oil in Kazakhstan.

Reportable expenses charged in arriving at the operating loss and capitalised in deferred development expenditure are as follows:

	<i>Charged to profit and loss account 2007 \$000</i>	<i>Capitalised in deferred development costs 2007 \$000</i>	<i>Total 2007 \$000</i>	<i>Total 2006 \$000</i>
Depreciation of tangible assets	35	40	75	48
Amortisation of intangible assets	112	—	112	48
Rent payments	149	223	372	423
	<u>38</u>	<u>68</u>	<u>106</u>	<u>83</u>
Payments to Auditors				
Audit fee	38	68	106	83
Remuneration of auditors for non-audit work	—	—	—	37
	<u>38</u>	<u>68</u>	<u>106</u>	<u>120</u>

3. Interest payable

	<i>Charged to profit and loss account 2007 \$000</i>	<i>Capitalised in deferred development costs 2007 \$000</i>	<i>Total 2007 \$000</i>	<i>Total 2006 \$000</i>
Loan interest	982	—	982	1

4. Taxation

No provision is required for tax because no member of the Group reported a taxable profit.

The Group has losses of approximately \$8.1 million available to offset against future taxable profits, but no deferred tax asset has been recorded because it is uncertain that profits to utilise the losses will be made in the appropriate jurisdictions.

Factors affecting the tax charge:

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Loss on ordinary activities before tax	(8,294)	(1,146)
Tax thereon at UK standard rate of 30% (2006: 30%)	(2,488)	(344)
Effect of expenses not deductible for tax	742	14
Increase in losses not utilised	1,746	330
Tax charge per accounts	0	0

5. Loss for the financial year

As permitted by Section 230 of the Companies Act 1985, the holding Company's profit and loss account has not been included in these financial statements. The loss for the financial year is \$10,082,000 (2006: \$1,250,000).

6. Loss per share

The loss per share is based on the Group loss for the financial year of \$8,294,000 (2006: \$1,146,000) and on 117,431,043 (2006: 94,649,723) ordinary shares being the weighted average number of shares in issue during the year. Diluted earnings per share is computed by dividing the loss 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.

7. Intangible fixed assets

Deferred development expenditure

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Group Cost		
At 1 June	67,226	21,730
Deconsolidation of subsidiary	(2,509)	—
Arising on acquisition of shares in subsidiaries	—	22,101
Additions	28,531	23,086
Currency translation adjustment	620	309
At 31 May	93,868	67,226
Amortisation		
At 1 June	48	—
Charge for the year	112	48
At 31 May	160	48
Net book value	93,708	67,178

The Group's activities include prospecting for and production of oil and gas in Russia and Kazakhstan and are subject to a number of significant potential risks including:

- Price fluctuations
- Uncertainties over development and operational costs
- Operational and environmental risks

- Political and legal risks, including arrangements with the governments for licences, profit sharing and taxation
- Funding developments.

The realisation of these intangible assets is dependent on the discovery and development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful the value included in the balance sheet will be written off to the profit and loss account.

The Directors are aware that by its nature there is an inherent uncertainty in such development expenditure as to the value of the asset. Having reviewed the deferred development expenditure at 31 May 2007, the Directors are satisfied that the value of the intangible asset is not less than net book value.

8. Tangible fixed assets

	<i>Group</i>		<i>Company</i>	
	<i>Fixtures, fittings & equipment</i>	<i>Fixtures, fittings & equipment</i>	<i>Fixtures, fittings & equipment</i>	<i>Fixtures, fittings & equipment</i>
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cost				
At 1 June	689	221	13	10
Deconsolidation of subsidiary	(74)	—	—	—
Additions	413	452	2	3
Currency translation adjustment	(13)	16	—	—
	<u>1,015</u>	<u>689</u>	<u>15</u>	<u>13</u>
At 31 May	1,015	689	15	13
Depreciation				
At 1 June	75	27	3	1
Deconsolidation of subsidiary	(8)	—	—	—
Charge for the year	75	48	2	2
Currency translation adjustment	(1)	—	—	—
	<u>141</u>	<u>75</u>	<u>5</u>	<u>3</u>
At 31 May	141	75	5	3
Net book value	874	614	10	10

9. Financial assets

Investments

Company	<i>Unlisted investments</i>	
	<i>2007</i>	<i>2006</i>
Cost	<i>\$000</i>	<i>\$000</i>
At 1 June	37,364	14,545
Acquisition of shares in subsidiaries		
Cash consideration	—	11,069
Shares allotted	—	11,042
Provision against investment in subsidiary	(3,682)	—
Capital contribution to subsidiary	—	708
	<u>33,682</u>	<u>37,364</u>
At 31 May	33,682	37,364

As outlined in Note 7, the value of the Company's investments is dependent on the development of economic mineral reserves.

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration</i>	<i>Class of shares</i>	<i>Percentage of capital</i>
Victoria Petroleum Limited	England & Wales	Ordinary	100%
Victoria Oil & Gas International Limited	British Virgin Islands	Ordinary	100%
Olager Oil LLP	Kazakhstan	Ordinary	90%
ZAO SeverGas-Invest	Russia	Ordinary	100%
Victoria Oil & Gas Central Asia Limited	England & Wales	Ordinary	100%
Feax Investments Company Limited	Cyprus	Ordinary	100%
Victoria Energy Central Asia UK Limited	England & Wales	Ordinary	100%
Victoria Energy Central Asia LLP	Kazakhstan	Ordinary	100%
Mogol LLP	Kazakhstan	Ordinary	100%

The principal activity of these undertakings for the relevant financial period was exploration for and development of oil and gas assets.

During the year the Board approved the disposal of Olager LLP, the carrying value of the Group's investment was written down to its estimated recoverable amount and included within current assets (see Note 10).

10. Debtors

Amounts due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
VAT recoverable	482	386	99	129
Other debtors	621	790	508	728
Victoria Oil & Gas Plc ESOP	39	39	39	39
Amounts due from Group undertakings	300	—	55,664	27,045
	<u>1,442</u>	<u>1,215</u>	<u>56,310</u>	<u>27,941</u>

As outlined in Note 7, the value of the amounts due from Group undertakings is dependent on the development of economic mineral reserves.

Included in other debtors of both the Group and the Company is an amount of \$345,733 receivable from Flair Petroleum fully secured over an investment held by Flair Petroleum.

11. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Trade creditors	4,222	4,137	183	516
Taxes and social security costs	763	362	—	108
Accruals and deferred income	717	99	574	52
	<u>5,702</u>	<u>4,598</u>	<u>757</u>	<u>676</u>

12. Creditors: amounts falling due in more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Convertible loan note	<u>31,241</u>	<u>—</u>	<u>31,241</u>	<u>—</u>

Further details are included in Note 21

13. Net assets geographical analysis

The Group's management centre is in the United Kingdom and it has exploration and development activities in Kazakhstan and Russia.

	<i>Net Assets</i>		<i>Additions to tangible and intangible fixed assets</i>		<i>Profit/(loss)</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
United Kingdom	11,857	6,006	2	3	(8,487)	(1,242)
Kazakhstan	27,233	26,578	13,499	26,382	193	96
Russia	29,915	34,221	15,443	19,254	—	—
	<u>69,005</u>	<u>66,805</u>	<u>28,944</u>	<u>45,639</u>	<u>(8,294)</u>	<u>(1,146)</u>

14. Share capital

	<i>2007</i>	<i>2006</i>
	<i>£</i>	<i>£</i>
Authorised		
400,000,000 (2006 – 400,000,000) ordinary shares of 0.5p each	<u>2,000,000</u>	<u>2,000,000</u>
	<i>\$000</i>	<i>\$000</i>
Allotted, called up and fully paid		
Opening balance: 115,362,424 (2006: 81,819,915) ordinary shares of 0.5p each	1,044	751
Issued during the year 8,762,783 ordinary shares of 0.5p each (2006: 33,542,509)	<u>85</u>	<u>293</u>
Closing balance: 124,125,207 (2006:115,362,424) ordinary shares of 0.5p each	<u>1,129</u>	<u>1,044</u>

Translated at the historical rate prevailing at the date of issue.

Share issues

The Company issued the following shares during the year:

	<i>Number</i>	<i>Date</i>	<i>Issue Price</i>
Placing for working capital	215,000	04-Aug-06	71.5p
Placing for working capital	72,640	06-Dec-06	142.0p
Placing for working capital	225,143	12-Mar-07	71.0p
Subscription by ESOP Trust	5,000,000	12-Mar-07	0.5p
Placing for working capital	3,000,000	12-Mar-07	66.0p
Exercise of warrants	250,000	13-Mar-07	60.0p

Options to subscribe for Ordinary Shares

The Company has granted options to subscribe for 1,250,000 ordinary shares of 0.5p each at 20p per share. These are exercisable within one month of the Board giving notice to the option holders that the Company is not in a closed period.

15. Statement of movements on share premium and reserves

	<i>Share premium account</i>		<i>Profit and loss account</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Group				
At 1 June	68,153	34,268	(2,392)	(1,246)
Premium on shares issued in the year	4,853	34,869	—	—
Share issue expenses		(984)	—	—
Transfer concerning issue expenses of loan notes	(1,071)	—	1,071	—
Credit re value of shares vested by ESOP	—	—	1,840	—
Total recognised loss for the year	—	—	(8,294)	(1,146)
At 31 May	<u>71,935</u>	<u>68,153</u>	<u>(7,775)</u>	<u>(2,392)</u>
Company				
At 1 June	68,153	34,268	(2,390)	(1,140)
Premium on shares issued in the year	4,853	34,869	—	—
Share issue expenses		(984)	—	—
Transfer concerning issue expenses of loan notes	(1,071)	—	1,071	—
Credit re value of shares vested by ESOP	—	—	1,840	—
Retained loss for the year	—	—	(10,082)	(1,250)
At 31 May	<u>71,935</u>	<u>68,153</u>	<u>(9,561)</u>	<u>(2,390)</u>

16. Statement of movement in Shareholders' Funds

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Group		
Opening shareholders' funds	66,805	33,773
Total recognised loss for the financial year	(5,383)	(1,146)
Issue of shares	4,938	34,178
Share premium transfer relating to issue costs of loan note	(1,071)	—
Equity component of convertible loan note	3,716	—
Closing shareholders' funds	<u>69,005</u>	<u>66,805</u>
Company		
Opening shareholders' funds	66,807	33,879
Loss for the financial year	(7,171)	(1,250)
Issue of shares	4,938	34,178
Share premium transfer relating to issue costs of loan note	(1,071)	—
Equity component of convertible loan note	3,716	—
Closing shareholders' funds	<u>67,219</u>	<u>66,807</u>

17. Directors' emoluments

	<i>Charged to profit and loss account 2007 \$000</i>	<i>Capitalised in deferred exploration costs 2007 \$000</i>	<i>Total 2007 \$000</i>	<i>Total 2006 \$000</i>
Paid in cash	705	72	777	694
Incentive shares	287		287	1,390
Shares distributed by Victoria Oil & Gas Plc ESOP Trust	580	—	580	—
	<u>1,572</u>	<u>72</u>	<u>1,644</u>	<u>2,084</u>

18. Employees

Numbers of employees

The average monthly number of employees (including Directors) during the year was:

	<i>Number</i>
Directors	4
Technical	21
Field services	24
Management and Administration	40
	<u>89</u>

Employment costs

	<i>\$000</i>
Wages and salaries	3,673
Social security costs	482
	<u>4,155</u>
Charged to profit and loss account	2,197
Capitalised in deferred exploration costs	1,958
	<u>4,155</u>

19. Related party transactions

Robert Palmer is a Director of the Company and a member of The Gallagher Partnership LLP, an accountancy practice. These accounts include \$37,000 in relation to general accountancy services provided by The Gallagher Partnership LLP to the Company.

Celtic Resources Holdings Plc (CER), a company where Kevin Foo is a director, made a loan to the Company on 28 June 2006 of \$6,000,000. The loan was repaid on 19 October 2006 with interest of \$360,000. In consideration, the Company granted CER a warrant over 250,000 shares in the Company at 90p per share.

20. Capital Commitments

The Company has Minimum Work Programme commitments for the Kemerkol oil field of at least a further \$7.78 million over the next three years. The Minimum Work Programme for the West Medvezhye gas project requires the submission of reports on reserves and exploration activity before the end of 2007.

21. Convertible Loan Notes

A £20 million secured guaranteed convertible loan note repayable in 2009 was approved in October 2006.

Convertible loan notes for £11.5 million and a further £7.25 million were placed on 17 October 2006 and 17 April 2007 respectively. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date.

The fair values of the liability component and equity conversion component were determined at issuance of the Bond. The fair value of the liability component, included in Creditors: Amounts falling due in more than one year was calculated using a market rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity (Note 16).

The convertible notes recognised in the balance sheet are calculated as follows:

	\$000
Nominal value of convertible loan notes issued	37,100
Equity component	(3,716)
	<hr/>
Liability component at date of issue	33,384
Less total issue expenses	(3,214)
Add issue expenses recognized as charge against profit in current year	1,071
	<hr/>
Liability component as at 31 May 2007	<u>31,241</u>

The Directors estimate the fair value of the liability component of the convertible loan notes at 31 May 2007 to be approximately \$31,241,000. The fair value has been calculated by discounting the future cash flows at the market rate.

22. Risk Management

The Group's financial instruments at 31 May 2007 comprise the Secures Guaranteed Convertible Bond, (the Bond) issued during the year, cash balances and items such as trade debtors and trade creditors, which arise directly from trading operations. The main purpose of these financial instruments is to raise finance to fund Group operations.

The Group has not entered into any derivative transactions. Currently it is the Group's policy that no trading in financial instruments shall be undertaken.

The main financial risks arising from the Group's financial instruments are currency risk and liquidity risk.

The Board reviews and agrees policies for managing each of these risks.

Financial Assets

The Group has financial assets, which include short term debtors, stocks and cash at bank. The Group has no significant monetary assets.

Financial Liabilities

The Group's most significant financial liability is the Bond. It has other financial liabilities which comprise trade and other creditors. Only the Bond bears interest, at a fixed rate of 6.25% pa.

Liquidity Risk

The Directors regularly review the options available to the Group to ensure continuity of funding. This review encompasses the availability of funding through the issue of shares and other financial instruments and by utilisation of existing cash balances. The funding raised during the year is detailed in Notes 14 and 21 above.

Foreign Currency Risk

Although the Company is incorporated in England, the Group's financial statements are denominated in US Dollars, as this is the principal trading currency for the Group's activities.

The share issues and the Bond issue have been priced in Sterling. Expenditure is in US Dollars, Sterling, Roubles and Tenge.

The Group has subsidiaries which operate in Russia and Kazakhstan. Their expenditure is in Roubles and Tenge and their Financial Statements are maintained in those currencies. The Group's policy for dealing with exchange differences is outlined in the Statement of Accounting Policies under the heading Foreign Currencies.

The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and restricting the buying and selling of currencies to predetermined exchange rates with specified bands.

The functional currency of the majority of the Group's operations is in US Dollars, which is also the reporting currency. The net currency exposure of the net assets of the Group at the balance sheet dates was as follows:

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Currency		
US Dollars	3,708	1,359
Sterling	(27,749)	1,169
Roubles	47,597	34,221
Tenge	39,836	30,056
	<u>63,393</u>	<u>66,805</u>

PART FIVE
FINANCIAL INFORMATION RELATING TO BRAMLIN

Part A

Interim results for the six months ended 30 June 2008

The following is the text of the unaudited interim results of Bramlin for the six months ended 30 June 2008, which were announced on 1 October 2008.

CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2008

	Six Months Ended 30-Jun-08	Six Months Ended 30-Jun-07	Year Ended 31-Dec-07
	£	£	£
Revenue	0	0	0
Cost of sales	0	0	0
Gross profit/(loss)	0	0	0
Administrative expenses	(353,127)	(173,910)	(508,800)
(Loss) on foreign exchange	(67)	0	(4,493)
Operating (loss)	(353,194)	(173,910)	(513,293)
Finance income	22,697	91,800	166,200
Finance costs (see note 3)	(75,004)	0	0
(Loss)/profit before taxation	(405,501)	(82,110)	(347,093)
Taxation	0	0	1,363
(Loss) for the period	(405,501)	(82,110)	(345,730)
Basic and diluted (loss) per share (see note 4)	(0.30)p	(0.22)p	(0.80)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

FOR THE HALF YEAR ENDED 30 JUNE 2008

	Six Months Ended 30-Jun-08	Six Months Ended 30-Jun-07	Year Ended 31-Dec-07
	£	£	£
Loss for the period	(405,501)	(82,110)	(345,730)
Foreign currency	(8,230)	0	643,306
Total recognised Income/Expense for the period	(413,731)	(82,110)	297,576

CONSOLIDATED BALANCE SHEET
FOR THE HALF YEAR ENDED 30 JUNE 2008

	30-Jun-08	30-Jun-07	31-Dec-07
	£	£	£
Non-current assets			
Exploration and evaluation assets	43,976,778	0	43,560,994
Plant and equipment	24,345	2,132	20,770
Investments	0	0	0
	44,001,123	2,132	43,581,764
Current assets			
Trade and other receivables	92,327	562,064	36,502
Current tax receivables	70,053	16,111	53,216
Cash and cash equivalents	501,673	2,911,257	2,087,201
Total current assets	664,053	3,489,432	2,176,919
Total assets	44,665,176	3,491,564	45,758,683
Current liabilities			
Trade and other payables	(444,142)	(278,845)	(1,549,349)
Loan notes payable	(342,194)	0	(342,056)
Current tax payables	0	(1,363)	0
Total current liabilities	(786,336)	(280,208)	(1,891,405)
Non-current liabilities			
Deferred tax liabilities	(15,087,043)	0	(15,074,941)
Reserve bonus liability (see note 3)	(4,306,083)	0	(4,231,152)
Total non-current liabilities	(19,393,126)	0	(19,306,093)
Total liabilities	(20,179,462)	(280,208)	(21,197,498)
NET ASSETS	24,485,714	3,211,356	24,561,185
Equity			
Share capital	1,353,680	387,745	1,328,540
Share premium account	18,957,286	2,902,541	18,660,860
Shares to be issued	4,271,029		4,271,029
Currency reserves	635,076	0	643,306
Retained (losses)/earnings	(731,357)	(78,930)	(342,550)
TOTAL EQUITY	24,485,714	3,211,356	24,561,185

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2008

	Six Months Ended 30-Jun-08 £	Six Months Ended 30-Jun-07 £	Year Ended 31-Dec-07 £
Net cash (used in) operating activities (see note 5)	(1,210,894)	(2,912,636)	(2,116,243)
Investing activities			
Purchases of intangible assets	(398,273)	0	(18,701)
Purchases of property, plant and equipment	(806)	(2,403)	(11,032)
Acquisition of subsidiaries, net of cash acquired	0	0	(1,931,737)
Advances to subsidiaries	0	(255,663)	0
Interest received	22,697	83,665	166,200
Net cash (used in) investing activities	(376,381)	(174,401)	(1,795,270)
Financing activities			
Proceeds from issues of ordinary shares	0	3,245,285	3,245,287
Proceeds from issue of Loan Notes	0	0	0
Finance costs	858	0	0
Net cash from financing activities	858	3,245,285	3,245,287
(Decrease)/Increase in cash and cash equivalents	(1,586,417)	158,248	(666,226)
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at beginning of period	2,087,201	2,753,009	2,753,009
Effect of foreign exchange rate changes	889		418
Cash and cash equivalents at end of period	501,673	2,911,257	2,087,201

NOTES TO THE FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 30 JUNE 2008

1 **General information**

The information for the year to 31 December 2007 does not constitute statutory accounts as defined by section 240 of the UK Companies Act 1985. The summarised consolidated balance sheet at 31 December 2007, the summarised consolidated income statement and the consolidated statement of cash flows as well as the consolidated statement of recognized income and expenses for the year then ended have been extracted from the Group's audited Annual Report and Financial Statements for the year ended 31 December 2007 upon which the auditors' opinion is unqualified.

The financial statements for the half year ended 30 June 2008 were approved by the Directors on 30 September 2008.

2 **Significant accounting policies**

These interim financial statements, which are unaudited, have been prepared in accordance with International Financial Reporting Standards (IFRS) and using the same accounting policies as were adopted for the Company's 2007 Annual Report and Accounts. The financial statements for the half year ended 30 June 2008 were approved by the Directors on 30 September 2008.

3 **Reserve bonus liability**

The liability arises under a reserves bonus agreement with Rodeo Resources Inc on the Logbaba gas field. The amount of the liability will be calculated four years after commencement of hydrocarbon production by reference to reserves of the field, as assessed

at that time, with a maximum amount of USD 10 million (£5.0 million). The Directors are of the view that there is reasonable probability of the Logbaba field being developed and having sufficient reserves, as defined in the agreement, to trigger the maximum payment approximately four and a half years after the balance sheet date. The liability does not attract interest until it becomes due. Accordingly the maximum liability has been recognised, discounted by reference to USD 5-year interest rates, which is considered to approximate to the fair value.

Each accounting period, the accretion of discount is accounted for as a non-cash finance cost. During the half year to 30 June 2008, an amount of £74,146 was charged as finance costs in the consolidated income statement.

4 **(Loss)/Earnings per share**

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 30 June 2007
	£	£	£
(Loss)/earnings			
(Loss)/earnings for the purposes of basic (loss)/earnings per share being net (loss)/profit attributable to equity shareholders	(405,501)	(82,110)	(345,730)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	135,160,805	36,628,088	43,028,988

There were a total of 700,000 warrants to subscribe for ordinary shares in issue during the six months ended 30 June 2008. In addition, 24,062,134 ordinary shares are expected to be issued, when certain conditions are met, under the deferred consideration terms of the RDL acquisition agreement and certain Directors' service contracts require part of their fees to be taken in shares. No diluted loss per share is presented as the effect of including the additional shares would be to decrease the loss per share.

5 **Cash used in operations**

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 30 June 2007
	£	£	£
Operating loss	(353,194)	(173,910)	(513,293)
Depreciation	2,769	272	703
Foreign exchange losses on operating activities	67	6,460	4,493
Changes in working capital			
– Trade and other receivables	(72,662)	(278,550)	(23,317)
– Trade and other payables	(787,874)	(2,466,908)	(1,584,829)
Cash used in operations	(1,210,894)	(2,912,636)	(2,116,243)

6 **Post balance sheet events**

On 22 September 2008, the company announced that it had entered into an agreement for a US\$5 million loan facility ("Facility") to be provided by Victoria Oil & Gas Plc (AIM: VOG). The funds provided under the Facility will mainly be used for financing of the Logbaba Natural Gas and Condensate Project in Cameroon, West Africa, with the balance for general working capital purposes.

On 23 September, following market speculation, Bramlin confirmed that it was in preliminary discussions with the Board of VOG which may or may not lead to a recommended all-share offer being made by VOG for the entire issued ordinary share capital of Bramlin.

Part B

Financial record for the two financial periods ended 31 December 2007

The financial information set out below has been extracted from the audited accounts of Bramlin Limited without material adjustment and gives only a summary position of the consolidated income statement of the Bramlin Group for the period from incorporation to 31 December 2006 and the year ended 31 December 2007 and of the consolidated balance sheet of the Bramlin Group as at 31 December 2007 and consolidated cash flow statement for the year ended 31 December 2007. The financial information in this Part Five does not constitute statutory accounts. Bramlin's auditors, Nexia Smith & Williamson of 25 Moorgate, London EC2R 6AY have given an audit report in respect of the year ended 31 December 2007 and their report was unqualified.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	Year Ended 31-Dec-07 £	Period Ended 31-Dec-06 £
Revenue		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses		(513,293)	(2,130)
Operating (loss)	4	(513,293)	(2,130)
Finance income	9	166,200	6,673
(Loss)/profit before taxation		(347,093)	4,543
Taxation	10	1,363	(1,363)
(Loss)/profit for the period		(345,730)	3,180
Basic and diluted (loss)/earned per share	11	(0.80)p	0.10p

CONSOLIDATED AND COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	Year Ended 31-Dec-07 £	Period Ended 31-Dec-06 £	Year Ended 31-Dec-07 £	Period Ended 31-Dec-06 £
(Loss)/profit for the period	(345,730)	3,180	(295,569)	3,180
Foreign currency	643,306	—	—	—
Total recognised income for the period	297,576	3,180	(295,569)	3,180

CONSOLIDATED AND COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	GROUP		COMPANY	
		31-Dec-07 £	31-Dec-06 £	31-Dec-07 £	31-Dec-06 £
Non-current assets					
Exploration and evaluation assets	12	43,560,994	—	—	—
Plant and equipment	13	20,770	—	2,025	—
Investments	14	—	—	23,427,707	—
Total non-current assets		43,581,764	—	23,429,732	—
Current assets					
Trade and other receivables	15	36,502	42,287	10,866	42,287
Current tax receivables	16	53,216	—	53,216	—
Cash and cash equivalents	17	2,087,201	2,753,009	1,948,681	2,753,009
Total current assets		2,176,919	2,795,296	2,012,763	2,795,296
Total Assets		45,758,683	2,795,296	25,442,495	2,795,296
Current liabilities					
Trade and other payables	18	(1,549,349)	(2,745,753)	(1,308,199)	(2,745,753)
Loan notes payable	19	(342,056)	—	(166,256)	—
Current tax payables		—	(1,363)	—	(1,363)
Total current liabilities		(1,891,405)	(2,747,116)	(1,474,455)	(2,747,116)
Non-current liabilities					
Reserve bonus liability	20	(4,231,152)	—	—	—
Deferred tax liabilities	21	(15,074,941)	—	—	—
Total non-current liabilities		(19,306,093)	—	—	—
Total liabilities		(21,197,498)	(2,747,116)	(1,474,455)	(2,747,116)
NET ASSETS		24,561,185	48,180	23,968,040	48,180
Equity					
Share capital	22	1,328,540	45,000	1,328,540	45,000
Share premium account		18,660,860	—	18,660,860	—
Shares to be issued		4,271,029	—	4,271,029	—
Currency reserve		643,306	—	—	—
Retained (losses)/earnings		(342,550)	3,180	(292,389)	3,180
TOTAL EQUITY	23	24,561,185	48,180	23,968,040	48,180

The financial statements were approved by the Board on 20 June 2008 and signed by

Kevin Foo
Chairman

John Killer
Director

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	GROUP		COMPANY	
		Year Ended 31-Dec-07 £	Period Ended 31-Dec-06 £	Year Ended 31-Dec-07 £	Period Ended 31-Dec-06 £
Cash flows from operating activities					
Net cash (used in) operating activities	24	(2,116,243)	(44,417)	(2,052,995)	(44,417)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	3	(1,931,737)	—	(1,946,775)	—
Purchases of property, plant and equipment		(11,032)	—	(2,623)	—
Purchases of intangible assets		(18,701)	—	—	—
Loans granted to subsidiary undertakings		—	—	(213,422)	—
Interest received		166,200	6,673	166,200	6,673
Net cash (used in) investing activities		(1,795,270)	6,673	(1,996,620)	6,673
Cash flows from financing activities					
Amounts received in advance in respect of issue of ordinary shares		—	2,745,753	—	2,745,753
Proceeds from issuance of ordinary shares		3,245,287	45,000	3,245,287	45,000
Net cash generated from financing activities		3,245,287	2,790,753	3,245,287	2,790,753
Net (decrease)/increase in cash and cash equivalents		(666,226)	2,753,009	(804,328)	2,753,009
Cash and cash equivalents at beginning of period		2,753,009	—	2,753,009	—
Exchange gains/(losses) on cash and cash equivalents		418	—	—	—
Cash and cash equivalents at end of period	17	2,087,201	2,753,009	1,948,681	2,753,009

1 Accounting policies

General information

These financial statements are for Bramlin Limited (“the Company”) and subsidiary undertakings. The Company is incorporated and registered in Guernsey under the Companies (Guernsey) Laws 1994, as amended. The nature of the Company’s operations and its principal activities are set out in the Report of the Directors on page 6. The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of preparation

Bramlin Limited, an AIM listed entity, adopted International Financial Reporting Standards (IFRS) as the basis for its financial statements from 1 January 2007, with a transition date of 12 May 2006 when it was incorporated. The financial information has been prepared under the historical cost convention in accordance with applicable Accounting Standards. The Group has not presented reconciliations of UK GAAP to IFRS as required by IFRS 1, “First time adoption of International Financial Reporting Standards” as there are no material reconciling items.

Consolidation

Subsidiaries

The Group financial statements consolidate the financial statements of the Company and its subsidiaries, all of which are 100% owned and controlled. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Acquisitions of subsidiaries are accounted for under the purchase method. The cost of an acquisition is measured as the fair value of the consideration given and liabilities incurred or assumed, as at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the net assets acquired is recorded as goodwill.

Joint ventures

Oil and gas exploration, evaluation, development and production activities are generally conducted in incorporated or unincorporated joint ventures. The Group accounts for its share of the results and net assets of these joint ventures as jointly controlled assets. Where, as in Cameroon, the Group acts as operator of the joint venture, the gross liabilities and receivables of the joint venture, including amounts due to or from non-operator partners are included in the Group consolidated balance sheet.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements

Exploration and evaluation assets

Significant assumptions are required in the valuation of exploration and evaluation assets and oil and gas reserves. Among the more critical judgements are assumptions, estimates and projections relating to commercial recoverability, future production volumes, commodity prices, capital and operating costs and the timing of investment and cash generating flows. Such valuations are the starting point for most acquisition valuations, which may affect the value at which oil and gas properties are recorded, and would also affect any impairment test calculation applicable to those properties. It is at least reasonably possible that those estimates could be revised in the near future and that those revisions could be material.

Key sources of estimation uncertainty

Reserve bonus liability

The circumstances of this payment are described in note 20. The estimate uncertainty arises from the contingent nature of the liability which affects both the amount and timing of the payment.

New standards and interpretations

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet mandatorily effective.

International Financial Reporting Standards

		<i>Effective date (periods commencing)</i>
IFRS 8	Operating segments	1 January 2009
IAS 23 (amendment)	Borrowing costs	1 January 2009
IAS 1 (amendment)	Presentation of financial statements	1 January 2009
IFRS 3 (revised)	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009

International Financial Reporting Interpretations

IFRIC 11	IFRS 2 – Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The Directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Company's financial statements in the period of initial application.

Foreign currency

The individual financial statements of each Group Company are stated in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Any resulting gains or losses are identified separately within operating profits for the period.

For the purposes of presenting consolidated financial statements, the results of Group entities denominated in currencies other than pounds sterling are translated at the average exchange rate for the period and their balance sheets at the rates ruling on the balance

sheet date. Exchange differences arising on retranslation at the closing rate of the opening net assets and results of the entities are dealt with through equity and shown as foreign currency reserve adjustments.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current assets and liabilities on a net basis.

Tangible and intangible non-current assets

Oil and gas exploration evaluation and development expenditure

Oil and gas exploration evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Exploration and evaluation assets comprise expenditures which are directly attributable to acquiring, researching and analysing exploration data. They also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable. In the event of production commencing, the capitalised costs are amortised, through administrative expenses, over the expected life of the mineral reserves on a unit of production basis.

Other pre-trading expenses are written off as incurred. Evaluation and exploration expenditure is only capitalised after the exploration license has been received. Where a project is abandoned or is considered to be of no further interest the related costs are written off.

Depreciation and depletion

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas produced in the period to the estimated quantities of commercial reserves at the end of the period plus the production in

the period, generally on a field-by-field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs. Changes in the estimates of commercial reserves are dealt with prospectively.

Where there has been a change in economic conditions that indicates a possible impairment in an asset, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

Any impairment identified is charged to the Income Statement as additional depreciation and depletion. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Income Statement, net of any depreciation that would have been charged since the impairment.

Going concern

After making enquiries, the Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company and Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the financial statements. In order to develop the Logbaba gas field, it will be necessary to raise further funds. If further funds cannot be raised, then an impairment provision may be necessary to reduce the exploration and evaluation assets to net realisable value.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	–	10 – 25%
Office equipment	–	10 – 25%

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Long term liabilities, such as the reserve bonus payment due on the Logbaba gas field, are recognised immediately the Directors consider that the timing and amount of the liability can be assessed with reasonable confidence. The liability is initially recognised at its fair value which is derived by discounting the estimated cashflows over the estimated maturity using a risk free rate on initial recognition and measured at fair value at each successive year end. The consequent unwinding of the discount in subsequent periods is recognised in the income statement.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.

Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options is recognised as an employee benefit in the financial statements. Neither the Company nor the Group had any share option schemes in existence during the periods being reported, but four Directors of the Company had service agreements that require part or all of the compensation to be applied to the subscription of new ordinary shares. Further details on share based payments is given in note 8.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2 Segment information

Prior to the RDL acquisition on 10 December 2007, Bramlin was an investment company with no distinguishable segments. Following the acquisition, the Group has become an operational oil and gas company with a single business activity relating to its Cameroon gas property and hence has no distinguishable segments. The management of liquid resources and Group administration functions, which continued through both phases, do not constitute distinguishable segments.

3 Business Combinations

Acquisitions in 2007

On 10 December 2007, the Group completed the acquisition of 100% of RDL, an unquoted company based in British Virgin Islands (BVI) with a 60% interest in an exploration licence in Cameroon, which contains the Logbaba gas discovery.

The cost of acquiring the RDL equity was £22,790,893, comprising cash, loan notes, equity instruments and directly attributable acquisition costs. The Company issued 94,079,512 ordinary shares of £0.01 each with a fair value of 17.75p each, being the closing market price of Bramlin Limited shares on 22 November, the day before the announcement of the acquisition. A further 24,062,134 deferred consideration shares will be issued when RDL secures conversion of its exploration licence into an exploitation licence. The Board considers that this condition is likely to be met within 12 months of the acquisition date and has accordingly included the additional value of the deferred consideration shares (also at the 17.75p price) in its business combination calculations.

In addition, the Company advanced loans to RDL during the course of negotiations amounting to US\$680,000 (£345,483), which have now become part of RDL's long term funding, and took over RDL promissory notes amounting to US\$165,550 (£82,3054) at face value from the previous lenders, which are also now part of RDL's long term funding.

The fair value of the assets and liabilities of RDL at the date of acquisition and the corresponding carrying values in the books of RDL immediately before the acquisition are shown below. The fair value adjustments relate to the recognition at fair value of the Logbaba gas field asset. Deferred tax has been recognised on the difference between the carrying value of the fair value adjustment and its tax base.

	RDL carrying amount*	Adjustment	Fair value
	£	£	£
RDL assets and liabilities at acquisition:			
Intangible fixed assets – exploration and evaluation	4,267,872	38,097,484	42,365,356
Tangible fixed assets – plant and equipment	10,159	—	10,159
Trade and other receivables	23,463	—	23,463
Cash and cash equivalents	15,039	—	15,039
Trade and other payables	(239,954)	—	(239,954)
Loan notes payable	(171,049)	—	(171,049)
Reserve bonus liability	(4,116,802)	—	(4,116,802)
Deferred tax liabilities	—	(14,667,531)	

(14,667,531)

Net assets	(211,272)	23,429, 953	23,218,681
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* After adjusting from US GAAP to IFRS

Cost of acquisition, including loan funding:

Cash consideration paid (USD 300,000)	149,113
Loan notes issued as consideration (USD 331,000)	161,763
Bramlin loans to RDL treated as part of acquisition cost (USD 680,000)	345,483
RDL shareholder loan notes purchased as part of acquisition (USD 165,550)	82,305
Initial consideration shares, at fair value	16,699,113
Deferred consideration shares, at fair value	4,271,029
Costs associated with the acquisition (of which £140,000 in shares)	1,509,875
Total consideration	23,218,681

Cash outflow on acquisition

Net cash acquired with subsidiary	(15,039)
Cash consideration paid	149,113
Pre-acquisition loans to RDL treated as part of acquisition cost	345,483
RDL shareholder loan notes purchased as part of acquisition	82,305
Costs associated with the acquisition	1,369,875
Net cash outflow	1,931,737

The results of the Group as if the above acquisition had been made at the beginning of the year would have been as follows:

	£
Revenue	0
Loss for the year	1,258,674

RDL earned no revenues from the beginning of the year to the acquisition date, nor in the 21 days after the acquisition became effective. Its loss over the 21 days since acquisition amounted to £105.

4 Operating loss for the period

	2007	2006
is stated after charging:	£	£
Operating lease rentals	23,153	2,130
Staff Costs (note 6)	47,383	—
Audit fees	55,500	—
Depreciation	703	—
Foreign Exchange losses	4,493	—

5 Auditors remuneration

	2007	2006
	£	£
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	33,000	—
Fees payable to the Company's auditor and its associates for other services:		
Services relating to corporate finance transactions	122,300	—
Audit of Company subsidiaries	22,500	—
Tax services	600	—
	178,400	—

6 Staff costs

The average monthly number of employees of the Company, excluding Directors, all of whose services were contracted through third parties, is shown in the table below. In addition, 2 Directors and 1 employee joined the Group at the time of the RDL acquisition and earned £20,974 between the acquisition date and year-end.

	2007 Number	2006 Number
Administration	1	1
Staff costs for the above person were:	£	£
Wages and salaries	24,000	—
Social security costs	2,409	—
	26,409	—

7 Directors' remuneration

The Directors' remuneration and benefits for the year 2007 are set out below. There were no fees, salaries for Directors in 2006.

	Salaries and fees £		Bonus £	Pensions	Benefits	Total
	In cash	In shares	In shares	£	£	£
K A Foo (from 25.05.07)*	5,833	5,833	25,000	—	—	36,666
J D Ford (from 11.12.07)	7,369	—	—	—	—	7,369
E B Miller (from 11.12.07)	6,802	—	—	—	—	6,802
A R H Thomas (from 04.01.07)*	38,500	10,000	25,000	—	—	73,500
J P Killer (from 04.01.07)*	—	68,233	25,000	—	—	93,233
C B Manderson (from 25.05.07)*	11,468	5,833	25,000	—	—	42,301
W C Kelleher (from 11.12.07)*	1,154	—	—	—	—	1,154
L D Goodman (04.01 to 25.05.07)	11,000	7,500	—	—	—	18,500
L Giovinazzi (to 04.01.07)	—	—	—	—	—	—
Louvre Directors Ltd (to 04.01.07)	—	—	—	—	—	—
Total remuneration	82,126	97,399	100,000	—	—	279,525

* indicates that services are provided through a consultancy business

8 Share based payments

The Company had three share based payment arrangements in operation during the year, as follows:

- Bonus payments made to Directors
- Payments as part of Directors' remuneration
- Payments made to suppliers of services

Bonus payments to Directors

Under the terms of agreements with individual Directors an additional fee of £25,000 each was to be paid upon the successful acquisition by the Company. This fee was to be applied in the subscription of 250,000 ordinary shares of the Company at 10p each (the weighted average fair value at measurement date) and became payable on the successful acquisition of RDL in December. The total cost relating to these arrangements of £100,000 has been charged in the period as part of Directors' remuneration. The shares were issued in January 2008. Fair value of the shares was measured on the basis of observable market price without incorporating any expected dividends or any other features of the equity instruments granted.

Payments as part of remuneration

Under the terms of agreements with individual Directors, part of the quarterly remuneration for Messrs Foo, Manderson and Thomas is applied to the subscription of shares in the Company and the whole of the remuneration for Mr Killer is applied to the subscription of shares in the Company. 757,543 shares were issued in January 2008 at 10.7p each (the weighted average fair value at measurement date) in respect of remuneration due up to the end of September for Messrs Foo, Manderson and Thomas and up to 10 December 2007

for Mr Killer. Fair value of the shares was measured on the basis of observable market price without incorporating any expected dividends or any other features of the equity instruments granted. The total cost relating to these arrangements of £97,399 has been charged in the period.

Payments to suppliers

Under the terms of agreements, payments to two suppliers were to be applied to the subscription of 756,486 new ordinary shares at 18.5p each (the weighted average fair value at measurement date). The costs totalling £140,000 have been recognised as part of the costs of acquisition of RDL in the period. Fair value of the shares was measured on the basis of observable market price without incorporating any expected dividends or any other features of the equity instruments granted. Fair value of the services received was determined based on market price of those services.

9 Finance income

	2007	2006
	£	£
Bank interest receivable	166,200	6,673

10 Taxation

	2007	2006
	£	£
Current tax	(1,363)	1,363
Deferred tax	—	—
Total tax expense for the period	(1,363)	1,363

The parent Company is not subject to corporation tax in Guernsey. Taxes in other jurisdictions are calculated at the rates applicable in the respective jurisdictions. For 2006, provision was made for possible UK taxation of interest income (at 30%). In 2007, the Group made losses in each jurisdiction of its operations. In addition, the 2006 provision has been reversed. No deferred tax assets have been recorded as the Directors cannot yet predict with confidence when the losses may be recoverable against future income.

No reconciliation of the total tax expense is presented as the effective tax rate in the different jurisdictions in the period is nil% and therefore all losses are carried forward.

11 (Loss)/Earnings per share

	2007	2006
	£	£
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/earnings per share being net (loss)/profit attributable to equity shareholders	(345,730)	3,180
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share		
43,028,988	3,186,697	

24,062,134 ordinary shares are expected to be issued, when certain condition are met, under the deferred consideration terms of the RDL acquisition agreement. In addition, an aggregate of 2,514,029 shares were issued after the balance sheet date in relation to share-based payments to professional advisers and application of fees earned by Directors in 2007 to subscription for ordinary shares (see note 8). No diluted loss per share is presented as the effect of including the additional shares would be to decrease the loss per share.

12 Exploration and evaluation assets

Cost or fair value	Group £	Company £
Bank interest receivable	166,200	6,673
At 12 May 2006 & 1 January 2007	—	—
Additions	18,701	—
Acquisition of RDL at fair value 42,365,356	—	—
Foreign exchange	1,176,937	—
At 31 December 2007	—	—
43,560,994	—	—

13 Plant and equipment

	GROUP			COMPANY		
	Fixtures and fittings £	Office equipment £	Total £	Fixtures and fittings £	Office equipment £	Total £
Cost						
At 12 May 2006 & 1 January 2007	—	—	—	—	—	—
Additions	8,278	2,754	11,032	1,152	1,471	2,623
Acquisition of RDL at net book value	9,253	906	10,159	—	—	—
Foreign exchange	257	25	282	—	—	—
At 31 December 2007	17,788	3,685	21,473	1,152	1,471	2,623
Depreciation						
At 12 May 2006 & 1 January 2007	—	—	—	—	—	—
Charge for the year	298	405	703	230	368	598
At 31 December 2007	298	405	703	230	368	598
Net book amount						
At 31 December 2007	17,490	3,280	20,770	922	1,103	2,025
At 31 December 2006	—	—	—	—	—	—

14 Investments in subsidiary undertakings

Cost	Company £
At 12 May 2006 & 1 January 2007	—
Additions 23,427,707	—
At 31 December 2007	23,427,707

Investments in subsidiary undertakings are stated at cost, less any impairment provision. For the subsidiaries owned at the balance date, cost is considered to be the fair value of the consideration paid and no impairment provision has been considered necessary. The subsidiary undertakings are Rodeo Development Limited (a 100% owned, BVI-registered company), which was acquired effective 10 December 2007, and Bramlin RDL Incorporated (a 100% owned Texas-registered company) which was established on 27 November 2007.

15 Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade receivables	20,899	—	—	—
Other debtors	8,400	6,391	6,391	6,391
Prepayments	7,203	35,896	4,475	35,896
	36,502	42,287	10,866	42,287

The Group's credit risk is primarily attributable to its trade receivables. Based on prior experience and an assessment of the current economic environment, the Directors did not consider any provision for irrecoverable amounts was required and consider that the carrying amount of these assets approximates their fair value.

Trade receivables constitute the only financial assets within the category "Loans and receivables" as defined by IAS 39. Trade receivables are non-interest bearing and generally have a 30-90 day term. Due to their short maturities, the carrying value of trade receivables approximates their fair value.

16 Current tax receivables

The tax receivable for both Group and Company relates to recoverable VAT.

17 Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Cash at bank and in hand	287,201	2,753,009	148,681	2,753,009
Short term bank deposit	1,800,000	—	1,800,000	—
	2,087,201	2,753,009	1,948,681	2,753,009

The Directors consider that the carrying value of these assets approximates to their fair value.

18 Trade and other payables

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade payables	603,784	—	539,182	—
Other creditors	124,249	2,745,753	—	2,745,753
Accruals and deferred income	821,316	—	769,017	—
	1,549,349	2,745,753	1,308,199	2,745,753

Other creditors in 2006 represented ordinary shares subscription monies received in advance of issue and AIM admission. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

19 Loan notes payable

The loan notes payable comprise USD 331,000 of non interest bearing loan notes issued by the Company as part of the consideration for the acquisition of RDL, and USD 350,000 of non interest bearing promissory notes issued by RDL and assumed by the Group on the acquisition. Both notes are repayable from the proceeds of the Group's first significant fund-raising. Since the Directors expect to seek finance for the Logbaba field development later in 2008, the liabilities are deemed to be repayable within one year and the carrying amount is considered to approximate to the fair value.

20 Reserve bonus liability

The liability arises under a reserves bonus agreement with Rodeo Resources Inc on the Logbaba gas field. The amount of the liability will be calculated four years after commencement of hydrocarbon production by reference to reserves of the field, as assessed

at that time, with a maximum amount of USD 10million (£5.0million). The Directors are of the view that there is reasonable probability of the Logbaba field being developed and having sufficient reserves, as defined in the agreement, to trigger the maximum payment approximately five years after the balance sheet date. The liability does not attract interest until it becomes due. Accordingly the maximum liability has been recognised, discounted by reference to USD 5-year interest rates, which is considered to approximate to the fair value.

The reserve bonus payment constitutes a financial liability held at amortised cost, designated as such upon initial recognition, as defined by IAS 39.

21 *Deferred tax liabilities- Group*

	2007 £	2006 £
1 January 2007	Nil	—
Transfer on fair value adjustment (note 3)		
14,667,531	—	
Foreign Exchange	407,410	—
At 31 December 2007		
15,074,941	—	

22 *Called up share capital*

	2007 £	2006 £
Authorised		
200,000,000 ordinary shares of £0.01 each	2,000,000	2,000,000
Allotted, called up and fully paid		
132,853,976 ordinary shares of £0.01 each	1,328,540	45,000

On 12 January 2007 the Company issued 34,199,462 ordinary £0.01 shares to private investors for a total cash consideration of £3,419,946. The cash consideration was received in full in advance of the issue.

On 6 June 2007 the Company issued 75,000 ordinary £0.01 shares for a total consideration of £7,500.

On 10 December 2007 the Company issued 94,079,512 ordinary £0.01 shares as initial consideration for the acquisition of RDL. The initial consideration shares have been valued for the purposes of these financial statements at £16,699,113, reflecting the closing share price on the day before the announcement of the RDL acquisition on 22 November 2007 (17.75p per ordinary £0.01 share). The price on the date of completion was not considered a reasonable measure of fair value because in thin trading Bramlin shares rose rapidly between the announcement and completion of the acquisition, but returned to approximately the earlier level shortly thereafter.

After the balance sheet date, 756,486 ordinary £0.01 shares were issued to professional advisers under the terms of their engagement contracts as consideration for £140,000 of fees relating to the RDL acquisition and 1,757,543 ordinary £0.01 shares were subscribed by Directors under the terms of their service contracts (see note 8 above).

In addition to the initial consideration shares issued in respect of the RDL acquisition, a further 24,062,134 ordinary £0.01 shares will be issued as deferred consideration if certain conditions relating to the Logbaba licence in Cameroon are achieved. Since the Company expects that the conditions will be met within the foreseeable future, provision has been made for the future issue of these deferred consideration shares as part of the RDL acquisition cost. For the purpose of these financial statements, the deferred consideration shares have been valued at the share price ruling immediately before the announcement of the RDL acquisition (17.75p per ordinary £0.01 share) and are shown in the balance sheet as "shares to be issued".

23 Changes in equity

GROUP	Share capital £	Share premium £	Shares to be issued £	Currency reserve £	Retained profits/(losses) £	Total equity £
Balance at 12 May 2006	—	—	—	—	—	—
Issue of equity share capital	45,000	—	—	—	—	45,000
Profit for the period	—	—	—	—	3,180	3,180
Balance at 31 December 2006	45,000	—	—	—	3,180	48,180
Issue of equity share capital (AIM admission)	341,995	2,895,791	—	—	—	3,237,786
Equity share capital issued and to be issued for RDL acquisition	940,795	15,758,319	4,271,029	—	—	20,970,143
Other issue of equity share capital	750	6,750	—	—	—	7,500
Loss for the period	—	—	—	—	(345,730)	(345,730)
Foreign currency	—	—	—	643,306	—	643,306
Balance at 31 December 2007	1,328,540	18,660,860	4,271,029	643,306	(342,550)	24,561,185
COMPANY	£	£	£	£	£	£
Balance at 12 May 2006	—	—	—	—	—	—
Issue of equity share capital	45,000	—	—	—	—	45,000
Profit for the period	—	—	—	—	3,180	3,180
Balance at 31 December 2006	45,000	—	—	—	3,180	48,180
Issue of equity share capital (AIM admission)	341,995	2,895,791	—	—	—	3,237,786
Equity share capital issued and to be issued for RDL acquisition	940,795	15,758,319	4,271,029	—	—	20,970,143
Other issue of equity share capital	750	6,750	—	—	—	7,500
Loss for the period	—	—	—	—	(295,569)	(295,569)
Balance at 31 December 2007	1,328,540	18,660,860	4,271,029	—	(292,389)	23,968,040

24 Cash used in operations

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Operating loss	(513,293)	(2,130)	(455,132)	(2,130)
Depreciation (note 13)	703	—	598	—
Foreign exchange losses on operating activities	4,493	—	8,888	—
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)				
– Trade and other receivables	(23,317)	(42,287)	(21,795)	(42,287)
– Trade and other payables	(1,584,829)	—	(1,585,554)	—
Cash used in operations	(2,116,243)	(44,417)	(2,052,995)	(44,417)

25 Operating lease commitments

At the year end date the Group and Company had lease agreements in respect of properties for which the payments extend into future years.

Due:	31-Dec-07 £	31-Dec-06 £
Within one year	5,711	5,711

26 **Related party transactions** **Company**

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Company's key management are the Directors of Bramlin Ltd. Information regarding their compensation is given in note 7 relating to Directors' remuneration.

Information regarding their compensation is given below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	£
Short-term employee benefits	82,126
Share based payments	197,399
	<hr/> 279,525 <hr/>

There was no compensation paid in 2006.

In the case of Messrs Foo, Killer, Manderson and Thomas, their remuneration represents amounts invoiced by third parties to the Group in respect of Directors' services provided to the Group under service agreements between the Group, the Directors and the relevant third parties. The service agreements provide that part of the annual fee shall be applied to subscribe for shares in the Company.

There were a number of related-party relationships present in relation to the acquisition of RDL, which was completed in December 2007. The Company's non-executive Chairman was considered to have significant influence over the operations of RDL by virtue of his beneficial interest in the shares of RDL. In March 2007, prior to his appointment, the Company loaned US\$500,000 (£255,663) to RDL and in September 2007 it advanced a further US\$180,000 (£89,820).

From the date of completing the acquisition of RDL, the Company had a related party relationship with this 100% owned subsidiary and from the date of the formation of Bramlin RDL Inc, the company had a related party relationship with this 100% owned subsidiary. The Company has provided interest-free funding to both subsidiaries and has not yet started to charge for management services. At the balance sheet date and at the exchange rates ruling on that date, the Company had advances and loans outstanding to RDL amounting to £435,397 and to Bramlin RDL Inc amounting to £200,914.

Group

Prior to the acquisition by the Company, RDL had a related party relationship with its parent company Rodeo Resources Inc (RRI), which provided a number of services for RDL. Those services were terminated ahead of the acquisition by Bramlin, but RRI continues to hold a 1.2% overriding royalty interest on gross production from the Logbaba licence, and under a reserve bonus agreement dated 6 December 2005 is entitled to receive a payment of US\$500,000 (£251,143) per million barrels of oil equivalent of field reserves, up to a maximum of US\$10,000,000 (£5,022,854). As set out in note 20, this payment has been recognised as a long term liability in the Group's balance sheet at fair value. During 2007, RDL paid certain personal expenses for the Group's Chief Executive Officer, totalling US\$54,352 (£27,300). As of 31 December 2007, the amount owing was US\$19,393 (£9,741), which is included in the balance sheet as part of Trade and other receivables. The Group has related party relationships with RRI, Hydrocarbons Technologies Limited, H J Resources and Archidona Minerales SA, all shareholders of the Company following the acquisition of RDL. These parties are holders of Bramlin loan notes and RDL promissory notes outstanding at the balance sheet date.

27 Post balance sheet events

As indicated in note 22, after the balance sheet date, 756,486 ordinary £0.01 shares were issued to professional advisers under the terms of their engagement contracts as consideration for £140,000 of fees relating to the RDL acquisition and 1,757,543 ordinary £0.01 shares were subscribed by Directors under the terms of their service contracts by applying £181,567 of fees owed, of which £100,000 were success bonuses arising on the completion of the RDL acquisition.

Effective 1 February 2008, the Group has entered into a lease for a property in Douala, Cameroon, which will provide a combination of office and residential accommodation for staff working on the Logbaba project. The lease is for two years at a rental of approximately £25,000 per annum.

28 Financial instruments

The Group's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

The Group has not entered into derivatives transactions and has not traded in financial instruments during the period under review.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board of Directors are implemented by the Finance Director.

Price risk

The Directors do not consider there is a price risk to the business. The Group has no exposure to equity securities price risk as it holds no listed or other equity investment.

Credit risk

At this early stage of the Group's development, in the absence of customers, it does not have a credit risk from receivables. The credit risk on cash and cash receivables is limited because the counter-party is a bank with a high credit rating.

Interest rate cash flow risk

The Group does not have interest-bearing liabilities. Interest-bearing assets are only cash balances that earn interest at floating rates. The Directors do not consider there to be a material cash flow risk related to interest rates. The Group's cash balances earned interest at a fair market rate during 2007.

Foreign exchange risk

Prior to the acquisition of RDL in December 2007, the Group operated solely in the sterling area. The RDL acquisition brought future potential exposure to the US dollar, as a likely component of any gas sales contract price formula, and to the Franc of the Communauté Financière Africaine (FCFR), which is in turn linked to the Euro and which will be the transaction currency for many Cameroon costs. The Board does not consider that the possible risk exposures to these currencies can yet be calculated with sufficient confidence to warrant entering into forward exchange contracts. This situation is monitored on a regular basis. As foreign exchange movements are not considered to be material, no sensitivity analysis is provided.

Liquidity risk

The Group actively manages its working finance to ensure the Group has sufficient funds for operations and planned expansion. For the Group to achieve its planned development of the Logbaba gas field, it will require to raise funds in the form of equity and/or debt within the next 12 months.

Analysis of maturity of financial liabilities

The Group's financial liabilities comprise trade payables, loan notes and a reserves bonus liability relating to the Logbaba gas field. The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	Trade payables	Reserve bonus liability	Loan Notes
At 31 December 2007	£		£
6 months or less	603,784	—	—
6-12 months	—	—	342,056
1-2 years	—	—	—
2-5 years	—	—	—
more than 5 years	—	5,022,854	—
Total contractual cash flows	603,784	5,022,854	342,056
Carrying amount of financial Liabilities measured at amortised cost	603,784	4,231,152	342,056

There were no financial liabilities at 31 December 2006. The Company's only financial liabilities comprise trade payables and loan notes with a carrying amount equal to the gross cash flows payable of £539,182 and £166,256 respectively (2006 – £nil), all of which are payable within six months.

The £342,056 of loan notes comprise US\$300,000 of Bramlin non-interest bearing loan notes, issued as part of the RDL acquisition consideration, and US\$350,000 of RDL non-interest bearing loan notes already in existence at the time of the RDL acquisition. Both loan notes are repayable from the Group's first significant fund-raising. Since the Directors expect to raise funds within 12 months for the development of the Logbaba field, these loan notes are assumed to become repayable within 12 months.

The reserves bonus liability and the fair valuation of it are described in Note 20. The maximum amount payable under this agreement is US\$10m, payable four years after the commencement of production in the field. Since production from Logbaba is unlikely within 2008, this liability is not expected to become payable with five years of the balance sheet date.

Capital management risk

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Group is not subject to any external imposed capital requirements.

PART SIX

ADDITIONAL INFORMATION

1 Responsibility

- 1.1 The Bramlin Directors, whose names are set out in paragraph 2.1 below, accept responsibility for all information contained in this document other than the information for which only the Independent Bramlin Directors take responsibility at paragraph 1.2 below, and the information for which the VOG Directors accept responsibility in paragraph 1.4 below. To the best of the knowledge and belief of the Bramlin Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Bramlin Directors accept responsibility for the recommendation and associated views and opinions in this document. To the best of the knowledge and belief of the Independent Bramlin Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Kevin Foo has a conflict of interest as a director of VOG and does not take responsibility for the views of the Independent Bramlin Directors on the Scheme.
- 1.4 The VOG Directors, whose names are set out in paragraph 2.3 below, accept responsibility for all information contained in this document insofar as it relates to the VOG Group, the VOG Directors, their respective immediate families, related trusts and persons connected with them and parties deemed to be acting in concert with VOG for the purposes of the City Code. To the best of the knowledge and belief of the VOG Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Directors

- 2.1 The Bramlin Directors and their respective roles are:

<i>Name</i>	<i>Role</i>
Kevin Foo	(Non-Executive Chairman)
Jimmy Ford	(Chief Executive Officer)
Ernest Miller	(Commercial Director)
Alan Thomas	(Finance Director)
John Killer	(Non-Executive Director)
Collin Manderson	(Non-Executive Director)
William Kelleher	(Non-Executive Director)

- 2.2 The registered office of Bramlin is Suite 7, Provident House, Havilland Street, St. Peter Port, Guernsey GY1 2QE.

- 2.3 The VOG Directors and their respective roles are:

<i>Name</i>	<i>Role</i>
Kevin Foo	(Executive Chairman)
Grant Manheim	(Executive Deputy Chairman)
Robert Palmer	(Finance Director)
George Donne	(Executive Director)
Rashed Al-Suwaidi	(Non-Executive Director)
Philip Rand	(Non-Executive Director)
Mukhtar Tuyakbayev	(Non-Executive Director)

- 2.4 The registered office of VOG is Hatfield House, 1st floor 52-54 Stamford Street London SE1 9LX.

3 Market Quotations

- 3.1 The following table shows the Closing Prices of Bramlin Shares and VOG Shares for the first dealing day of each of the six months immediately prior to the date of this document, for 22 September 2008 (being the date immediately before the commencement of the Offer Period) and for 11 November 2008 (being the last dealing day prior to the posting of this document):

<i>Date</i>	<i>Bramlin Price per Share (pence)</i>	<i>VOG Price per Share (pence)</i>
2 June 2008	18.50	18.75
1 July 2008	14.00	12.50
1 August 2008	13.50	9.75
1 September 2008	11.25	8.88
22 September 2008	10.50	7.40
1 October 2008	11.50	7.25
3 November 2008	8.50	4.85
11 November 2008	8.50	7.65

4 Shareholdings and dealings

Interests in Bramlin Shares

- 4.1 The interests, all of which are beneficial, of the Bramlin Directors in Bramlin Shares as at 11 November 2008 (being the last dealing day prior to the posting of this document) are set out in the table below. The figures are based upon the interests in Bramlin Shares which have been notified by each Bramlin Director to Bramlin as at 11 November 2008 (being the last dealing day prior to the posting of this document):

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Kevin Foo ^(note 1)	1,096,381	0.8
Jimmy Ford ^(note 2)	13,907,719	10.3
Ernest Miller	3,542,176	2.6
Alan Thomas ^(note 3)	556,041	0.4
John Killer ^(note 4)	980,000	0.7
Colin Manderson ^(note 5)	932,281	0.7
William Kelleher ^(note 6)	35,383,688	26.1

Note 1 – Kevin Foo is interested in 1,096,381 shares, of which 264,000 are registered in the name of a SIPP for the benefit of Kevin Foo. The balance is held in HJ Resources Limited which is also the registered owner of an additional 14,207,788 Bramlin Shares wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries.

Note 2 – Shares held by Archidona Minerales S.A. which is wholly owned by Rodeo Resources LP, a limited partnership owned by Jimmy Ford and members of his family.

Note 3 – Shares held by Giltspur Nominees Limited and Entepen Consulting Limited.

Note 4 – Shares held by Sigma Exploration Limited.

Note 5 – Shares held by Marlake Limited.

Note 6 – Shares owned by Hydrocarbons Technologies Limited.

- 4.2 As at 11 November 2008 (being the last dealing day prior to the posting of this document), no options over Bramlin Shares have been granted to the Bramlin Directors.

- 4.3 As at 11 November 2008 (being the last dealing day prior to the posting of this document), the following interests of greater than three per cent. (3%) in Bramlin Shares have been disclosed to Bramlin:

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Hydrocarbons Technologies Limited ^(note 3)	35,383,688	26.1
RSM Production Corporation	22,705,205	16.7
HJ Resources Limited ^(note 1)	15,304,169	11.3
Archidona Minerales S. A. ^(note 2)	13,005,239	9.6

Note 1 – Kevin Foo is only interested in 832,381 shares registered in name of HJ Resources Limited. HJ Resources Limited is wholly owned by a discretionary trust, of which Kevin Foo and his wife are potential beneficiaries.

Note 2 – Archidona Minerales S.A. is wholly owned by Rodeo Resources LP, a limited partnership owned by Jim Ford and members of his family.

Note 3 – Hydrocarbons Technologies Limited is wholly owned by the Cameron Madi Inter Vivos Trust and William Kelleher is the sole director.

- 4.4 As at 11 November 2008 (being the last dealing day prior to the posting of this document), directors of Fox-Davies Capital, financial adviser to Bramlin, did not have any interest in Bramlin Shares.
- 4.5 As at 11 November 2008 (being the last dealing day prior to the posting of this document), VOG held 1,902,627 Bramlin Shares (representing approximately 1.4 per cent. of the issued share capital of Bramlin). VOG did not hold any short positions in respect of Bramlin Shares at that date and has undertaken not to take any such positions until the Effective Date.
- 4.6 As at 11 November 2008 (being the last dealing day prior to the posting of this document), the VOG directors, their immediate families and their connected persons had the following interests in Bramlin Shares:

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Kevin Foo ^(note 1)	1,096,381	0.8
Grant Manheim	1,000,000	0.7
Robert Palmer	Nil	—
George Donne	1,000,000	0.7
Rashed Al-Suwaidi	Nil	—
Philip Rand	Nil	—
Mukhtar Tuyakbayev	Nil	—

Note 1 – Kevin Foo is interested in 1,096,381 shares, of which 264,000 are registered in the name of a SIPP for the benefit of Kevin Foo. The balance is held in HJ Resources Limited which is also the registered owner of an additional 14,207,788 Bramlin Shares wholly owned by a discretionary trust, of which Kevin Foo and his wife are potential beneficiaries.

- 4.7 As at 11 November 2008 (being the last dealing day prior to the posting of this document), Strand Partners, financial adviser to VOG, held the following interest in Bramlin Shares:

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Strand Partners Securities Limited	486,486	0.3

Dealings in Bramlin Shares

4.8 None of the Bramlin Directors, their immediate families or their connected persons has dealt for value in Bramlin Shares during the Disclosure Period, save for:

<i>Date</i>	<i>Name^(Note 1)</i>	<i>Transaction</i>	<i>Number of Bramlin Shares</i>	<i>Price per share (p)</i>
11 December 2007	Hydrocarbons Technologies Ltd	allotment	35,383,688	17.5
11 December 2007	HJ Resources Limited	allotment	12,631,786	17.5
11 December 2007	Archidona Minerales S.A.	allotment	13,005,239	17.5
11 December 2007	Rodeo Resources LP	allotment	902,480	17.5
11 December 2007	Ernest Miller	allotment	3,542,176	17.5
10 January 2008	HJ Resources Limited	allotment	250,000	10
			5,593	14.9
			14,368	17.4
10 January 2008	Entepen Consulting Limited	allotment	250,000	10
			13,227	18.9
			16,026	15.6
			14,368	17.4
10 January 2008	Sigma Exploration Limited	allotment	924,000	10
10 January 2008	Marlake Limited	allotment	250,000	10
			5,593	14.9
			14,368	17.4
31 July 2008 ^(Note 2)	Kevin Foo SIPP ^(Note 2)	purchase ^(Note 2)	264,000 ^(Note 2)	12.68 ^(Note 2)
31 July 2008	Sigma Exploration Limited	purchase	20,000	11.7
1 August 2008	Giltspur Nominees Limited	purchase	100,000	13.5
1 August 2008	Sigma Exploration Limited	purchase	36,000	14
30 October 2008	HJ Resources Limited	allotment	12,432	20.11
			13,277	18.83
			14,409	17.35
			22,302	11.21
30 October 2008	Entepen Consulting Limited	allotment	12,432	20.11
			13,277	18.83
			14,409	17.35
			22,302	11.21
30 October 2008	Marlake Limited	allotment	12,432	20.11
			13,277	18.83
			14,409	17.35
			22,302	11.21

Note 1 – For Bramlin Directors' interests in the companies set out in this paragraph 4.8 please see the Notes to paragraph 4.1 of this Part Six.

Note 2 – The share purchase was made by a SIPP for the benefit of Kevin Foo. As the purchase was for an amount in excess of the value implied by the Offer price per Bramlin Share, the Panel was approached in respect of the possible implications of this share purchase in the context of Rule 6.1 of the City Code. Having consulted with Fox-Davies Capital in its capacity as Rule 3 Adviser to Bramlin and obtained assurances that the Independent Bramlin Directors are satisfied that the Offer remains in the best interests of the Bramlin Shareholders notwithstanding the purchase made by Mr Foo's SIPP on July 31 2008, the Panel have agreed to a derogation to this rule to the extent that it is applicable.

- 4.9 No options over Bramlin shares have been granted by Bramlin during the Disclosure Period.
- 4.10 During the Disclosure Period, Fox-Davies Capital, financial adviser to Bramlin, has not dealt for value in Bramlin Shares.
- 4.11 None of the VOG Directors, their immediate families or their connected persons has dealt for value in Bramlin Shares during the Disclosure Period, save for Kevin Foo, who is a potential beneficiary of some of the Bramlin Shares dealt by HJ Resources Limited as set out in paragraph 4.8 above.
- 4.12 During the Disclosure Period, Strand Partners, financial adviser to VOG, has not dealt for value in Bramlin Shares.

Interests in VOG Shares

4.13 The interests, all of which are beneficial, of the VOG Directors in VOG Shares as at 11 November 2008 (being the last dealing day prior to the posting of this document) are set out in the table below. None of the VOG Directors hold any short positions in respect of VOG Shares. The figures are based upon the interests in VOG Shares which have been notified by each VOG Director to VOG pursuant to Section 185 of the UK Companies Act as

at 11 November 2008 (being the last dealing day prior to the posting of this document) or are interests of a connected person (within the meaning of Section 252 of the UK Companies Act) of a VOG Director which would, if the connected person were a VOG Director, be required to be disclosed under those sections of the UK Companies Act and the existence of which is known to or could with reasonable diligence be ascertained by, the relevant VOG Director:

<i>Name</i>	<i>Number of VOG Shares</i>	<i>Percentage of current issued share capital of VOG (%)</i>
Kevin Foo ^(note 1)	10,246,347	3.60
Grant Manheim	497,304	0.17
Robert Palmer	281,722	0.10
George Donne	229,807	0.08
Rashed Al-Suwaidi	Nil	—
Philip Rand	Nil	—
Mukhtar Tuyakbayev	Nil	—

Note 1 – Shares held in the name of HJ Resources Limited which is wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries.

- 4.14 As at 11 November 2008 (being the last dealing day prior to the posting of this document), options and/or warrants over the following VOG Shares have been granted to VOG Directors and remain outstanding:

<i>Name</i>	<i>Number of VOG Shares</i>	<i>Exercise price</i>	<i>Date exercisable</i>	
			<i>Earliest</i>	<i>Latest</i>
Kevin Foo	Nil	—	—	—
Grant Manheim	1,000,000	20 pence	on written notice from VOG Board that company no longer in a “Closed Period” as defined by AIM Rules	30 days after written confirmation from VOG Board that company no longer in a “Closed Period” as defined by AIM Rules
Robert Palmer	250,000	20 pence	on written notice from VOG Board that company no longer in a “Closed Period” as defined by AIM Rules	30 days after written confirmation from VOG Board that company no longer in a “Closed Period” as defined by AIM Rules
George Donne	Nil	—	—	—
Rashed Al-Suwaidi	Nil	—	—	—
Philip Rand	Nil	—	—	—
Mukhtar Tuyakbayev	Nil	—	—	—

- 4.15 As at 11 November 2008 (being the last dealing day prior to the posting of this document), Strand Partners, financial adviser to VOG, did not have any interest in VOG Shares.

- 4.16 As at 11 November 2008 (being the last dealing day prior to the posting of this document), Bramlin did not own or control any VOG Shares nor did it have any short positions in these shares.

- 4.17 As at 11 November 2008 (being the last dealing day prior to the posting of this document), the Bramlin Directors, their immediate families and their connected persons did not own or control any VOG Shares nor did they have any short positions in these shares, save as follows:

<i>Name</i>	<i>Number of VOG Shares</i>	<i>Percentage of current issued share capital of VOG (%)</i>
Kevin Foo ^(note 1)	10,246,347	3.60
Jimmy Ford	Nil	—
Ernest Miller	Nil	—
Alan Thomas	Nil	—
John Killer	Nil	—
Colin Manderson	Nil	—
William Kelleher ^(note 2)	400,000	0.14

Note 1 – Shares held by HJ Resources Limited, which is wholly owned by a discretionary trust, of which Mr Foo and his wife are potential beneficiaries.

Note 2 – Shares owned by Hydrocarbon Technologies Limited which is wholly owned by the Cameron Madi inter Vivos Trust and William Kelleher is the sole director.

- 4.18 Kevin Foo's interests in VOG Shares is set out in paragraph 4.17 above.
- 4.19 As at 11 November 2008 (being the last dealing day prior to the posting of this document), Strand Partners, financial adviser to VOG, did not have any interest in VOG Shares.

Dealings in VOG Shares

- 4.20 Save as set out below, during the Disclosure Period, there were no dealings for value in VOG Shares by the Bramlin Directors, their immediate families or their connected persons:

<i>Date</i>	<i>Name</i>	<i>Transaction</i>	<i>Number of VOG Shares</i>	<i>Price (p)</i>
1 October 2007	Hydrocarbon Technologies Ltd	Disposal	350000	29
9 October 2007	Hydrocarbon Technologies Ltd	Disposal	80000	25
25 October 2007	Hydrocarbon Technologies Ltd	Disposal	100000	20
26 November 2007	Hydrocarbon Technologies Ltd	Disposal	250000	12.5
29 November 2007	Hydrocarbon Technologies Ltd	Shares received	925000	14
19 December 2007	Hydrocarbon Technologies Ltd	Disposal	200000	13
9 January 2008	Hydrocarbon Technologies Ltd	Disposal	200000	31
15 January 2008	Hydrocarbon Technologies Ltd	Disposal	113600	22
29 January 2008	HJ Resources Limited ^(note 2)	Allotment	6,666,667	15
27 February 2008	Hydrocarbon Technologies Ltd ^(note 1)	Disposal	182476	22
10 March 2008	Hydrocarbon Technologies Ltd	Disposal	200000	20
1 April 2008	Hydrocarbon Technologies Ltd	Disposal	200000	20
7 October 2008	HJ Resources Limited	Allotment	150,795	16
			128,552	19
			51,604	49

Notes:

Note 1 – Hydrocarbon Technologies Limited is wholly owned by the Cameron Madi inter Vivos Trust and William Kelleher is the sole director.

Note 2 – H J Resources Limited is wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries.

- 4.21 Save as disclosed in this document no grants of options have been made by VOG during the Disclosure Period.
- 4.22 During the Disclosure Period, there were no dealings for value in VOG Shares by the Bramlin Group.

- 4.23 Save as set out below, during the Disclosure Period, there were no dealings for value in VOG Shares by VOG Directors, their immediate families or their connected persons:

<i>Date</i>	<i>Name</i>	<i>Transaction</i>	<i>Number of VOG Shares</i>	<i>Price (p)</i>
29 January 2008	HJ Resources Ltd ^(Note 1)	Allotment	6,666,667	15
7 October 2008	HJ Resources Ltd	Allotment	150,795	16
			128,552	19
			51,604	49
7 October 2008	The Gallagher Partnership LLP ^(Note 2)	Allotment	31,026	16
			26,449	19
			10,617	49

Notes:

Note 1 – HJ Resources Limited is wholly owned by a discretionary trust of which Kevin Foo and his wife are potential beneficiaries.

Note 2 – Robert Palmer is a member of The Gallagher Partnership LLP.

- 4.24 During the Disclosure Period, no dealings for value in VOG Shares by Strand Partners, financial adviser to VOG, have taken place.
- 4.25 During the Disclosure Period no dealings for value in VOG Shares by Fox-Davies Capital, financial adviser to Bramlin have taken place.

General

- 4.26 Save as disclosed in this paragraph 4 of Part Six of this document, as at the close of business on 11 November 2008 (being the last dealing day prior to the posting of this document), neither VOG, nor any of its subsidiaries, nor the VOG Directors their immediate families, any related trust or connected persons had any arrangement of the kind referred to in paragraph 4.30 below, owned or controlled or (in the case of the VOG Directors, their immediate families, any related trust or connected persons) owned or controlled or is interested in any relevant securities nor has any such person dealt for value therein during the Disclosure Period nor does any such person have any short position in any relevant securities.
- 4.27 Save as disclosed in this paragraph 4 of Part Six of this document, as at the close of business on 11 November 2008 (being the last dealing day prior to the posting of this document), neither Bramlin, nor any of its subsidiaries, nor the Bramlin Directors their immediate families, any related trust or connected persons had any arrangement of the kind referred to in paragraph 4.30 below, owned or controlled or (in the case of the Bramlin Directors, their immediate families, any related trust or connected persons) owned or controlled or is interested in any relevant securities nor has any such person dealt for value therein during the Disclosure Period nor does any such person have any short position in any relevant securities.
- 4.28 Save as disclosed in this paragraph 4 of Part Six of this document, as at the close of business on 11 November 2008 (being the last dealing day prior to the posting of this document), no bank, stockbroker, or financial or professional adviser (other than an exempt market maker) to Bramlin or any member of the Bramlin Group (nor any person controlling, controlled by or under the same control as any such bank, stockbroker, or financial or professional adviser), nor any other member of the Bramlin Group, nor any pension fund or employee benefit trust of Bramlin or any member of the Bramlin Group, nor any person whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) which is controlled by, controls, or is under the same control as Bramlin or any bank, stockbroker, or financial or professional adviser to Bramlin, owned or controlled any relevant securities nor had such person dealt for value therein during the Disclosure Period nor does any such person have any short position in any relevant securities.
- 4.29 Save for the irrevocable undertakings disclosed in paragraph 11 of Part Six of this document, and otherwise disclosed in this document as at 11 November 2008 (being the last dealing day prior to the posting of this document), neither VOG nor any person acting in concert with VOG, for the purposes of the Proposal, nor Bramlin nor any associate of Bramlin had entered into any arrangement in relation to relevant securities.

4.30 For the purposes of this paragraph 4:

“arrangements”	includes any indemnity or option arrangements, and any agreement or understanding formal or informal, or whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing in such securities;
“associate”	means: <ul style="list-style-type: none">(a) subsidiaries and associated companies of Bramlin or VOG (as appropriate) and companies of which any subsidiaries or associated companies are associated companies (“relevant companies”);(b) advisers (including corporate brokers) to Bramlin or VOG or any relevant company covered in (i) above, including persons controlling, controlled by or under the same control as such advisers;(c) the Bramlin Directors or the VOG Directors (as appropriate) and the directors of any relevant company covered in (i) above, (together with in each case their close relatives and related trusts);(d) the pension funds of Bramlin or VOG (as appropriate) or any relevant company covered in (i) above;(e) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 4.30) manages on a discretionary basis, in respect of the relevant investment accounts;(f) an employee benefit trust of Bramlin or VOG (as appropriate) or any relevant company covered in (a) above; and(g) a company having a material trading arrangement with Bramlin or VOG (as appropriate).
“derivative”	includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
“Disclosure Date”	means 11 November 2008, being the latest practicable date prior to the publication of this document; and
“Disclosure Period”	means the period commencing on 24 September 2007 (being the date 12 months prior to the commencement of the Offer Period) and ending on the Disclosure Date;
“relevant securities”	means Bramlin Shares and/or VOG Shares and securities convertible into, or rights to subscribe for, Bramlin Shares and/or VOG Shares, options (including traded options) in respect thereof and derivatives referenced thereto.

4.31 For the purpose of this paragraph 4, ownership of interests of 20 per cent. or more of the equity share capital of a company will make it an associate and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control.

4.32 Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (“Code”), if any person is or becomes “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of VOG or Bramlin, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London

time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes or is declared unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “Offer Period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of VOG or Bramlin, they will be deemed to be a single person for the purpose of Rule 8.3.

- 4.33 Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of VOG or Bramlin by VOG or Bramlin, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction.
- 4.34 A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel’s website at www.thetakeoverpanel.org.uk.
- 4.35 “Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.
- 4.36 Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

5 Bramlin Directors’ service contracts

- 5.1 Set out below are details of the current service contracts and appointment letters of the Bramlin Directors:

Directors’ service contracts and arrangements

- 5.2 Under the terms of an appointment letter dated 21 September 2007 (as varied by a letter dated 8 September 2008), Mr. Kevin Foo was appointed as a non-executive director of Bramlin. Mr. Foo may terminate his appointment with immediate effect by providing Bramlin with written notice. Bramlin may terminate Mr. Foo’s appointment by the provision of six months’ written notice. Under the terms of his appointment Mr. Foo is required to commit one calendar day per month working for Bramlin and receives a basic gross annual salary of £20,000 (additional time above one day per month working for Bramlin shall be charged at £100 per hour). Mr. Foo’s annual salary is comprised of (a) four quarterly instalments of £2,500 paid in cash quarterly in arrears and (b) four quarterly instalments of £2,500 paid quarterly in arrears which Kevin Foo applies to the subscription of Bramlin Shares at the average weighted mid-market price of Bramlin Shares in the preceding quarter.
- 5.3 **Marlake Limited** – Under the terms of a consultancy agreement dated 25 May 2007 between Bramlin and Marlake Limited (“Marlake”), as varied by a letter dated 8 September 2008, Marlake provides certain services to Bramlin including the procurement of the services of Mr Colin Manderson as a consultant providing the services of a non-executive director to Bramlin for at least one day per month. The agreement will continue until terminated by Bramlin upon six months’ written notice to Marlake or by Marlake with immediate effect upon written notice to Bramlin. Under the agreement Marlake receives a basic gross fee of £20,000 per annum (any additional time above one day per month shall be charged at £100 per hour). This annual fee is comprised of (a) four quarterly instalments of £2,500 paid quarterly in arrears and (b) four quarterly instalments of £2,500 paid quarterly in arrears which Marlake applies to the subscription of Bramlin Shares at the average weighted mid-market price of Bramlin Shares for the preceding quarter. The consultancy agreement also contains certain confidentiality obligations of Marlake together with an indemnity in favour of Bramlin for any tax liability arising from or made in connection with the performance of the services by Marlake where such recovery is not prohibited by law and any liability for any employment related claim based on worker status brought by Mr. Manderson.
- 5.4 **Entepen Consulting Limited** – Under the terms of a consultancy agreement between Bramlin and Entepen Consulting Limited (“Entepen”), as varied by letter dated 8 September 2008, Entepen provides certain services to Bramlin including the procurement of the services of Mr. Alan Thomas as the executive finance director of Bramlin with effect from 1 January

2008, for a minimum time commitment by Mr Thomas of one day per week (any additional time above one day per week shall be charged at £100 per hour). The agreement will continue until terminated by Bramlin upon twelve months' written notice to Entepen or by Entepen on six months written notice. Under the agreement, Entepen is entitled to a fee of £60,000 to be satisfied by an amount of £50,000 in cash payable in equal quarterly instalments in arrears together with the sum of £2,500 payable on a quarterly basis provided that Entepen applies such fee to the subscription of Bramlin Shares at the average weighted mid-market price for the preceding quarter. The consultancy agreement also contains certain confidentiality obligations of Entepen together with an indemnity in favour of Bramlin for any tax liability arising from or made in connection with the performance of the services by Entepen where such recovery is not prohibited by law and any liability for any employment related claim based on worker status brought by Mr Thomas.

- 5.5 **Sigma Exploration Limited** – Under the terms of a consultancy agreement dated 24 January 2008 between Bramlin and Sigma Exploration Limited (“Sigma”) (as amended by a side letter dated 8 September 2008), Sigma provides certain services to Bramlin including the procurement of the services of Mr. John Killer as a consultant providing the services of a non-executive director for at least one day per month. The agreement will continue until terminated by Bramlin upon six months' written notice to Sigma or by Sigma with immediate effect upon written notice. Under the agreement Sigma shall be entitled to a basic gross fee of £20,000 per annum (any additional time above one day per month shall be charged at £100 per hour) to be satisfied by an amount of £10,000 in cash payable in equal quarterly instalments in arrears together with the sum of £2,500 payable on a quarterly basis provided that Sigma applies such fee to the subscription of Bramlin Shares at the average weighted mid-market price for the preceding quarter. The consultancy agreement also contains certain confidentiality obligations of Sigma together with an indemnity in favour of Bramlin for any tax liability arising from or made in connection with the performance of the services by Sigma where such recovery is not prohibited by law and any liability for any employment related claim based on worker status brought by Mr Killer.
- 5.6 **Jim Ford** – By a service agreement dated 20 November 2007 (as amended by a side letter dated 8 September 2008) Jim Ford is appointed (on a full-time basis save for certain other agreed work commitments) as Chief Executive Officer of Bramlin until terminated by Bramlin giving to Mr. Ford 12 months' written notice or by Mr. Ford giving to Bramlin six months' written notice. Under the agreement, Mr. Ford will be paid a salary at the rate of £130,000 per annum and will receive a cash bonus of £60,000 and 1,250,000 new Bramlin Shares on the grant to Bramlin of an Exploitation Authorisation. Mr Ford's service agreement contains post-termination obligations and restrictions commensurate with his position as Chief Executive Officer of Bramlin.
- 5.7 **Ernest Miller** – By a service agreement dated 14 November 2007 (as amended by a side letter dated 8 September 2008) Ernest Miller is appointed as Bramlin's full time Commercial Director until terminated by Bramlin giving to Mr. Miller twelve months notice or by Mr. Miller giving to Bramlin six months notice. Under the agreement, Mr. Miller is paid a salary of £120,000 per annum and will receive a cash bonus of £50,000 and 1,000,000 new Bramlin Shares on the grant to Bramlin of an Exploitation Authorisation. Mr Miller's service agreement contains post-termination obligations and restrictions commensurate with his position as Commercial Director of Bramlin.
- 5.8 **Hydrocarbons Technologies Limited** – By a consultancy agreement dated 20 November 2007 between Bramlin and Hydrocarbons Technologies Ltd (“HTL”), HTL provides certain services to Bramlin including the procurement of the services of Mr William Kelleher as a consultant providing the services of a non-executive director to Bramlin for an average one day per month. The agreement will continue until terminated by Bramlin upon six months' written notice to HTL or by HTL with immediate effect upon written notice. Under the agreement HTL shall be entitled to a basic gross fee of £20,000 per annum (any additional time above one day per month shall be charged at £100 per hour). This annual fee is comprised of four quarterly instalments of £5,000 paid quarterly in arrears. On completion of Bramlin's first acquisition (following the acquisition of RDL) Hydrocarbons shall receive a £25,000 bonus which it must apply to the subscription of new Bramlin Shares. The consultancy agreement also contains certain confidentiality obligations of HTL together with

an indemnity in favour of Bramlin for any tax liability arising from or made in connection with the performance of the services by HTL where such recovery is not prohibited by law and any liability for any employment related claim based on worker status brought by Mr Kelleher.

Arrangements if Scheme Approved

- 5.9 Pursuant to letters of variation dated 11 November 2008 between Bramlin and each of Marlake Limited, Entepen Consulting Limited, Sigma Exploration Limited and Kevin Foo, subject to the Scheme being approved, it was agreed that the obligation upon each of the respective parties to apply £10,000 per annum of their respective fees to subscribe for new ordinary shares in Bramlin shall, with effect from 1 October 2008, cease.
- 5.10 Subject to the Scheme becoming effective in accordance with its terms, Mr. Ford and Mr. Miller have waived their right to receive new Bramlin Shares under their respective service agreements pursuant to the terms of the Bonus Shares Deed. Full details of the terms of the Bonus Shares Deed are set out at paragraph 8.12 of this Part Six of the document. Save as disclosed in this paragraph 5, there are no service contracts or letters of appointment between Bramlin or any of its subsidiaries and any Bramlin Director that have more than twelve months to run or provide for any additional remuneration and no such contract or letter has been entered into or amended within the six months preceding the date of this document.

6 Financial information relating to VOG

- 6.1 Financial information relating to VOG for the three year period ended 31 May 2008 is contained in Part Four of this document.

7 Financial information relating to Bramlin

- 7.1 Financial information relating to Bramlin for the period from its date of incorporation and ending 31 December 2007 is contained in Part Five of this document. A copy of the unaudited interim report for the six months ended 30 June 2008 is also set out in Part Five of this document.

8 VOG Material contracts

- 8.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the VOG Group within the two years preceding the date of the commencement of the Offer Period and are or may be material or have been entered into at any time by members of the VOG Group and contain provisions under which a member of the VOG Group has an obligation or entitlement which is, or may be, material in the context of the VOG Group as at the date of this document:
- 8.2 On 21 December 2007, VOG agreed an agreement to place 101,666,667 new shares with investors including 80,000,000 to Noor Petroleum Limited – a consortium of United Arab Emirates investors arranged by Noor Capital PSC. The placing was completed on 1 February 2008 at which time VOG issued \$2 million of a total \$10 million unsecured convertible loan notes due 2012 to Noor Petroleum. The notes carry interest of 2.5 per cent. per annum and are convertible into VOG shares at 16.5p, although VOG anticipates that the conversion price may be adjusted to reflect the market price of the VOG Share at the time of drawdown.
- 8.3 In October 2008, VOG signed an option agreement for the acquisition of 100 per cent. of the share capital of Falcon for a payment of \$377,623. The option gives VOG exclusivity to acquire Falcon for 12 months and the option payment is repayable should no transaction occur during the option period with interest of 2 per cent. over the Barclays Bank Plc base rate. The final acquisition price will be determined based on an evaluation to be conducted by an independent technical expert, but will be no more than \$12.5 million. The consideration will be payable in cash and VOG Shares.
- 8.4 On 12 March 2007, VOG entered into a loan agreement with Millennium Projects Limited (“**Millennium**”) whereby Millennium provided an unsecured loan of up to £3,000,000. The loan carried interest of 1 per cent. per month on the maximum outstanding at any time of that month.

- 8.5 Pursuant to a claim filed on in October 2007 in a Russian court by ZAO Russian Energy Reserve (“**RER**”) against VOG’s subsidiary ZAO SeverGas-Invest for unpaid interest on an outstanding loan, VOG entered into a settlement agreement dated 6 May 2008 with RER, and Vladamir Borodkin.
- 8.6 On 28 March 2008, VOG signed a contract with GeoDynamics for the acquisition of a passive seismic survey over the company’s Kemerkol licence area. The total contract value is €770,000 excluding cost of air-freight of equipment.

Heads of Terms between VOG and Bramlin

- 8.7 Heads of terms between Bramlin and VOG in relation to the Scheme were signed on 19 September 2008, and the outline terms of the offer set out in the heads of terms are incorporated in full in the Scheme. The heads of terms contain binding terms on general matters, under the jurisdiction of Guernsey on parties’ costs (whereby each of the parties undertook to bear its own costs), publicity (whereby neither party will disclose its interest in the offer without the express written permission of the other) and non-solicitation (where the Independent Bramlin Directors agreed that in the event that Bramlin breaches the non-solicitation clause, Bramlin will pay VOG’s costs in relation to the proposed transaction, up to a maximum of one per cent. (1%) of the value of the Offer (subject to the approval of the Panel). Under the heads of terms, for a period of 90 days from the date thereof neither Bramlin, its subsidiaries, their directors or any person on their behalf would make, solicit or initiate the submission of any proposals or offers of any person or entity for the acquisition of any shares in Bramlin, any of its subsidiaries or any assets or business of either Bramlin or its subsidiaries.

Loan agreement between VOG and Bramlin

- 8.8 Pursuant to a loan agreement dated 19 September 2008, VOG advanced to Bramlin a loan of US\$5,000,000 (five million US dollars) on a secured basis for the purpose of financing the Logbaba Field and for general working capital. The loan is repayable on 30 June 2009, bears interest at the monthly rate of 1.5 per cent. per calendar month on the maximum amount advanced for each month or part thereof, and this interest is payable when the loan is repaid, and if the loan is not repaid when due, it will bear interest at 3 per cent. for each month or part of a month that funds were advanced. Further VOG is entitled to participate in any offer or issue by Bramlin of shares, bonds, commercial papers, debentures and notes made by Bramlin during the term of the loan. Under the loan agreement Bramlin is required to repay the loan on the occurrence of the following events:

- Bramlin or any subsidiary of it receives any financing greater than £1 million other than from VOG during the term of the loan;
- a person or group of connected persons other than VOG becomes entitled to 20per cent. or greater of the issued ordinary share capital of Bramlin;
- a transfer by any Bramlin Shareholder that holds 15 per cent. or more in nominal value of the issued ordinary share capital of Bramlin is made to a person or group of connected persons other than VOG without its prior written consent;
- the announcement of a transaction, recommended by the Bramlin Board, which may result in a change of control (as defined by the City Code) of Bramlin or the disposal of more than 24.9 per cent. of the share capital of RDL or the value of Bramlin’s interest in the Logbaba Field; or
- an event of default under the loan agreement, insolvency on the part of Bramlin or its ceasing to carry on business.

- 8.9 The loan agreement is governed by the laws of England and Wales and the courts of that jurisdiction have exclusive jurisdiction to determine any dispute in connection with the loan agreement.

Charge of shares in RDL by Bramlin in favour of VOG

- 8.10 On 19 September 2008 Bramlin charged all the shares in issue in RDL to VOG as continuing security for all its obligations present and future under the loan agreement. The charge contains normal warranties by a chargor in the position of Bramlin. It provides for a deposit of the share certificates with transfer forms signed in blank with VOG and provides that VOG shall not be liable for any loss upon realisation or any failure to enforce any interest in

respect of the shares charged. If any amount becomes due under the loan VOG is entitled to immediately enforce its security constituted by the charge and to exercise the power of sale contained in the charge. During the period before an event of default, VOG is entitled to retain any dividends paid on the shares, but Bramlin may exercise voting and other rights thereon provided that on any matter affecting the value of the shares it shall do so in accordance with the reasonable instructions of VOG.

Deeds of Novation, Waiver and Undertaking

- 8.11 On 11 November 2008 Bramlin, Strand Partners and VOG signed the Strand Deed. Under the terms of the Strand Deed, subject to the terms of the Scheme being approved, from the Effective Date, Strand Partners' entitlement to the Bramlin Warrants shall be novated, and Strand Partners shall receive the New VOG Warrants. The New VOG Warrants shall have an exercise price of 15.15 pence and can be exercised at any time up until 10 December 2012.
- 8.12 On 11 November 2008 Bramlin, Jim Ford, Ernest Miller, Robert Hull, Rosemont International Limited and VOG signed the Bonus Shares Deed. Under the terms of the Bonus Shares Deed, subject to the terms of the Scheme being approved, from the Effective Date, Jim Ford, Ernest Miller, Robert Hull and Rosemont International Limited waive their right under their respective service and consultancy agreements, to receive the Deferred Bonus Shares, and VOG undertakes to issue and allot, on the grant of an Exploitation Authorisation, the Deferred VOG Bonus Shares. To the extent that the allotment and issue of the Deferred VOG Bonus Shares would otherwise cause a mandatory bid under the City Code, VOG will allot and issue the maximum number of Deferred VOG Shares to the relevant parties without causing a mandatory bid and, at VOG's sole discretion, either delay the allotment until such time that it will not cause a mandatory bid; or make a cash payment, in lieu of such entitlement.
- 8.13 On 11 November 2008 Bramlin, Archidona Minerales S.A., HJ Resources Limited, Hydrocarbons Technologies Ltd, Ernest Miller, RSM, Rosemont International Limited, Robert Hull, Francois Nguene, and VOG signed the Deferred Shares Deed. Under the terms of the Deferred Shares Deed, subject to the terms of the Scheme being approved, from the Effective Date, the parties entitled to receive the Deferred Consideration Shares waive their right, and VOG undertakes to issue and allot, on the grant of an Exploitation Authorisation, the Deferred VOG Consideration Shares to the respective parties in accordance with their *pro rata* entitlement under the RDL Acquisition Agreement.

To the extent that the allotment and issue of the Deferred VOG Consideration Shares would otherwise cause a mandatory bid under the City Code, VOG will allot and issue the maximum number of Deferred VOG Consideration Shares to the relevant parties without causing a mandatory bid and, at VOG's sole discretion either delay the allotment until such time that it will not cause a mandatory bid; or make a cash payment in lieu of such entitlement.

Lock-in Agreements

- 8.14 On 11 November 2008, VOG, Strand Partners, Jefferies, each of the Bramlin Directors, key personnel and other significant Bramlin Shareholders (other than Hydrocarbons Technologies Ltd and William Kelleher) (the "**Locked-in Parties**"), who in total will hold 9.91 per cent. of the Enlarged VOG Share Capital executed lock-in deeds. Following the Scheme being approved in accordance with its terms, each of the Locked-in Parties have, subject to certain exceptions, undertaken that they shall not at any time prior to the first anniversary of the date of Admission, without the prior written consent of VOG and, Strand Partners, dispose of any of the new VOG Shares acquired pursuant to the Scheme in which they are interested and any VOG Shares issued to them within the twelve month period following the date of Admission. These lock-in deeds also contain orderly market provisions which prevent any of the foregoing from disposing of any interests in such new VOG Shares except through Jefferies or through VOG's brokers from time to time for an additional period of six months.
- 8.15 On 11 November 2008, VOG, Strand Partners, Jefferies, Hydrocarbons Technologies Ltd and William Kelleher (the "**WK Locked-in Parties**"), who in total will hold 7.9 per cent. of the Enlarged VOG Share Capital executed a lock-in deed. Following the Scheme being approved in accordance with its terms, each of the WK Locked-in Parties have, subject to certain exceptions, undertaken that they shall not at any time during the six month period

commencing on the date of Admission, without the prior written consent of VOG and Strand Partners, dispose of any of the new VOG Shares acquired pursuant to the Scheme in which they are interested and any VOG Shares issued to them within the six month period following the date of Admission. The lock-in deed also contain orderly market provisions which prevent the WK Locked-in Parties from disposing of any interests in certain VOG Shares except through Jefferies or through VOG's brokers from time to time for an additional period of twelve months.

9 Bramlin Material Contracts

9.1 The following material contracts, (not being contracts entered into in the ordinary course of business), have been entered into by members of the Bramlin Group within the two years preceding the date of the commencement of the Offer Period and subsequently between the commencement of the Offer Period and the date of this document and are or may be material or contain provisions under which a member of the Bramlin Group has an obligation or entitlement which is, or may be, material in the context of the Bramlin Group as at the date of this document:

RDL Acquisition Agreement

9.2 Under an acquisition agreement dated 21 November 2007 (the "**RDL Acquisition Agreement**") between Bramlin and the RDL Vendors Bramlin acquired the entire issued share capital of RDL (the "**RDL Acquisition**"). A 'Change of Control Acknowledgement' from the Cameroon Ministry of Industry, Mines and Technological Development was received by Bramlin on 21 November 2007.

9.3 As consideration for the RDL Acquisition Bramlin issued the RDL Consideration Shares (to the RDL Vendors certain other persons and entities), and paid a cash sum of US\$300,000 to the RDL Vendors.

9.4 Under the RDL Acquisition Agreement, the Deferred Consideration Shares are issued to certain of the RDL Vendors and certain other parties on the grant to Bramlin (or a subsidiary of Bramlin) of an Exploitation Authorisation (as holder or co-holder). The Deferred Consideration Shares will be issued if, within 18 months of the RDL Acquisition, an Exploitation Authorisation of an express initial term of at least 30 years and on terms substantially consistent with the terms of the concession is granted. Under the RDL Acquisition Agreement, if an Exploitation Authorisation is granted for an express initial term of less than 30 years, the Deferred Consideration Shares shall be adjusted proportionate to the reduction in value of the Exploitation Authorisation. The rights and obligations of the parties in respect of the Deferred Consideration Shares under the RDL Acquisition Agreement have, from the Effective Date, been waived by the respective parties to the Deferred Shares Deed, with the rights of the relevant RDL Vendors to receive further shares on the grant of the Exploitation Authorisation, a right from the Effective Date to receive new shares in VOG. For further details of the Deferred Shares Deed please see paragraph 8.13 of Part Six of this document.

9.5 The RDL Acquisition Agreement contains restrictions on, and warranties from, the RDL Vendors as appropriate for an acquisition of this nature.

9.6 As part of the RDL Acquisition transaction structure, between the date of the RDL Acquisition Agreement and completion of the RDL Acquisition Bramlin provided RDL with finance (in the form of promissory loans). The balance of any loans between Bramlin and RDL is now contained in the Bramlin financial information at Part Five of this document and constitutes an intra-group loan for accounting purposes.

Heads of Terms between VOG and Bramlin

9.7 Please see summary at paragraph 8.7 of this Part Six of the document.

Loan Agreement between VOG and Bramlin

9.8 Please see summary at paragraph 8.8 of this Part Six of the document.

Charge of shares in RDL by Bramlin in favour of VOG

9.9 Please see summary at paragraph 8.10 of this Part Six of the document.

Corporate Adviser Agreement

- 9.10 Under an engagement letter dated 10 October 2008 Bramlin engaged Fox-Davies Capital to act as Bramlin's financial adviser under Rule 3 of the City Code on Takeovers and Mergers. Under the agreement Bramlin has agreed to pay the following fees (plus any applicable VAT, or any other tax and disbursements excluding the costs of legal counsel of Fox-Davies Capital in connection with the Proposal):
- (a) an initial engagement letter signing on fee of £20,000;
 - (b) a monthly work fee of £20,000 payable for a maximum of two months and commencing on 10 October 2008; and
 - (c) immediately following public announcement of acceptance of the Proposal to the transfer of all the issued share capital of Bramlin of a success fee of £15,000.
- 9.11 The terms and conditions of the Fox-Davies Capital engagement include, save in limited exceptions, a limitation of its aggregate liability to Bramlin and its investors for gross negligence and material breach to the aggregate of the fees paid to it pursuant to its engagement.
- 9.12 Obligations normal to a Rule 3 adviser's agreement are imposed on Fox-Davies Capital and on Bramlin.
- 9.13 The engagement may be terminated by Fox-Davies Capital immediately by written notice of any material breach of the agreement by Bramlin. Bramlin may terminate the agreement by giving one month's written notice, only once negotiations for the acquisition of its share capital are terminated or the acquisition of its share capital occurs.

Bramlin Nomad Agreement

- 9.14 Under an engagement letter dated 9 October 2008, Zimmerman Adams agreed to act as Bramlin's nominated adviser. Under the agreement Bramlin has agreed to pay a fee of £50,000 per annum (plus any applicable VAT and other tax charges and disbursements).
- 9.15 The terms and conditions of the engagement include a limitation of its aggregate liability to Bramlin and its investors for gross negligence and material breach to the greater of £300,000 and the aggregate fees and net commissions paid to Zimmerman Adams pursuant to its engagement as NOMAD. All other liabilities of Zimmerman Adams, save those arising from fraud or material breach of the FSA regulatory system, are specifically excluded.
- 9.16 Obligations normal to a NOMAD agreement are imposed on Zimmerman Adams and also Bramlin.
- 9.17 The engagement may be terminated by the other party, on grounds of an unremedied material breach, or by giving one month's written notice, but such notice may not take effect before 9 February 2009.
- 9.18 The Agreement is governed by the laws of England and Wales and the parties have submitted to the exclusive jurisdiction of the English Courts.

Bramlin Broker Agreement

- 9.19 A broker agreement dated 7 November 2008 was entered into by Bramlin (1) and Fox-Davies Capital Limited (2) under which Fox-Davies Capital Limited agreed to act as broker to Bramlin. The agreement is terminable on one month's written notice given by either party to the other. Under the broker agreement Bramlin has agreed to pay Fox-Davies Capital a quarterly fee of £5,000 payable in advance.

Strand Warrant Instrument

- 9.20 A warrant instrument was adopted by Bramlin on 21 November 2007 granting Strand Partners the right to subscribe, at 18.5p, for 700,000 Bramlin Shares. The Bramlin Warrants were to be exercised at any time during the five years from 11 December 2007. Strand, Bramlin and VOG have agreed the terms of the New VOG Warrants which shall replace entirely the Bramlin Warrants. The terms of the New VOG Warrants are summarised at paragraph 8.11 of this Part Six .

Promissory loan note with Rodeo Resources LP

9.21 By a loan note dated 11 December 2007 Bramlin, RDL and Rodeo Resources LP agreed that Bramlin would repay to Rodeo Resources LP the sum of \$331,000, being a sum loaned to RDL by Rodeo Resources LP prior to the acquisition of RDL by Bramlin, on the date on which Bramlin is entitled to receive the net proceeds of its first equity fundraising pursuant to a private placing, rights issue or public offer of any description by the Bramlin.

10 RDL Group

Concession Contract

- 10.1 On 31 May 2001, Cameroon (represented by the Ministry of Industry, Mines and Technological Development and by the Executive-General Manager of SNH) and RSM entered into the Concession. The Concession sets out the rights and obligations of all parties in relation to the exploration and exploitation of hydrocarbons within the Logbaba Field.
- 10.2 Pursuant to the Deed of Assignment RDL became a party to the Concession. Under Article 27 of the Concession, RDL and RSM are jointly liable for the obligations under the Concession (excluding the tax obligations under Article 14).
- 10.3 The term of the Concession consisted of an exploration phase of up to three 2-year exploration authorisations. The final two year period under the Concession expired on 19 August 2008. In accordance with Article 28(5) of the Petroleum Code by Letter of Extension dated 18 July 2008 the Ministry confirmed that the exploration authorisation under the Concession would be extended until 19 February 2009. If approved, the Scheme may constitute a change of control of RDL for the purposes of the Petroleum Code. Subject to approval of the Scheme at the Court Meeting, it is intended that as soon as reasonably practicable after the Court Meeting but prior to the Effective Date, the Ministry will be notified by Bramlin and a sufficient acknowledgement expected from the Ministry that constitutes, under Cameroon law, effective consent to the potential change of control resulting from the implementation of the Scheme.
- 10.4 The Concession establishes an operating committee which is responsible for the supervision of the petroleum operations. The Concession Parties, taken together, and SNH each have one vote on the Committee and decisions must be approved unanimously in order to be effective. During the exploration phase RSM must perform a minimum work programme which is intended to mirror the minimum work programme set out in the exploration authorisation.
- 10.5 The Concession Parties' rights, obligations and powers in relation to the Concession include: (a) preparation and submission of the work programmes and budgets to enable the operating committee to make its decisions; (b) the obligation to supply Cameroon with information relevant to the petroleum operations; (c) the right, during the term of the Concession to dispose of and to freely export, without having to post a bond or a guarantee, its share of the hydrocarbons production; (d) applying for and obtaining, within the framework of the current legislation, all rights governing the utilisation of radio frequencies and other means of communication, all travel, land housing for personnel, equipment for reception of freight and equipment which the Concession Parties may need in order to carry out the petroleum operations.
- 10.6 Pursuant to the Concession the Concession Parties indemnify and holds Cameroon harmless against any claims, losses and damages of any kind, which may have been caused by, or are the result of, a petroleum operation. However, the Concession Parties shall not be liable to Cameroon for any loss of production or failure to make a profit or for damage to the reservoirs.
- 10.7 The Concession Parties must pay to Cameroon a royalty of eight per cent. for all levels of gas production. Cameroon can elect to receive this in kind or in cash.
- 10.8 The statutory additional petroleum levy is not applicable under the Concession. However, the Concession Parties are required to pay Cameroon production bonuses, as follows: (a) US\$500,000 for reaching an average of at least 500,000 cubic metres per day for a period of 60 consecutive days or reaching a cumulative production of 365,000,000 cubic metres, whichever first occurs; and (b) US\$1,000,000 for reaching an average of at least 1,000,000 cubic metres per day for a period of 60 consecutive days or reaching as cumulative production of 730,000,000 cubic metres, whichever occurs first.

- 10.9 The net profit that the Concession Parties realise from all of its Cameroon petroleum operations are subject to a 38.5 per cent. company tax.
- 10.10 The Concession Parties must comply with Cameroonian law pertaining to granting preference to Cameroonian enterprises for construction contracts, supply contracts and service contracts. The Concession Parties must make available to Cameroon an annual budget (of US\$15,000 during the exploration phase, and US\$25,000 during the exploitation phase) to fund the professional training of Cameroonian nationals of all skill levels working in the petroleum sector.
- 10.11 Cameroon has the option to take a five per cent. participating interest in the petroleum operations and corresponding Exploitation Authorisations. If it exercises this option, the parties are required to enter into a participation agreement, the form of which is attached as an annex to the Concession.
- 10.12 The Concession is governed by Cameroonian law.

Exploration Authorisation

- 10.13 In order to carry out prospecting operations for oil and gas in Cameroon, an Exploration Authorisation is required. Exploration Authorisations also contain obligations on the holder to carry out certain works, such as the drilling of wells. Following the execution of the Concession, the Concession Parties were granted an Exploration Authorisation by the Minister.
- 10.14 As stated in paragraph 10.3 of this Part Six of the document the Exploration Authorisation has been extended by the Letter of Extension beyond the period set out in the Concession in order to allow the Concession Parties to complete their obligations under the Exploration Authorisation
- 10.15 Under the Exploration Authorisation the Concession Parties have the right to carry on prospecting operations for hydrocarbons in the Logbaba Field and are also under an obligation to carry out certain minimum work obligations. These minimum obligations comprise the commissioning of an environmental impact study, the re-drilling of wells "LA 101" and "LA 104" (including perforation and acidification to allow for flow tests, production of natural gas and condensate and the separation of hydrocarbons) and the construction of a 13km pipeline from the wellheads to the Bonaberi cement factory and the connection of other industries along the route.
- 10.16 The Exploration Authorisation also contains minimum expenditure obligations. Under Article 5 of the Exploration Authorisation, the holder is required to incur a minimum financial commitment of USD\$13.2 million. Under Article 6 of the Exploration Authorisation the minimum expenditure obligation is said to be automatically complied with if the holder satisfies the minimum work obligations (as described above) within the licence period, regardless of how much expenditure was incurred in completing those minimum work obligations.
- 10.17 It should be noted that the Exploration Authorisation does not give the holder the right to conduct production or other exploitation activities in respect of any oil and gas it discovers within the Logbaba Field. In order to do so the Concession Parties would need to apply for, and be granted, an Exploitation Authorisation.

Farm-in Agreement

- 10.18 On 6 December 2005, RSM and RDL entered into the Farm-in Agreement. Prior to entering into the Farm-in Agreement, RSM held 100 per cent. of the rights and obligations under the Concession. The Farm-in Agreement sets out the basic principles under which RDL agreed to acquire 60 per cent. of RSM's participating interest under the Concession. The assignment of the 60 per cent. interest to RDL was subject to the approval of the government of Cameroon. In order to facilitate the assignment under Cameroonian law the Deed of Assignment was entered into. Government approval to the assignment was given on 29 November 2006.
- 10.19 In consideration for receiving the Logbaba Participating Interest RDL agreed to perform and pay for certain work commitments arising under the Concession. This consisted of re-entering or twinning and re-completing wells LA-101 and LA-103 that had previously been drilled by Elf Aquitaine in the Logbaba Field. In addition, RDL had the option to elect to perform

optional work commitments, which consist of: (a) re-entering and deepening well LA-102 by a further 175 metres and completing or drilling a twin well to a depth of 175 metres below the existing total depth of well LA-102; and (b) re-entering and completing well LA-104.

- 10.20 In order to define the parties' respective rights and obligations under the Concession, the Concession Parties agreed to enter into the Logbaba Operating Agreement under which RDL has been appointed as operator. Further details are contained in paragraphs 10.25 to 10.32 of this Part Six.
- 10.21 In accordance with agreed accounting procedures, for carrying out the work obligations, RDL is entitled to recover one hundred per cent. of its costs incurred from the initial work commitments (and optional work commitments, if applicable) from one hundred per cent. of the production of wells LA-101 and LA-103 (and LA-102 and LA-104, if applicable) until "Payout". Until Payout has occurred, RDL is obliged to pay RSM an overriding royalty of two per cent. of total production proportionately reduced to RSM's forty per cent. participating interest. When Payout occurs, RSM is no longer entitled to the overriding royalty. Instead, each party is entitled to receive its full participating interest share of all production from the Logbaba Field. However, if RDL carries out both the initial and the optional work commitments, RSM is also entitled to receive, after Payout, the next US\$800,000 from one hundred per cent. of the production attributable to the four wells.
- 10.22 The parties to the Farm-in Agreement recognise that their participating interests are subject to a reduction of five per cent. in favour of the Republic of Cameroon taking a stake.
- 10.23 The Farm-in Agreement is governed by the law of the State of Texas (subject to any applicable conflict of law principles).

Deed of Assignment

- 10.24 In order for the assignment under the Farm-in Agreement to be effective under Cameroonian law, RSM and RDL entered into the Deed of Assignment, which was approved by the Republic of Cameroon on 29 November 2006. It should be noted that the Deed of Assignment contained a drafting error indicating that the assignment of the Logbaba Participating Interest in the Concession was made to RRI instead of RDL. This was not the intention of RSM, RDL, RRI or the Republic of Cameroon. Therefore, on 7 June 2007, the Ministry confirmed in writing that RDL held a sixty per cent. participating interest, and that RDL was the operator for the purposes of the exploration activities.

Logbaba Operating Agreement

- 10.25 On 6 December 2005, RSM and RDL entered into the Logbaba Operating Agreement. The Logbaba Operating Agreement sets out the rights and obligations of the parties in relation to the Concession including those concerning the joint exploration, appraisal, development, production and disposition of hydrocarbons from the contact area.
- 10.26 Under the Logbaba Operating Agreement, RDL is appointed as the operator ("**Operator**"). The main function of the Operator is to carry out the joint operations. This effectively means that it is tasked with ensuring that the minimum work commitments set out in the Exploration Authorisation are completed. The Operator must also keep the non-Operator (currently RSM) updated on the progress of the joint operations, such as supplying it with data and reports, including logs, surveys, drilling and well performance reports and other analyses.
- 10.27 Under Article 5 of the Logbaba Operating Agreement, an operating committee (Operating Committee) is established, constituted by a representative of each party each holding one vote. The Operating Committee has the power and duty to authorise and supervise such joint operations as are necessary to properly explore and exploit the Logbaba Field. It also approves the work programs and budgets (which the Operator is under an obligation to prepare). All decisions by the Operating Committee must be decided by the affirmative vote of two or more parties which are not affiliates then having collectively at least sixty-five per cent. of participating interests.
- 10.28 The Operator is required to maintain accounts in respect of the joint operations (Joint Account). Generally, the expenses incurred by the Operator in connection with Joint Operations is charged to the Joint Account and is shared by the parties in accordance with their respective participating interests (likewise any credits to the Joint Account are shared in accordance with the parties' respective participating interests). If a party to the Operating Agreement fails to pay its share of the Joint Account expenses or obtain and maintain any

security required of it under the Concession or the Operating Agreement, it will be in default and for the period of default it will suffer an extensive restriction of its rights under the Operating Agreement (for example, a loss of voting rights and a loss of the right to receive any hydrocarbons produced from the wells). In the case of repeat defaults and defaults extending over thirty days, possible consequences include a right to call on the defaulting party's security and a right to require the defaulting party to withdraw from the Operating Agreement.

- 10.29 Under Article 9 each Party is entitled to own, take in kind and separately dispose of its share of hydrocarbons produced within the Logbaba Field. In preparation for doing so the parties are required to negotiate in good faith (at least three months prior to the first anticipated delivery of crude oil) a lifting agreement to agree the terms for offtaking the crude oil produced.
- 10.30 The Operating Agreement also contains provisions relating to: (a) sole risk operations, which are joint operations that only one party elects to pursue (and in doing so bears the risk and costs, but is entitled to the benefits); and (b) abandonment of well drilled as part of the joint operations.
- 10.31 Activities that are expressly excluded from the scope of the Operating Agreement are: (1) construction, operation, ownership, maintenance, repair and removal of facilities and transportation of petroleum after the point at which crude oil is delivered to the parties; (2) marketing and sales of petroleum (except in limited circumstances); (3) acquisition of rights to explore for, appraise, develop or produce hydrocarbons outside the Logbaba Field (except following unitisation with an adjoining contract area); and (4) exploration, appraisal, development or production of minerals other than hydrocarbons.
- 10.32 The Operating Agreement is governed by the laws of the State of Texas.

Promissory Loan Notes and subsequent Deed of Amendment

- 10.33 On 15 March 2007 RDL executed a promissory loan note with Former RDL Shareholders. The promissory note (the "**1st Note**") records a loan from the Former RDL Shareholders to RDL for the amount of US\$150,000. A deed of amendment dated 11 December 2007 amends the 1st Note such that repayment of the amount outstanding by RDL does not become due until the first equity fundraising by Bramlin after completion of its acquisition of RDL.
- 10.34 On 1 August 2007 RDL executed a further promissory note with the Former RDL Shareholders (the "**2nd Note**"). The 2nd Note records a loan from the Former RDL Shareholders of RDL of US\$200,000. A deed of amendment dated 11 December 2007 amends the 2nd Note so that repayment of the amount outstanding does not become due until the first equity fundraising after completion.

Bareboat Charter Hire Agreement

- 10.35 RDL entered a 'Bareboat Charter Hire Agreement' dated 10 November 2008 with DALMA Energy LLC ("**DALMA**"), in respect of a DALMA Land Rig #3 (the "**DALMA Agreement**"), for use on the Concession. The DALMA Agreement is for an initial term of 300 days, but RDL has the option to extend this period if desired. Under the DALMA Agreement there is a daily charge of US\$25,000, payable monthly in arrears from the time the rig is fully offloaded from its vessel arriving in Cameroon, until RDL, at its own expense, returns the rig to the port nominated by DALMA in the Middle East (where RDL is also liable for the additional transport loading and offloading from the ship to DALMA's stacking area plus a handling charge of 25per cent.). Within 21 days of the date of the agreement RDL has to pay DALMA a mobilisation fee of US\$3 million (inclusive of transport charges from the port of export in Oman secured for US\$2 million by a standby letter of credit valid until 31 December 2009). The DALMA Agreement contains normal conditions of hire, including an obligation on RDL to maintain the rig in good working order and repair (fair wear and tear only excepted) and to insure the rig in the name of DALMA for the sum of US\$22 million. Rodeo has a right to assign its rights under the DALMA Agreement, subject to the consent of DALMA which may not be unreasonably withheld or delayed. RDL has indemnified DALMA against liability for any taxes in Cameroon associated with the use of the rig there. The DALMA Agreement has no provision for early termination without an event of breach, or winding up of a party and 90 days notice or an attachment of the rig. The DALMA Agreement is governed by the laws of

the United Kingdom and the parties have submitted disputes to arbitration in accordance with the rules of the Oman Chamber of Commerce and Industry, to be held in Oman in the English language.

Contingent Payment Agreement

10.36 On 6 December 2005, RDL and RRI entered into the Contingent Payment Agreement (“CPA”). Under the CPA, it was agreed that after acquiring the Logbaba Participating Interest, RDL would pay RRI a contingent payment of 1.2 per cent. of the value of one hundred per cent. of the oil and gas produced, saved and sold from the area covered by the Concession. The contingent payment is to be paid to RRI at the same frequency that RDL receives payment for its share of production under the Concession (but in any event, at least monthly). If the Concession is pooled or combined with other areas, the oil and gas in relation to contingent payment is to be calculated on a *pro rata* basis relating to the portion of the oil and gas produced from the pooled area.

10.37 It should be noted that the obligation to pay the contingent payment does not depend on RDL actually receiving any payment in relation to its share of the oil and gas produced from the project operations. The payment is also specifically calculated so as not to be proportionately reduced against RDL’s sixty per cent. participating interest.

10.38 The CPA is governed by the law of the State of Texas.

Reserve Bonus Agreement

10.39 On 6 December 2005, RDL and RRI entered into a reserve bonus agreement (the “**Reserve Bonus Agreement**”). Under the Reserve Bonus Agreement, it was agreed that, after acquiring the Logbaba Participating Interest, RDL would pay RRI a reserve bonus of \$500,000 for each one million barrels of oil-equivalent reserves produced up to a maximum payment of \$10,000,000. The reserves which are counted for the purposes of the reserve bonus are those oil equivalent proved, probable and possible reserves which are attributable to the interests of all parties in that part of the Logbaba Field in which RDL retains an interest after completion of the initial work commitment, and if RDL carries out the optional work commitment, all of the Logbaba Field. The reserves are those established by the end of the 4th year after commencement of production. The reserve bonus is to be made in five equal instalments. The first instalment is due and payable 60 days after RDL receives notice from RRI of its calculation determining the amount of the reserve bonus. Each succeeding instalment is due and payable in 365 day intervals following the first payment. Interest on the reserve bonus is six per cent. per annum.

10.40 The Reserve Bonus Agreement is governed by the law of the State of Texas (subject to any applicable conflict of law principles).

Natural Gas Sales Agreements

10.41 RDL entered into a gas sales agreement with Camlait SA on 12 June 2008. Under the terms of the agreement, Camlait SA agrees to purchase natural gas exclusively from RDL for 20 years at a price of \$16/MMBtu. The price escalates with Cameroonian inflation and shall be adjusted if there is any change in the Concession or any change in the rates of royalties, taxes, duties, and other sums legally payable to the Republic of Cameroon in connection with its operation of the Concession. RDL will initiate deliveries of natural gas as and when it is able. There is no minimum or maximum specified volume of gas to be supplied.

10.42 RDL entered into a gas sales agreement with Camlait SA (Ndokoti) on 1 July 2008. Under the terms of the agreement, Camlait SA agrees to purchase natural gas exclusively from RDL for 20 years at a price of \$16/MMBtu. The price escalates with Cameroonian inflation and shall be adjusted if there is any change in the Concession or any change in the rates of royalties, taxes, duties, and other sums legally payable to the Republic of Cameroon in connection with its operation of the Concession. RDL will initiate deliveries of natural gas as and when it is able. There is no minimum or maximum specified volume of gas to be supplied.

10.43 RDL entered into a Gas Sales Agreement with Camlait SA – Departement Plastique (Zone Industrielle Bonaberi) on 1 July 2008. Under the terms of the agreement, Camlait SA agrees to purchase natural gas exclusively from RDL for 20 years at a price of \$16/MMBtu. The price escalates with Cameroonian inflation and shall be adjusted if there is any change in the

Concession or any change in the rates of royalties, taxes, duties, and other sums legally payable to the Republic of Cameroon in connection with its operation of the Concession. RDL will initiate deliveries of natural gas as and when it is able. There is no minimum or maximum specified volume of gas to be supplied.

10.44 RDL entered into a gas sales agreement with CICAM 1 on 2 July 2008. Under the terms of the agreement, CICAM 1 agrees to purchase natural gas exclusively from RDL for 20 years at a price of US\$16/MMBtu. The price escalates with Cameroonian inflation and shall be adjusted if there is any change in the Concession or any change in the rates of royalties, taxes, duties, and other sums legally payable to the Republic of Cameroon in connection with its operation of the Concession. RDL will initiate deliveries of natural gas as and when it is able. There is no minimum or maximum specified volume of gas to be supplied.

10.45 RDL entered into gas sales agreement with CICAM 2 (sis Zone Industrielle Bassa) on 2 July 2008. Under the terms of the agreement, CICAM 2 agrees to purchase natural gas exclusively from RDL for 20 years at a price of \$16/MMBtu. The price escalates with Cameroonian inflation and shall be adjusted if there is any change in the Concession or any change in the rates of royalties, taxes, duties, and other sums legally payable to the Republic of Cameroon in connection with its operation of the Concession. RDL will initiate deliveries of natural gas as and when it is able. There is no minimum or maximum specified volume of gas to be supplied.

11 Irrevocable undertakings

11.1 As at 11 November 2008 (being the last dealing day prior to the posting of this document) irrevocable undertakings to vote in favour of the Scheme Resolution to be proposed in connection with the Proposal have been given by the Bramlin Directors in respect of the following numbers of Bramlin Shares in which they and certain persons connected with them are interested:

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Ernest Miller	3,542,176	2.61
John Killer	980,000	0.72
Colin Manderson	932,281	0.69
Alan Thomas	556,041	0.41

11.2 As at 11 November 2008 (being the last dealing day prior to the posting of this document) irrevocable undertakings to vote in favour of the Scheme Resolution to be proposed in connection with the Proposal have been given by Bramlin Shareholders other than the Bramlin Directors as follows:

<i>Name</i>	<i>Number of Bramlin Shares</i>	<i>Percentage of current issued share capital of Bramlin (%)</i>
Hydrocarbons Technologies Ltd	35,383,688	26.10
Archidona Minerales S.A.	13,005,239	9.59
RSM Production Corporation	22,705,205	16.75
Robert Hull	1,371,714	1.01
Rodeo Resources LP	902,480	0.67
Rosemont International Limited	360,932	0.27

12 Litigation

12.1 In February 2008, a claim was brought against VOG's Kazakh subsidiary, VECA, in the Economic Court of the Atryau Oblast in Kazakhstan by Cypriot company Rasova Enterprises Company Limited. The claim was brought on the basis that the agreement for the transfer of the subsoil use rights for the Kemerkol oil field from the previous licensee, Saga Creek Gold Company LLP, to VECA had been improperly executed. At the time of the transfer, VECA

was beneficially owned by Kazakh national Ms Olga Elefteriadi and legal opinions obtained by VOG confirmed that the transfer had been undertaken correctly. In March 2008, the Economic Court ruled in favour of Rasova Enterprises Company Limited and declared the agreement for the transfer of the subsoil licence to VECA invalid, but did not invalidate the registration of the licence in the name of VECA by the Kazakh Ministry of Energy and Mineral Resources. It is the intention of VOG to submit an appeal against the decision to the Supreme Court for the Republic of Kazakhstan.

- 12.2 Following the decision of the Economic Court, VOG commenced proceedings in the English Courts against Ms Elefteriadi for breach of warranties under the original sale and purchase agreements signed with her in 2005 for the acquisition of Kemerkol. In September 2008, the High Court of Justice gave judgment in default in favour of VOG and a 'Case Management Conference' was convened in November 2008, at which the court gave directions for service of evidence relevant to the determination of issues of final quantum of damages at a hearing to be fixed in due course.
- 12.3 In September 2008, VOG successfully filed for an injunction in the Court of the Queen's Bench in Alberta, Canada against Ms Elefteriadi and Alhambra Resources Ltd, the parent company of Saga Creek Gold Company LLP. The injunction prohibits Ms Elefteriadi or Alhambra Resources from in any way transferring any rights to the Kemerkol licence to any third party. Alhambra is currently appealing the injunction.
- 12.4 Currently VOG is in negotiations with a third party for the provision of specialist legal advisory services for the Supreme Court hearing in Kazakhstan. Under this proposed engagement, should VOG's appeal to the Supreme Court be successful and title to the licence be re-established in favour of VECA, VOG would pay the third party a consultancy fee of up to US\$1.5 million in cash and warrants over 47 million shares in VOG, exercisable within two years of issue at a price of 10p per share. It is proposed that no fees would be payable if the appeal does not succeed. Whilst, as at the date of this document, the proposed engagement has not been agreed, for the purposes of considering the Offer, Bramlin Shareholders should assume that the engagement will proceed on the terms described above.
- 12.5 Save as set out in paragraphs 12.1 to 12.3 above in this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the VOG Group is aware) in which the VOG Group is involved by or against any VOG Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the VOG Group's financial position.
- 12.6 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bramlin Group is aware) in which the Bramlin Group is involved by or against any Bramlin Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Bramlin Group's financial position.

13 Other information

- 13.1 Save as set out in paragraph 5 of Part Six of this document, no proposal exists in connection with the Proposal for any payment or other benefit to be made or given to any Bramlin Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- 13.2 No agreement, arrangement of understanding (including any compensation arrangement) exists between VOG or any person acting in concert with it for the purposes of the Proposal, and any of the directors, recent directors, shareholders or recent shareholders of Bramlin having any connection with or dependence upon, or which is conditional upon the outcome of, the Proposal.
- 13.3 No agreement, arrangement of understanding exists whereby the beneficial ownership of any of the shares to be acquired by VOG pursuant to the Proposal will be transferred to any other person, save that VOG reserves the right to transfer any such shares to any member of the VOG Group.

- 13.4 Neither VOG nor any person acting in concert with it for the purposes of the Proposal, nor Bramlin or any associate of Bramlin has any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of Bramlin or VOG, as the case may be, which may be an inducement to deal or refrain from dealings.
- 13.5 The emoluments and existing rights of the VOG Directors will not be affected by the acquisition of Bramlin.
- 13.6 There has been no material change in the financial or trading position of VOG since 31 May 2008, being the date to which the VOG prepared its last published audited consolidated accounts.
- 13.7 Save as disclosed in this document and in Bramlin's interim results for the six months ended 30 June 2008 there has been no material change in the financial or trading position of Bramlin since 31 December 2007, being the date to which the Bramlin prepared its last published audited consolidated accounts.
- 13.8 Fox-Davies Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of the explanatory statement in Part Two of this document and references herein to its name in the form and context in which they are included.
- 13.9 Zimmerman Adams has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 13.10 Nexia Smith & Williamson Audit Limited has given and has not withdrawn its written consent to the issue of this document with the references herein to its name in the form and context in which they are included.
- 13.11 Strand Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 13.12 Blackwatch has given and has not withdrawn its consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 13.13 GeoDynamics has given and has not withdrawn its consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 13.14 RPS Energy has given and has not withdrawn its consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.

14 Bases and sources of information

- 14.1 In this document:
 - (a) unless otherwise stated, financial information relating to Bramlin has been extracted from the reports and accounts of Bramlin for the period ended 31 December 2007 or from the unaudited interim results for the six months ended 30 June 2008;
 - (b) unless otherwise stated, financial information relating to VOG has been extracted from the reports and accounts of VOG for the period ended 31 May 2007 and 31 May 2008;
 - (c) all prices quoted for Bramlin Shares and premia implied by the Offer price per Bramlin Share are calculated based on Closing Prices and are derived from the Daily Official List;
 - (d) all prices quoted for VOG Shares and premia implied by the Offer price per Bramlin Share are calculated based on Closing Prices and are derived from the Daily Official List;
 - (e) the proportion of the enlarged share capital of VOG to be issued to the Bramlin Shareholders is based on a total of 284,506,801 VOG Shares in issue on 10 November 2008 (according to the records of VOG); and
 - (f) the value placed by the Proposal on the existing issued share capital of Bramlin is based on 135,555,265 Bramlin Shares in issue on 11 November 2008, the latest practicable Business Day prior to the date of posting of this document.

15 Documents on display

15.1 Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) up to and including the Effective Date at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ:

- (a) the memorandum and articles of incorporation of Bramlin;
- (b) the memorandum and articles of association of VOG;
- (c) the audited consolidated accounts of Bramlin for the financial period from its date of incorporation to 31 December 2007;
- (d) the audited consolidated accounts of VOG for the three financial periods ended 31 May 2006, 31 May 2007 and 31 May 2008;
- (e) the unaudited interim results for the six months ended 30 June 2008 for Bramlin, as set out in Part 5 of this document;
- (f) the service agreements and letters of appointment referred to in paragraph 5 above;
- (g) the material contracts referred to in paragraph 8 to 10 of Part Six;
- (h) the irrevocable undertakings to vote in favour of the Proposal referred to in paragraph 10 above;
- (i) the letters of consent referred to in paragraph 13 of this Part Six;
- (j) the Heads of Terms between Bramlin and VOG setting out the proposed terms of the Scheme; and
- (k) this document and the Form of Proxy.

12 November 2008

PART SEVEN
THE SCHEME OF ARRANGEMENT

IN THE MATTER OF BRAMLIN LIMITED

and

IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED)
SCHEME OF ARRANGEMENT

(UNDER SECTION 105 OF THE COMPANIES (GUERNSEY) LAW, 2008)
(AS AMENDED)

between

BRAMLIN LIMITED

and

ITS MEMBERS

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Bramlin Shares”	issued ordinary shares of £0.01 (one pence) each in the capital of the Company but excluding the Excluded Shares;
“certificated” or “in certificated form”	a share or other security not in uncertificated form;
“Company” or “Bramlin”	Bramlin Limited, a company incorporated in Guernsey with registered number 44778;
“Court”	the Royal Court of Guernsey;
“Court Hearing”	the hearing of the petition by the Court to sanction the Scheme under section 110 of the Companies (Guernsey) Law, 2008 (as amended);
“Court Meeting”	the meeting of the holders of Scheme Shares convened by order of the Court pursuant to section 107 of the Companies (Guernsey) Law, 2008 (as amended), to consider and, if thought fit, approve this Scheme, including any adjournment thereof;
“CREST”	the relevant system as defined in the CREST Regulation in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“Euroclear”	Euroclear UK & Ireland Limited;
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including any modifications thereof or any regulations in substitution therefore made under section 207 of the Companies Act 1989 and for the time being in force or CREST Rule 8 (Admission of Guernsey Securities), as applicable;
“Dealing Day”	any day on which banks are generally open in Guernsey and England and Wales for the transaction of business other than a Saturday or

	Sunday or public holiday;
“Effective Date”	the date on which this Scheme becomes effective in accordance with clause 5 of this Scheme;
“Excluded Shares”	any Bramlin Shares beneficially owned by or registered in the name of any member of the VOG Group;
“Hearing Date”	the date of the Court Hearing;
“holder”	includes any person entitled by transmission;
“members”	members of the Company on the register of members at any relevant date;
“Overseas Scheme Shareholders”	Scheme Shareholders whose registered address as at the Scheme Record Date is outside the United Kingdom;
“Scheme” or “Scheme of Arrangement”	this scheme of arrangement under section 105 of the Companies (Guernsey) Law, 2008 (as amended), in its present form or with any modification, addition or condition approved or imposed by the Court;
“Scheme Record Date”	the Business Day immediately preceding the Hearing Date;
“Scheme Record Time”	6.00 pm on the Scheme Record Date;
“Scheme Shareholder”	a person who appears as a holder of Scheme Shares in the register of members of the Company at Scheme Record Time;
“Scheme Shares”	means all the Bramlin Shares: <ul style="list-style-type: none"> (i) in issue at the date of this Scheme; (ii) (if any) issued hereafter and prior to the Voting Record Time;(if any) issued at or after the Voting Record Time and before the Scheme Record Time, on terms that the holder shall be bound by this Scheme or in respect of which the holder shall have agreed in writing by such time to be bound by this Scheme;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	recorded on the relevant register as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST;
“VOG”	Victoria Oil & Gas plc, a public company incorporated in England & Wales with registered number 5139892;
“VOG Ordinary Shares”	ordinary shares of 0.5 pence (£0.005) each in the capital of VOG to be allotted to the Scheme Shareholders under the terms of the Scheme; and
“Voting Record Time”	6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 48 hours before the time set for any such adjourned meeting.

- (B) The authorised share capital of the Company as the date of this Scheme is £5,000,000 divided into 500,000,000 ordinary shares of 1p each, of which as at the date of this document of which this Scheme forms part, 135,368,005 are in issue and are fully paid or credited as fully paid and the remainder are unissued.

- (C) VOG was incorporated on 27 May 2004 as a public limited company in England under the Companies Act 1985 with registered number 5139892. At the date of the Scheme, the authorised share capital of VOG is £2,000,000 divided into 400,000,000 ordinary shares of £0.005 each, of which as at the date of the document of which this Scheme forms part, 284,506,801 are in issue and fully paid or credited as fully paid and the remainder are unissued. VOG intends to increase its authorised share capital prior to the Court Meeting to £4,000,000 divided into 800,000,000 ordinary shares of £0.005 each, at which time, its total unissued share capital will be £2,577,466 divided into 515,493,299 ordinary shares of £0.005 each.
- (D) The purpose of this Scheme is to provide for the transfer of the Scheme Shares in consideration of the allotment by VOG of 1.22 VOG Shares in respect of every one Scheme Share to the Scheme Shareholders.
- (E) VOG has agreed to appear by Counsel on the hearing of the petition to sanction this Scheme, to submit thereto, to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1 Transfer of the Scheme Shares

- 1.2 On the Effective Date, VOG shall acquire the Scheme Shares fully paid, with full title guarantee, free from all liens, equities, charges and encumbrances and other interests and together with all rights at the date of this Scheme or thereafter.
- 1.3 To give effect to the transfer of the Scheme Shares to VOG, any person may be appointed by VOG to execute as transferor an instrument or instruction of transfer of any Scheme Shares and every instrument or instruction of transfer as executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

2 Consideration for the transfer of the Scheme Shares

- 2.1 In consideration for the transfer of the Scheme Shares as provided in clause 1, VOG shall (subject to the provisions of clause 2.2) allot and issue VOG Ordinary Shares, credited as fully paid, to the Scheme Shareholders on the basis of 1.22 VOG Ordinary Shares for every one Scheme Share held by him transferred, provided that fractional entitlements of New VOG Shares will not be allotted or issued to Scheme Shareholders.
- 2.2 The provisions of this Scheme shall take effect subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, the issue of VOG Ordinary Shares pursuant to this Scheme to Overseas Shareholders may only be carried out in full compliance with all applicable laws, rules and regulations of such jurisdictions. If, in respect of any Scheme Shareholder, VOG is advised that the allotment or issue of VOG Ordinary Shares pursuant to clause 2.1 of the Scheme would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require any governmental or other consent or any registration, filing or other formality, which Bramlin or VOG (as the case may be) is unable to comply with or regards as unduly onerous to comply with, VOG may in its sole discretion determine that no VOG Ordinary Shares shall be allotted and issued to such holder under the Scheme. In such circumstances, VOG will instead allot and issue the VOG Ordinary Shares to which such holder is entitled to a nominee appointed by VOG as trustee for each such holder, on terms that the nominee shall sell such shares as soon as possible after the Effective Date at the best price which can reasonably be obtained at the time of sale and shall account by cheque for the net proceeds of such sale (after the deduction of all expenses and commissions, including any value added tax payable thereon) by sending a cheque to the holder of such Scheme Shares at the Scheme Record Time in accordance with the provisions of clause 3.2 of the Scheme.
- 2.3 The VOG Ordinary Shares to be issued pursuant to clause 2.1 shall rank in full for all dividends or other distributions made, paid or declared after the Effective Date on the ordinary share capital of VOG.

3 Settlement of consideration

- 3.1 Within 14 days after the Effective Date, VOG shall:
- (a) issue or dispatch, or procure the issue or dispatch, to the holders of Scheme Shares held in certificated form certificates in respect of the VOG Scheme Shares being the consideration due to them under clause 2.1 of this Scheme; and
 - (b) where Scheme Shares are held in uncertificated form (ie in CREST), arrange for VOG Ordinary Shares to which a Scheme Shareholder is entitled in respect of the consideration payable to such shareholder under Clause 2.1 of this Scheme to be issued to such shareholder in uncertificated form. VOG will procure that Euroclear is instructed to credit the appropriate stock account in CREST of the Scheme Shareholder concerned with such shareholder's entitlement to New VOG Shares and to transfer such shareholder's holding of Scheme Shares. However, VOG may (if, for any reason, it wishes to do so) determine that the VOG Ordinary Shares are to be issued in certificated form, in which case they will be dispatched by post.
- 3.2 All deliveries of certificates or cheques required to be made pursuant to this Scheme shall be made by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Date (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of such joint holding at such time) or in accordance with any special instructions regarding communications, and none of the Company, VOG or any nominee of the VOG shall be responsible for any loss or delay in the transmission of any certificates or cheques sent in accordance with this sub-clause which shall be sent at the risk of the persons entitled thereto.
- 3.3 The provisions of this clause 3 and clause 4 below shall take effect subject to any condition or prohibition imposed by law.
- 3.4 Any mandate in force at the Scheme Record Date relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications shall, unless varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or instruction to VOG in relation to the corresponding VOG Ordinary Shares to be allotted and issued pursuant to this Scheme.

4 Certificates for Scheme Shares

- 4.1 As from the Effective Date:
- (a) all certificates representing Scheme Shares shall cease to be valid in respect of title to such shares and shall, at the request of the Company be delivered for transfer to the Company or as it may direct; and
 - (b) in respect of those Scheme Shareholders holding Scheme Shares in uncertificated form, Euroclear shall be instructed to transfer such holders' entitlements to such shares.

5 Effective Date

- 5.1 This Scheme is conditional upon and shall become effective immediately upon satisfaction of the sanction of the Scheme by the Court under section 110 of the Companies (Guernsey) Law, 2008 (as amended).
- 5.2 Unless this Scheme shall have become effective on or before 31 January 2009, or such later date, if any, as the Company and VOG may agree and the Court may allow, it shall not become effective.

6 Modification

- 6.1 The Company and VOG may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

7 Costs

- 7.1 The Company and VOG have agreed that they shall each be responsible for their own costs in relation to the Scheme.

Dated: 12 November 2008

PART EIGHT

NOTICE OF COURT MEETING

IN THE ROYAL COURT OF GUERNSEY

ORDINARY DIVISION

IN THE MATTER OF BRAMLIN LIMITED

and

IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED)

NOTICE IS HEREBY GIVEN that by an Order dated 7 November 2008 made in the above matters, the Court has directed a meeting (“**Court Meeting**”) to be convened of the holders of the Scheme Shares (as defined in the Scheme of Arrangement proposed to be made between Bramlin (“**Company**”) and its members (“**Scheme**”)), for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme pursuant to section 107 of the Companies (Guernsey) Law 2008 (as amended), and the Court Meeting will be held at Suite 7, Provident House, Haviland Street, St Peter Port, Guernsey GY1 2QE at 10 a.m. on 5 December 2008 at which place and time all such Bramlin Shareholders are requested to attend. At the Court Meeting, the following resolution shall be proposed and noted upon:

THAT the Scheme of Arrangement between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof, be approved and the Directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.

A copy of the said Scheme and a copy of this Explanatory Statement required to be furnished pursuant to section 108 of the Companies (Guernsey) Law, 2008 (as amended), are incorporated in the document of which this Notice forms part.

Bramlin Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A Form of Proxy for use at the Court Meeting is enclosed with this Notice. Completion and return of a Form of Proxy will not preclude a member from attending and voting in person at the Court Meeting.

Whether or not a member proposes to attend the Court Meeting in person, it is requested that Forms of Proxy appointing proxies be lodged with Suite 7, Provident House, Haviland Street, St Peter Port, Guernsey, GY1 2QE not less than 48 hours before the time appointed for the Court Meeting but if forms are not so lodged, they may be handed to the Chairman of the Court Meeting at the Meeting and still be valid.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names appear in the register of members of the Company in respect of the joint holding.

Entitlement to attend and vote at the Court Meeting, and the number of votes that may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on 3 December 2008. In the event that the Court Meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members 48 hours before the time of any adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.

By the said Order, the Court has appointed Alan Richard Havelock Thomas or, failing him, Jimmy Don Ford or, failing both of them Ernest Barger Miller to act as the chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 12 November 2008

Babbé
18 – 20 Smith Street
St Peter Port
Guernsey
GY1 4BL
Advocates to the Company

PART NINE

DEFINITIONS

1 The following definitions apply throughout this document, unless the context requires otherwise:

“Accounting Date”	31 December 2007;
“Admission”	admission of the New VOG Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	rules published by the London Stock Exchange governing, <i>inter alia</i> , admission to AIM and the continuing obligations of companies admitted to AIM, as amended from time to time;
“Announcement”	the announcement of the Proposal dated 12 November 2008;
“Announcement Date”	the date of the Announcement;
“Annual Report”	the report and accounts of Bramlin for the period ended 31 December 2007;
“Australia”	the Commonwealth of Australia and its dependent territories;
“Australian Corporation Act”	the Corporations Act (2001) (Australia);
“authorisations”	authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals;
“Blackwatch”	Blackwatch Petroleum Services Limited;
“Board”	the board of VOG or the board of Bramlin as the context requires;
“Bonus Shares Deed”	a deed of waiver and undertaking signed on 11 November 2008 by Bramlin Jimmy Ford, Ernest Miller, Robert Hull, Rosemont International Limited and VOG, the terms of which are more particularly set out at paragraph 8.12 of Part Six of this document;
“Bramlin”	Bramlin Limited, a company incorporated and registered in Guernsey under the Guernsey Companies Law with registered number 44778;
“Bramlin Director”	a director of Bramlin at the date of this document;
“Bramlin Group”	Bramlin and its subsidiary undertakings;
“Bramlin Shareholder(s)”	holders of Bramlin Shares;
“Bramlin Shares”	(i) the existing unconditionally issued ordinary shares of 1p each in the capital of Bramlin; and (ii) any further such shares which are issued after the date of this document and before the Voting Record Time; and (iii) any further such shares issued at or after the Voting Record time and before the making of the Order either on terms

that the original or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holder shall have agreed in writing by such time to be bound by the Scheme,

but excluding the Excluded Shares;

“Bramlin Warrants”	a warrant over 700,000 new Bramlin Shares granted by Bramlin to Strand Partners on 11 December 2008, each warrant with an exercise price of 18.5 pence, and exercisable for a period of five years from 11 December 2007;
“Business Day”	means a day, other than Saturday or Sunday or public holiday of the United Kingdom or Guernsey, when the clearing banks in the City of London are open for business
“Closing Price”	the middle market quotation of one Bramlin Share and/or of one VOG Share as the context requires as derived from the Daily Official List;
“Code” or “City Code”	the City Code on Takeovers and Mergers as from time to time interpreted by the Panel;
“Concession”	the concession contract between the Government of Cameroon and RDL and RSM for the exploration, development and production of Hydrocarbons in the Logbaba Field, signed on 31 May 2001 and published by Presidential decree on 20 August 2002, a summary of the principal terms of which is set out at paragraphs 10.1 to 10.12 of Part Six of this document;
“Concession Parties”	RSM and RDL;
“Conditions”	the conditions to the implementation of the Proposal (including the Scheme) set out in Part Three of this document;
“Consideration”	the New VOG Shares to be issued to the Bramlin Shareholders pursuant to the Scheme;
“Court”	Royal Court of Guernsey;
“Court Hearing”	the hearing by the Court of the petition to sanction the Scheme;
“Court Meeting”	the meeting of Bramlin Shareholders convened by order of the Court pursuant to section 110 of the Companies (Guernsey) Law, 2008 (as amended) (as set out in Part Eight of this document) to consider and, if thought fit, approve the Scheme, including any adjournment thereof;
“Court Order” or “Scheme Court Order”	the order of the Court sanctioning the Scheme under section 110 of the Companies (Guernsey) Law, 2008 (as amended);
“Court Sanction”	the sanction (with or without modification) of the Scheme and confirmation of the reduction of capital of Bramlin in accordance with the terms of the Scheme by the Court;

“Daily Official List”	the Daily Official List of the London Stock Exchange;
“Dealing Day”	a day on which the London Stock Exchange is open for business in the trading of securities admitted to AIM;
“Deed of Assignment”	a deed of assignment dated 9 August 2006 under which RSM assigned to RDL the Logbaba Participating Interest in accordance with the Farm-in Agreement;
“Deferred Bonus Shares”	3,750,000 new Bramlin Shares proposed to be issued pursuant to the service agreements of Bramlin directors Jimmy Ford and Ernest Miller (as well as some key personnel) (whose service agreements are more particularly summarised at paragraphs 5.6 and 5.7 of Part Six of this document), upon receipt by RDL of an Exploitation Authorisation satisfying the specified criteria in the RDL Acquisition Agreement;
“Deferred Bonus VOG Shares”	4,575,000 new VOG Shares to be issued pursuant to the terms of the Bonus Shares Deed to Jim Ford, Ernest Miller and other parties;
“Deferred Consideration Shares”	24,062,134 new Bramlin Shares proposed to be issued pursuant to the RDL Acquisition Agreement (see paragraph 9.4 of Part Six of this document), upon receipt by RDL of an Exploitation Authorisation satisfying the specified criteria in the RDL Acquisition Agreement;
“Deferred Shares Deed”	a deed of waiver and undertaking signed on 11 November 2008 by, <i>inter alia</i> Bramlin, Archidona Minerales S.A., HJ Resources Limited and Hydrocarbons Technologies Ltd and VOG, the terms of which are more particularly set out at paragraph 8.13 of Part Six of this document;
“Deferred VOG Consideration Shares”	29,355,803 new VOG Shares proposed to be issued pursuant to the terms of the Deferred Shares Deed;
“Disclosed”	(i) as disclosed in the Annual Report, (ii) as publicly announced by Bramlin (through a Regulatory Information Service) prior to the date of this announcement, (iii) as disclosed in the Announcement, or (iv) as otherwise fairly disclosed in writing (including facsimile) to VOG or its advisers by or on behalf of Bramlin prior to the date of the Announcement;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms;
“Enlarged Group”	the VOG Group as enlarged by the Proposal;
“Enlarged VOG Share Capital”	the issued share capital of VOG as enlarged by the issue of the New VOG Shares;
“Euroclear”	Euroclear UK & Ireland Limited;

“Excluded Shares”	any Bramlin Shares beneficially owned by or registered in the name of any member of the VOG Group;
“Existing VOG Ordinary Shares”	the VOG Shares in issue at the date of this document;
“Exploitation Authorisation”	an exploitation permit granted pursuant to the Concession;
“Falcon”	Falcon Petroleum Limited;
“Farm-in Agreement”	a farm-in agreement between RSM and RDL dated 6 December 2005, a summary of the principal terms of which is set out in paragraphs 10.18 to 10.23 (inclusive) of Part Six of this document;
“Form of Proxy”	the form of proxy for use by Bramlin Shareholders in connection with the Court Meeting;
“Former RDL Shareholders”	each of Archidona Minerales S.A., HJ Resources Limited, and Hydrocarbons Technologies Ltd;
“Fox-Davies Capital”	Fox-Davies Capital Limited, Bramlin’s financial adviser;
“FSA”	the UK Financial Services Authority;
“FSU”	Former Soviet Union;
“GeoDynamics”	GeoDynamics Research s.r.l.;
“Guernsey Companies Law”	the Companies (Guernsey) Law, 2008, as amended from time to time;
“Hearing Date”	the date on which the Order is made;
“IFRS”	International Financial Reporting Standards;
“Independent Bramlin Directors”	the directors of Bramlin other than Kevin Foo who is also a director of VOG;
“Independent VOG Directors”	the directors of VOG other than Kevin Foo who is also a director of Bramlin;
“Inducement Fee”	up to a maximum of one per cent. of the value of the Offer;
“IFRS”	International Financial Reporting Standards;
“Jefferies”	Jefferies International Limited, VOG’s broker;
“Kemerkol”	the Kemerkol Oil Field located in the Atyrau Oblast of Western Kazakhstan;
“Letter of Extension”	the letter of extension from the Government of the Republic of Cameroon dated 18 July 2008 extending the Logbaba Exploration Permit until midnight on 19 February 2008;
“Logbaba Exploration Permit”	means exploration permit PH-79 for oil and gas exploration at the Logbaba Field;
“Logbaba Field”	the Logbaba natural gas and condensate field in Douala, Cameroon;
“Logbaba Operating Agreement”	an operating agreement between RSM and RDL dated 6 December 2005, a summary of the principal terms of which is set out in paragraphs 10.25 to 10.32 of Part Six of this document;

“Logbaba Operating Committee”	the operating committee appointed and governed under the Logbaba Operating Agreement with the responsibility for operations on the Logbaba Field under the Logbaba Exploration Permit;
“Logbaba Participating Interest”	RDL’s 60 per cent interest in the Concession granted to RDL by RSM under the Farm-in Agreement and the Deed of Assignment;
“London Stock Exchange”	London Stock Exchange plc;
“Ministry”	the Cameroon Government Ministry of Industry, Mines and Technological Development;
“New VOG Shares”	the new VOG Shares proposed to be issued by VOG (credited as fully paid) as consideration under the Proposal;
“New VOG Warrants”	a warrant to subscribe for 854,000 VOG Shares upon the terms of the Strand Deed;
“Offer”	the offer by VOG for the entire issued share capital and to be issued share capital of Bramlin not already owned by or contracted to be acquired by VOG, or its associates, to be implemented by way of the Scheme and the other matters to be considered at the Court Meeting (if any) or, in VOG’s discretion, with the consent of the Panel, by way of a takeover offer;
“Offer Period”	the period from 23 September 2008 until the Effective Date;
“Overseas Shareholders”	Bramlin Shareholders resident in, or national or citizens of, jurisdictions outside the UK;
“Panel”	the Panel on Takeovers and Mergers;
“Petroleum Code”	Law no. 99/013 of December 22, 1999 constituting the Petroleum Code of the Republic of Cameroon, as amended;
“Proposal”	the proposed acquisition of all of the issued and to be issued ordinary share capital of Bramlin by VOG by means of the Scheme;
“RDL”	Rodeo Development Limited, a company incorporated in the British Virgin Islands with company registration number 675471;
“RDL Acquisition”	the acquisition by Bramlin of 100 per cent. of the issued share capital of RDL in accordance with the terms of the RDL Acquisition Agreement;
“RDL Acquisition Agreement”	the acquisition agreement dated 21 November 2007 between Bramlin and the RDL Vendors pursuant to which Bramlin acquired the RDL Shares;
“RDL Consideration Shares”	94,079,512 Bramlin Shares issued to the RDL Vendors and other parties under the RDL Acquisition Agreement;
“RDL Shares”	means the entire issued share capital of RDL acquired by Bramlin from some of the RDL Vendors in accordance with the RDL Acquisition Agreement;

“RDL Vendors”	each of Archidona Minerales S.A., HJ Resources Limited, Hydrocarbons Technologies Ltd, Kevin Foo, Jim Ford and William Kelleher;
“Registrars”	Capita Registrars Guernsey Limited;
“Regulatory Information Service”	any of the services on the list of Regulatory Information Services maintained by the FSA;
“RPS Energy”	RPS Energy Limited;
“RRI”	Rodeo Resources Inc;
“RR”	Russian Roubles;
“RSM”	RSM Production Corporation, a company incorporated under the laws of the State of Texas with company registration number 1384772;
“Scheme”	the proposed scheme of arrangement under section 105 of the Companies (Guernsey) Law, 2008 (as amended) between Bramlin and Bramlin Shareholders, with or subject to any modification or addition thereto or condition approved or imposed by the Court and agreed by Bramlin and VOG;
“Scheme Record Time”	6.00 pm on the Dealing Day immediately preceding the Hearing Date;
“Scheme Resolution”	the resolution of Bramlin Shareholders at the Court Meeting approving the Scheme the terms of which are, set out or Bramlin Shareholders at Part Eight of this document;
“SEC”	The United States Securities and Exchange Commission;
“SNH”	Societe Nationale des Hydrocarbures, the national oil company of Cameroon;
“Strand Deed”	a deed of waiver and undertaking dated 11 November 2008 between Strand Partners, Bramlin and VOG, the terms of which are more particularly set out at paragraph 9.20 of Part Six of this document;
“Strand Partners”	Strand Partners Limited, the nominated adviser of VOG (and former nominated adviser of Bramlin), authorised and regulated by the Financial Services Authority, and incorporated in England with company registration number 2780169;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“UK Companies Act”	UK Companies Act 1985 (as amended) and the UK Companies Act 2006;
“UKLA”	the United Kingdom Listing Authority;
“US Securities Act”	the United States Securities Act of 1933, as amended;

“VECA”	Victoria Energy Central Asia LLP;
“VOG”	Victoria Oil & Gas plc a company incorporated and registered in England and Wales with registered number 5139892;
“VOG Director”	a director of VOG at the date of this document;
“VOG Group”	VOG and its subsidiary undertakings;
“VOG Shareholder(s)”	holders of VOG Shares;
“VOG Shares”	ordinary shares 0.5 pence (£0.005) each in the capital of VOG;
“Voting Record Time”	in relation to the Court Meeting 6.00 pm on 3 December 2008 or, if either the Court Meeting or is adjourned, 48 hours before the time set for any such adjourned meeting;
“West Medvezhye”	the West Medvezhye gas field and gas condensate, West Siberian, Russia;
“Wider VOG Group”	VOG and its subsidiary undertakings, associated undertakings and any other undertaking in which VOG and/or such undertakings (aggregating their interest) have a significant interest;
“Wider Bramlin Group”	Bramlin and its subsidiary undertakings, associated undertakings and any other undertaking in which Bramlin and/or such undertakings (aggregating their interest) have a significant interest; and
“Zimmerman Adams”	Zimmerman Adams International Limited, Bramlin’s nominated adviser.

- 2 All references to legislation in this document are to Guernsey law unless the contrary is indicated. All references to time in this document are to London time unless the contrary is indicated.
- 3 Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- 4 Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

APPENDIX I

THE DISCUSSION BELOW IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A BRAMLIN SHAREHOLDER. EACH BRAMLIN SHAREHOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN EXCHANGE OF BRAMLIN SHARES AND OWNERSHIP AND DISPOSITION OF VOG SHARES UNDER THE BRAMLIN SHAREHOLDERS' OWN CIRCUMSTANCES.

The following paragraphs set out below summarise the UK, Guernsey and US taxation treatment of Bramlin Shareholders under the Scheme. They are based on current legislation and the practice of HM Revenue & Customs, the Administrator of Taxes in Guernsey and US Authorities at the date of this document and summarise certain limited aspects of the United Kingdom, Guernsey and US taxation treatment of the Proposal. They are intended as a general guide and apply to Bramlin Shareholders who are individuals and resident or ordinarily resident for tax purposes in the UK, Guernsey and/or US (as appropriate) and who hold Bramlin Shares as an investment (and not as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those shares. The comments below may not apply to certain classes of persons such as dealers, persons holding Bramlin Shares in a personal equity plan (a PEP) or individual savings accounts (an ISA), companies or trustees of certain trusts. They further assume that holders of Bramlin Shares do not hold Bramlin Shares and will not hold Bramlin Shares in a depositary receipt scheme or clearance services scheme.

No advice has been obtained in relation to the tax implications of the Scheme for Bramlin Shareholders resident in, or citizens of Australia. Such Bramlin Shareholders are strongly advised to seek their own independent advice from a professional adviser.

Any person in any doubt as to their taxation position is strongly advised to consult an independent professional adviser immediately.

United Kingdom

The following paragraphs, assume, save where specifically mentioned, that the relevant Bramlin Shareholder is resident and, if an individual, ordinarily resident and domiciled in the UK.

UK taxation of chargeable gains

- 1 In the event that the Scheme becomes effective in accordance with its terms, the transfer of Bramlin shares to VOG in consideration of the issue of new shares in VOG to Bramlin shareholders will not be a disposal for UK capital gains tax purposes where investors own less than 5 per cent. of the issued shares of Bramlin. The VOG shares would be treated as the same asset for UK capital gains tax purposes as the original Bramlin Shares. For all shareholders who on their own or together with connected parties own more than 5 per cent. this tax treatment is subject to tax clearance from HM Revenue and Customs that the transaction is being undertaken for bona fide commercial purposes and does not form part of a scheme of arrangement that is aimed at avoiding capital gains tax or corporation tax. Clearance has been requested but not yet obtained from HM Revenue and Customs.
- 2 If clearance is obtained and in the event that the Scheme becomes effective in accordance with its terms, to the extent that VOG Shares are issued as consideration to Bramlin Shareholders, there will be no disposal for the purpose of UK taxation on chargeable gains. The VOG Shares would be treated as being acquired at the time and for the same cost as the original Bramlin Shares that they are replacing.
- 3 If clearance is not obtained a disposal for the purposes of UK taxation would arise in respect of shareholdings of more than 5 per cent. The Bramlin Shares would be treated as being disposed of on the date that the transfer takes place. The proceeds would be the market value of the VOG shares at that date. The Bramlin Shareholders would therefore be subject to capital gains tax on the difference between market value of the VOG shares received and their original cost of their Bramlin Shares.

Entrepreneur's Relief

- 4 The standard UK capital gains rate applicable to gains arising from 3 above will be 18 per cent., subject to annual exemptions, losses etc.

- 5 The standard UK capital gains rate applicable to gains arising from the future disposal sale of VOG shares will be 18 per cent., subject to annual exemptions, losses etc.
- 6 Entrepreneurs relief which applies to accumulated gains up to £1,000,000 (one million pounds) may be available to reduce taxation on the gain referred to in either paragraph 4 or 5 to an effective rate of 10 per cent. for certain shareholders who are employees or officeholders of a trading company or holding company of a trading group and who own at least 5 per cent. of the ordinary share capital of the company and can exercise at least 5 per cent. of the voting rights by virtue of that holding and who have held the shares for 12 months at the date of disposal.
- 7 Relevant investors should consult their own advisors as to whether entrepreneur relief is available in their personal circumstances.

Business Property Relief

- 8 For the purposes of UK Inheritance Tax it is believed that the Bramlin Shares currently in issue would qualify for business property relief, subject to the minimum holding requirement of two years. Whilst the new VOG Shares do not seek a full listing on the London Stock Exchange or a listing on any other recognised stock exchange (as defined for UK taxation purposes) but remain traded on AIM they should qualify for business property relief for the purposes of UK Inheritance Tax. However this relief is dependent upon the future actions of VOG and so cannot be guaranteed. Provided that clearance is given so that no disposal is treated as taking place for capital gains tax purposes the holding period for business property relief purposes in relation to the new VOG Shares will commence with the original acquisition of the Bramlin Shares by each shareholder.

Taxation of dividends on New VOG Shares

- 9 Dividends received by UK resident individuals will be liable to UK Income Tax. For the purposes of UK Income Tax the taxable income is the sum of the dividend received and its associated (non repayable) tax credit (equal to 1/9 of the dividend received by the shareholder). Starting and basic rate taxpayer shareholders will have no more tax to pay. Taxpayers who are liable at tax rates above the basic rate limit will have further tax to pay, but in respect of the taxable dividend income, relief will be given for the tax credit attaching to that taxable dividend income. The effective rate of the further taxation liability of an individual shareholder on the dividend income received which is taxable at the higher rate is 25 per cent.

Stamp Duty

- 10 No liability to UK Stamp duty or stamp duty reserve tax should be payable by Bramlin Shareholders as a result of the Scheme. Any liability to UK stamp duty arising from the Scheme should generally be payable by the transferee of the Bramlin Shares.

Guernsey

- 11 With effect from 1 January 2008 the States of Guernsey abolished exempt status for the majority of companies and introduced a zero rate of tax for companies (other than for Exempt Collective Investment Schemes). As a result the Company became resident for Guernsey tax purposes from 1 January 2008 and its income will be chargeable at 0per cent. unless it consists of:
 - (a) Income derived from land and buildings (whether from property development and exploitation of land or rental income) – in which case tax will be charged at 20per cent.;
 - (b) Specified banking activities (which would include money lending, lease purchase, hire purchase and similar financing arrangements carried on in the island) – in which case they would be taxable at 10 per cent.; and
 - (c) Profits derived from activities that are regulated by the Office of Utility Regulation – in which case they will be taxed at 20 per cent.
- 12 Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax), gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration.

Shareholders

- 13 Guernsey does not, at present, levy capital gains tax (with the exception of a dwellings profit tax) and, therefore, neither the Company nor any of its shareholders will suffer any tax in Guernsey on capital gains. Payments made by the Company to non-Guernsey resident shareholders, whether made during the life of the Company or by distribution on the liquidation of the Company, will not be subject to Guernsey tax. Whilst the Company is no longer required to deduct Guernsey income tax from dividends on Ordinary Shares (if applicable) paid to Guernsey residents, the Company is required to make a return to the Administrator of Income Tax, on an annual basis, of the names, addresses and gross amounts of income distributions paid to Guernsey resident shareholders during the previous year.
- 14 With regard to the corporate tax regime in Guernsey from 2008, other than those changes mentioned above, no further changes are proposed that would impact on the position of non-Guernsey resident holders of Ordinary Shares. Such holders will not be subject to Guernsey tax on the redemption or disposal of their holding of Ordinary Shares. No withholding tax or deduction will be made on interest payments made by the Company in respect of any shares issued by the Company to shareholders.
- 15 Persons interested in purchasing Ordinary Shares should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption, or disposal by them of any Ordinary Shares.

United States

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO PROSPECTIVE INVESTORS. EACH SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF THE PROPOSAL. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER AND THE LAWS AND REGULATIONS OF ITS TAXING JURISDICTIONS.

Introduction

- 16 The following summary of certain U.S. federal income tax considerations potentially applicable to US Holders (as defined below) upon the consummation of the Proposal is not intended as a substitute for careful tax planning. The tax matters relating to the Proposal are complex and are subject to varying interpretations. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Bramlin Shareholders will vary with the particular circumstances of each Bramlin Shareholder. In no event will Bramlin or VOG, their affiliates, counsel or other professional advisers be liable to any Bramlin Shareholder for any federal, state, local or other tax consequences of the Proposal, whether or not such consequences are as described below.
- 17 This discussion is based upon the Internal Revenue Code of 1986 (the "Code"), Treasury Regulations, court decisions, Internal Revenue Service rulings, and other administrative materials interpreting the Code, all of which are subject to change, possibly with retroactive effect. The discussion does not address all of the U.S. tax consequences applicable to the Proposal or to all categories of Bramlin Shareholders, some of whom may be subject to special rules. The tax consequences of the Proposal will depend not only on the nature of the Proposal and Scheme and the then applicable federal tax laws, but also on certain factual determinations which cannot be made at this time, and upon the particular circumstances of each Bramlin Shareholder. In particular, but not exclusively, this discussion does not address the specific tax consequences that may be relevant to Bramlin Shareholders who: (i) are financial institutions; (ii) are tax exempt entities; (iii) hold their Bramlin Shares as a part of a hedging, short sale or conversation transaction or straddle; (iv) are US Holders whose functional currency is not the U.S. dollar or (v) hold their Bramlin Shares through partnerships or other pass-through entities.
- 18 No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the Internal Revenue Service regarding

any matter discussed herein. In addition, future legislative or administrative changes or court decisions may significantly change the law discussed herein, possibly with adverse effect on Bramlin Shareholders, and any such changes or decisions may have a retroactive effect.

- 19 References to “US Holders” in this discussion mean a beneficial owner of Bramlin Shares (and New VOG Shares, following the effectiveness of the Scheme) that is: (i) a citizen or resident of the United States of American, for U.S. federal income tax purposes; (ii) a corporation (or entity taxable as a corporation) created or organized in the U.S. or under the laws of the U.S. or of any political subdivision thereof; (iii) an estate whose income is includable in gross income for U.S. federal income tax purposes regardless of its source; or (iv) a trust if a court within the U.S. is able to exercise primary supervision of the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or a trust that has a valid election in effect to be treated as a U.S. person.
- 20 NEITHER VOG NOR BRAMLIN HAS SOUGHT A RULING FROM THE INTERNAL REVENUE SERVICE OR ANY OTHER UNITED STATES FEDERAL, STATE OR LOCAL AGENCY WITH RESPECT TO THE TAX ISSUES AFFECTING THE PROPOSAL, NOR HAS IT OBTAINED AN OPINION OF COUNSEL WITH RESPECT TO ANY TAX ISSUES.

Tax Consequences of the Proposal

- 21 As described in more detail elsewhere in this document, pursuant to the Proposal, Bramlin Shareholders will receive New VOG Shares in accordance with the Scheme. While not offering a legal opinion on the matter, we believe this transaction will be treated as a “reorganization” under Section 368(a) of the Code and that the US Holders will each be a “party to a reorganization,” within the meaning of Section 368(b) of the Code, with respect to this Proposal. Provided that the transaction so qualifies and the US Holders are so treated, for U.S. federal income tax purposes, generally:
- (d) the US Holders will not recognize any gain or loss as a result of the Proposal;
 - (e) a US Holder will not recognize any gain or loss as a result of the receipt of the New VOG Shares in exchange for such shareholder’s Bramlin Shares pursuant to the Scheme;
 - (f) a US Holder’s aggregate tax basis in the New VOG Shares received pursuant to the Scheme will equal such shareholder’s aggregate tax basis in the Bramlin Shares held immediately before the Scheme; and
 - (g) a US Holder’s holding period for the New VOG Shares received pursuant to the Scheme will include the period during which the Bramlin Shares held immediately before the Scheme had been held by the shareholder.

Passive Foreign Investment Company

- 22 A non-U.S. corporation generally will be considered a “passive foreign investment company” (a “PFIC”) as such term is defined in the Code for any taxable year if either (i) 75% or more of its gross income is passive income (the “income test”) or (ii) the average percentage, by fair market value, of its assets that produce or are held for the production of passive income is 50% or more (the “asset test”). “Passive income” includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. If VOG were treated as a PFIC for any taxable year in which a US Holder held VOG Shares, certain adverse consequences could apply, including a material increase in the amount of tax that the U.S. Holder would owe, an imposition of tax earlier than would otherwise be imposed, interest charges and additional tax form filing requirements. These adverse consequences may be minimized if such US Holder makes an election with respect to marketable PFIC shares to mark such shares to market each year taking the gain into account as ordinary income (a “mark-to-market”) election or makes a timely qualified electing fund election (a “QEF” election), pursuant to which such US Holder must report on a current basis his or her shares of the PFIC’s ordinary earning and net capital gain for any taxable year in which VOG is a PFIC, whether or not such earnings are distributed.

- 23 The mark to market election is permitted for U.S. investors in foreign companies that are regularly traded on a U.S. stock exchange or certain approved non-U.S. stock exchanges. The mark-to-market election must be made by the due date (as may be extended) for filing the taxpayer's federal income tax return for the first year in which the election is to take effect. A US. Holder who makes a mark-to-market election must file a Form 8621 with their annual U.S. federal income tax return.
- 24 The QEF election requires sufficient information to be provided to the relevant shareholders by the PFIC in order to determine their proportionate share of the PFIC's net capital gain and ordinary earnings. VOG does not anticipate that it will make these calculations for its shareholders.
- 25 The determination whether a corporation is a PFIC involves the application of complex tax rules. VOG has not made a conclusive determination as to whether it has been in prior tax year or is currently a PFIC. VOG could have qualified as a PFIC for past tax years and may qualify currently or in future tax years. No assurance can be given as to such status for prior tax years or for the current year. US Holders are urged to consult their own tax advisers.

Taxation of Distributions from VOG

- 26 Subject to the PFIC rules discussed, distributions made by VOG will generally be taxable to a US Holder as ordinary dividend income from foreign sources to the extent of VOG's earnings and profits when the distributions are actually or constructively received. A distribution of an amount in excess of VOG's earnings and profits is treated as a non-taxable return of capital to the extent of the shareholder's tax basis in his VOG shares and reduces that basis. Any such distributions in excess of the shareholder's basis are treated as if they were gains from a sale of such VOG shares.
- 27 Dividends paid in currency other than U.S. dollars will be includable in income in a U.S. dollar amount based on the exchange rate in effect on the date of receipt, whether or not the payment was actually converted at that time. The US Holder's basis in the currency received will equal the U.S. dollar value on the date of receipt. Any gain or loss resulting from currency exchange rate fluctuations during the period from the date of receipt to the actual date of conversion into U.S. dollars is generally treated as ordinary income or loss from sources within the U.S. for foreign tax credit limitation purposes.

Taxation of Sale of VOG Shares

- 28 Subject to the PFIC rules discussed, a US Holder will recognize gain or loss when he disposes of the VOG Shares in an amount equal to the difference, if any, between the U.S. dollar value of the amount realized and the US Holder's adjusted tax basis in the VOG Shares. Such gains and losses generally will be long-term capital gains and losses if the VOG Shares has been held for more than one year. Deductions for capital losses are subject to certain limitations.

Information Reporting and Backup Withholding

- 29 Dividends on and proceeds from the sale or other disposition of VOG Shares that are made within the United States or through certain U.S.-related financial intermediaries may be reported to the Internal Revenue Service unless the shareholder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to such amounts if the shareholder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption or fails to report all interest and dividends required to be shown on his U.S. federal income tax return. A US Holder can claim a credit against his U.S. federal income tax liability for amounts withheld under the backup withholding rules and can claim a refund for amounts in excess of his tax liability if the required information is provided to the Internal Revenue Service.

U.S. Treasury Circular 230 Notice

- 30 TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DOCUMENT (I) IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (II) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE

USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING U.S. TAX PENALTIES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

WARNING TO BRAMLIN SHAREHOLDER RESIDENT IN OR CITIZENS OF AUSTRALIA

31 BRAMLIN SHAREHOLDERS WHO ARE RESIDENT IN OR CITIZENS OF AUSTRALIA ARE STRONGLY URGED TO TAKE INDEPENDENT PROFESSIONAL ADVICE ON THE TAX IMPLICATIONS OF THE SCHEME IN AUSTRALIA.

