

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

**Operational Update and Commitment from Societe Generale**

**Highlights:**

- **15 customers now taking gas from Logbaba at a combined average daily production of 2.8 million standard cubic feet per day ("mmscf/d")**
- **Commitment from Societe Generale for a US\$15 million reserve based lending facility**

VOG, the AIM quoted oil and gas exploration and production company with assets in Cameroon and the FSU, is pleased to announce continued progress on the execution of its gas strategy in Cameroon. Since the Company's last update on 21 December 2012, a further four customers have been commissioned and have commenced gas consumption. In total, the Company now has 15 contracted customers taking gas and there remain a further 10 contracted customers that await conversion of their facilities to take gas. This is an increase from six customers taking gas in November 2012.

All 25 contracts have been executed at an energy price of US\$16 per million British thermal units fixed for five years for thermal use. This contract price represents a significant discount compared to alternative liquid fuels used to raise heat in industrial boilers or furnaces for the companies' process requirements.

Weighted average production is currently 2.8mmscf/d for a standard operating week. This equates to gross annualised gas and condensate earnings of ca. US\$18 million per annum. The Company through its 100% owned subsidiary Rodeo Development Limited (RDL) holds a 95 per cent. interest and is operator of the Logbaba Field and owns and controls its own pipeline and distribution infrastructure from the well-head to the customer.

The Company has identified over 60 prospects for gas and/or on-site gas fired power demand along the existing and planned pipeline route of way. The gas to power market represents two thirds of the Company's total thermal and power market estimated at approximately 20 mmscf/d in July 2014 by Challenge Energy Limited assuming unconstrained capital availability. To date, the Company has signed seven letters of intent for on-site gas fired power and anticipates executing these when funds are available. The Company estimates total gas thermal and on site-gas power demand in excess of 40 mmscf/d over the medium term.

The Company is also pleased to announce that Societe Generale has made a commitment for an initial US\$15m under a reserve based lending facility for a term of three years, which is expected to satisfy a substantial part of the Company's future funding requirements. This facility will become effective upon finalisation of legal documentation and further details will be announced following the completion of the documentation.

Kevin Foo, Chairman of VOG commented, "The commitment by Societe Generale is a very important endorsement of our company and the initial funding will help considerably in meeting our future capital needs. In the field we have made steady progress since November 2012 and with 2.8mmscf/day we are close to cash break even for the Company's operations. Looking back, in a little over three years since we spudded our first well, we have made a significant gas discovery, built a pipeline distribution network and put our first thermal customers on line. We look forward in 2013 to extending our customer base for thermal gas sales, establishing our customers with the supply of gas for power generation and expanding our pipeline network in Douala. Looking forward, in the next 18-24 months, the Company will be in utility mode of its development, meeting the known demand of contracted customers and connecting them to our infrastructure, to generate increased sales and revenues."

For further information, please visit [www.victoriaoilandgas.com](http://www.victoriaoilandgas.com) or contact:

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#### **About Victoria Oil & Gas**

Victoria Oil & Gas Plc is an independent oil and gas exploration and production company with projects in Africa and the FSU. The Company's principal assets are the Logbaba gas and condensate project in Cameroon and the West Medvezhye project in Siberia, Russia. Logbaba is located in Douala, the economic capital of Cameroon. The field was discovered in the 1950s when all four exploration wells drilled at the time encountered gas. The Company drilled two successful development wells in 2009/10 and was awarded an Exploitation Licence in April 2011.

The Company's Logbaba total proved and probable reserves are sufficient to supply an average of 30 mmscf/d for the next 20 years to industrial customers. Under current management projections, the Company forecasts industrial gas demand to rise to 44 mmscf/d by the end of 2014. In the longer term, as further reserves may be proven, gas may also be supplied to large gas fired power stations connected to the grid, with either VOG investing in an independent power producer joint venture or selling the gas to third parties. The Company has signed a multitude of gas sales agreements with industrial customers to serve their energy requirements and anticipates in excess of 40 customers over the medium term.

West Medvezhye is situated in the prolific Yamal-Nenetsk hydrocarbon region in Siberia. An independent audit, carried out by Mineral LLC in 2011, estimated prospective resources for the area of over 1.4 billion barrels of oil equivalent ('boe'). The Company also has a discovery well, 103, with C1 and C2 reserves, independently assessed under the Russian classification convention of 14.4 million boe as approved by the Russian Ministry of Natural Resources.

Development studies are in progress to commercialise the Well-103 discovery and prospective resources and a detailed well design study for the upcoming drilling campaign has commenced.