

13 June 2011

**Victoria Oil & Gas Plc
('VOG' or 'the Company')
(AIM: VOG)**

Logbaba Operations Update and Upwards Revision of Management Economic Forecasts

Highlights:

- Pipeline and civil contractors mobilised
- Excavation works commenced on site
- Work initiated on production trees and baseline caliper logs for well commissioning
- First gas sales on schedule for Q4 2011
- Management economic forecasts revised upwards

Victoria Oil & Gas Plc, the AIM quoted oil and gas exploration and production company with assets in Cameroon and the FSU announces, following the award of an Exploitation Authorisation by Presidential Decree on the 29 April 2011, that the Company has executed a contract with a Cameroon civil engineering contractor, Austin Maritime, for the site civil works and the pipeline trenching, jointing and installation.

The contractor mobilised on 31 May and its offices, containers and equipment have been moved to site where excavation commenced on 11 June.

The Company has also mobilised horizontal drilling and high density polyethylene pipe, ('HDPE') jointing experts and a pipeline engineer from the UK. These personnel will supervise and train staff from Austin Maritime in HDPE pipeline jointing, installation, testing and commissioning procedures.

Pipeline installation is scheduled to commence before the end of June and involves three construction teams and a horizontal drilling team to complete fourteen horizontal sections. The project schedule envisages completion of 100 meters of pipeline per day although rates of up to 200 meters per day are achievable in certain circumstances. All the equipment required to deliver first gas to customers is now in Douala, either at the EXPRO site, (operators of the processing plant,) at the Douala Port or at VOG's site at Logbaba.

The pipeline installation coincides with the rainy season in West Africa. Our construction plan includes shoring of all trenches deeper than 1.2 meters and the use of temporary drainage and pumps to keep the pipeline route clear of water. Jointing will be conducted under cover to ensure that pipeline ends are kept dry and clean. Austin Maritime has recent experience of installing 400 km of pipeline in similar conditions for gas export from oil fields in Chad.

The Company has also commenced work on the production trees and baseline caliper logs of the wells to prepare the wells for commissioning. This work will be complete at the end of June.

The Company currently has 11 gas sales agreements ('GSAs') signed and executed together with a further 10 GSAs which have been contractually agreed subject to legal due diligence and final approval. Gas supplies in all contacts are priced at \$16 per million British thermal units ('btu') or \$96 per barrel of oil equivalent.

Logbaba has proven and probable reserves of 212 billion cubic feet of gas (35.3 million barrels of oil equivalent) and the Company expects gas sales of 8 million standard cubic feet per day ('mmscf/d') in the first year of operations rising to 44 mmscf/d (7,300 barrels of oil a day equivalent) by the end of 2014. The pipeline has a capacity of 60 mmscf/d, which is of sufficient size for the Douala industrial market over the medium term. Condensate separated from the gas at the process plant will be stabilised and stored for transport to the Sonara refinery at Limbe in Cameroon. Condensate production is forecast at the rate of 20 barrels per million cubic feet of gas.

Logbaba's current proved and probable reserves of 212 Bcf are sufficient to supply an average consumption of 30 mmscf/d for the next 20 years. In the longer term, as further reserves are proven, gas may 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 gas to third parties.

The Company has organised a Logbaba Gas Usage conference for 5 July to start boiler conversion and upgrade works so that customers are ready to receive gas in Q4 2011 on the Magzi Industrial Estate at Bassa which is only 3 km from the Logbaba site and also in central Douala which is 8.5 km from the site. This conference will be attended by three providers of dual fuel burners, three gas generator providers and our preferred contractor for onsite steel work from the delivery point to the burner tip.

The Company also announces revised internal economic forecasts for the Logbaba gas and gas condensate field in Douala, Cameroon. Following a review of several variables, including the latest demand estimates and operating costs, management reports improved post-tax NPV figures. The post tax net present value discounted at 10 per cent ('NPV10') net to VOG for various categories of reserves and resources are:

<u>Category</u>	<u>NPV10 discount rate</u>
Proved (1P)	US\$117m
Proved & Probable (2P)	US\$406m
Proved, Probable and Possible (3P)	US\$560m
P3 plus Prospective Resources	US\$1,164m

Additional information can be found in our latest corporate investor presentation available on the Company's website, www.victoriaoilandgas.com.

The Company looks forward to updating shareholders in due course.

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Background Information on Victoria Oil & Gas Plc:

Victoria Oil & Gas 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 gas 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 and all four exploration wells encountered gas. The Company drilled two successful development wells in 2009/10. West Medvezhye is situated in the prolific Yamal-Nenetsk hydrocarbon region in Siberia. An independent reserve audit estimated prospective resources for the area of over 1.1 billion barrels of oil equivalent.