VICTORIA
OIL & GAS PLC

23 September 2016

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

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2016

Victoria Oil & Gas Plc, the integrated natural gas producing utility, today announces its unaudited interim results for the six months ended 30 June 2016.

In the prior year the Company changed its accounting reference date to 31 December. These interim results report on the six-month period to 30 June 2016, with the comparative period covering the six-month period ended 30 November 2015. Owing to the seasonal nature of our business, where production statistics are reported they will be compared to the equivalent six-month period to 30 June 2015, to provide a more accurate comparison.

Financial Highlights

- $23.6 million Revenue (six months to 30 November 2015 was $18.9 million)
- $14.2 million Adjusted EBITDA (six months to 30 November 2015 was $7.9 million)
- $1.9 million Net cash position (at 31 December 2015 was $6.0 million)
- $9.0 million Net cash position at 23 September 2016
- Cost recovery milestone reached on Logbaba Gas and Condensate Project on 31 May 2016 after which revenues will be shared in accordance with the participating interests

Operational Highlights

- 93% average daily production rate increase to 13.1mmscf/d (six months to 30 June 2015 was 6.8mmscf/d)
- 2,282mmscf of gas sold (six months to 30 June 2015 was 1,525mmscf)
- Phase II Bonaberi pipeline expansion well underway to connect new thermal customers
- Major drilling preparation work completed, drill rig arrived and is being commissioned

Corporate Highlights

- 75% interest in the Matanda Production Sharing Contract assigned to the Group
- $26 million debt facility secured to support Logbaba expansion
- Group CEO appointed – Ahmet Dik; Group Finance Director appointed – Andrew Diamond

Post Balance Sheet Events

- Settlement reached over the reserve bonus dispute and termination of 1.2% royalty
- Full settlement of receivable from RSM Production Corporation
- Roger Kennedy appointed as independent Non-Executive Director

Kevin Foo, Executive Chairman said,
"The first half of 2016 has been a stabilising period in the Company, as we deliver on our strategy to increase production and grow our pipeline network in Douala, Cameroon. Our market assessment indicates a growing demand for our gas, for both thermal and grid power markets. The Matanda acquisition was a major extension of our influence in the region, whilst the drilling programme is expected to unlock new reserves for sale to customers. The preparation for drilling at our existing Logbaba production site is complete, and spudding is expected shortly. Expansion work on the Bonaberi pipeline is on track, and with Gas Sales Agreements in place, we expect to deliver to these new customers before the end of the year. As we deliver on our expansion targets we will look to increase the process plant's capacity. The settlement of the reserve bonus and termination of the 1.2% royalty was an important matter to resolve and will mean greater revenue for the Company going forward."

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This announcement contains inside information.

Notes to Editors

About Victoria Oil & Gas Plc

Victoria Oil & Gas (VOG.L) is a gas utility company.

The Company's subsidiary, Gaz du Cameroun S.A. ("GDC") owns a 60% participating interest and operates the onshore Logbaba Gas and Condensate Project ("Project"). The Project supplies cost effective, clean and reliable natural gas to industries in the Douala region of Cameroon. RSM Production Corporation, an affiliate of Grynberg Petroleum Company of Denver, Colorado holds the remaining 40% participating interest. In addition, the Group has recently acquired a 75% participating interest in the Matanda block, which neighbours the Logbaba block. The remaining 25% participating interest is held by AFEX Global Limited.

The Group also holds 100% of the West Medvezhye oil and gas exploration project near Nadym, Russia.

Victoria Oil & Gas Plc

Unaudited Interim Condensed Consolidated Financial Statements
For the Six Months to 30 June 2016

Chairman's Letter

Dear Shareholder,

On behalf of the Board, I am pleased to report our unaudited interim results for the six months to 30 June 2016 and to update you on the Company's progress.

Victoria Oil & Gas Plc ("VOG", the "Company" or the "Group") has achieved another solid sales period as our operating subsidiary, Gaz du Cameroun S.A. ("GDC"), continued to sell gas to thermal and power customers. While our gas competes directly with Heavy Fuel Oil (which is in turn linked to the Brent Crude price), GDC gas supplies an energy solution to customers that, in addition to being cost effective, is clean and reliable. Depressed Heavy Fuel Oil prices creates substitution risk and pricing pressure, particularly to our thermal sales, however this is largely mitigated by the long-term Gas Sales Agreements that we enter into with our customers together with security of supply and environmental benefits, which customers recognise. In early 2016, we stated our objective to increase gas volumes sold to customers in 2016 by 30% above 2015 levels. During the twelve months to 31 December 2015, total gas sales of 2,868mmscf were achieved. Having sold 2,282mmscf in the first six months of 2016, we are on track to reach this target.

The sales figures from the Logbaba Gas and Condensate Project ("Project") in Cameroon are as follows:

	6 months ended 30 June 2016	6 months ended 30 June 2015
Gas sales – Thermal and Retail Power (mmscf)	**529**	643
Gas sales – Grid Power (mmscf)	**1,753**	880
Gas sales – Total (mmscf)*	**2,282**	1,525
Average daily gas production (mmscf/d)*+	**13.1**	6.8
Condensate sold (bbls)	**26,047**	22,818

* This represents 100% of the sales of the Project. From 1 June 2016, Project revenues, which up to that date fully accrued to GDC, will be split in accordance with the participating interests (GDC 60%)

\+ Average daily gas production is based on a seven day production week.

The strategic importance of gas to Cameroon was clearly highlighted earlier in the year as VOG acquired a 75% interest in the Matanda license block with the acquisition being approved by the Government of Cameroon. Matanda covers an area of approximately 1,235km^2, over 60 times the area of the Logbaba concession, and is highly prospective for significant natural gas and condensate resources. The Matanda block, with four drilled wells and three discoveries, is estimated to hold P50 'gas-in-place' volume of 1.8tcf and 'condensate in-place' of 136mmbbl. The onshore elements of the Matanda block are adjacent to our existing Logbaba operations and the core focus of the Group will be to unlock further saleable reserves to feed GDC's integrated pipeline. We believe that the assignment of such a significant resource asset is a direct consequence of the success GDC has had in rapidly unlocking strategic domestic energy assets to the benefit of the national economy.

In addition to our strong operational performance we continue to work on delivering our gas supply expansion strategy laid out in January 2016:

Enhance Production Capability

- Expand existing reserves at Logbaba
- Increase thermal customers through phased Bonaberi expansion
- Develop plant capacity cost effectively, in step with demand
- Begin initial work programme at Matanda

Expand Customer Base for Increased Capacity

- Secure major new power customers as new levels of capacity come online
- Continue to build high margin, thermal business
- Look at new areas in Cameroon and across Africa where the GDC model can be replicated

In every respect we have progressed on our strategic objectives. We are also very proud that our 100% safety and supply record for GDC was maintained during the period.

As previously reported, GDC will be drilling two wells intended to move some of our 2P (Proven plus Probable) reserves into the 1P (Proven) reserve category. One of the wells to be drilled will twin the La-104 well drilled in 1957; the other well will be a 'step-out' well that will be drilled into a target that is intended to prove up more of our Probable Reserves. Both wells are intended to be production wells from the Logbaba Formation at depths of up to 3,200m.

Significant preparation work for the Logbaba drilling campaign has been completed during the period. The rail mounted rig was delivered to site during July and is currently being commissioned. Weather disruptions, including significant rains and a lightning strike which affected some of the instrumentation, have delayed commissioning. However we are now in the testing and certification process and expect spudding to occur shortly.

The Phase II Bonaberi pipeline expansion is well underway and we expect new customers to be benefiting from our gas before the end of 2016. By the end of the reporting period 7km of pipeline had been laid and a further 3km was laid up to the end of August. The phased expansion will be completed and commissioned and available to customers before the end of the year.

Expansion of the process plant capacity is scheduled to be performed in three phases. The first phase of the plan is to increase the plant capacity from 20mmscf/d to 25mmscf/d. The later phases will increase capacity to 40mmscf/d, but are dependent upon successful completion of the drilling programme.

During the period GDC secured a debt facility with BGFIBank of up to $26.0 million, which it can draw upon to fund ongoing operations. With this debt facility, strong operating cash flows, and partner funding, VOG intends to complete the planned gas expansion programme without recourse to equity markets.

The Logbaba Farm-In Agreement allowed GDC to recover 100% of revenues from the Project until such time as the initial exploration costs, which GDC was required to incur, had been recovered. Aside from the initial exploration costs, all other exploitation, operating and capital costs were paid for by the partners in accordance with their respective participating interests. On 31 May 2016, the Project reached a milestone whereby the Company has recovered the initial exploration costs from revenues to date; and from 1 June 2016 distribution of revenue under the concession contract reverted to being in accordance with the participating interests of the parties. From 1 June 2016 onwards, GDC will receive 60% of the revenues generated by the Project, and continue to contribute 60% of operating and capital costs.

Chairman's Letter continued

On 29 August 2016, GDC entered into formal mediation proceedings aimed at resolving a dispute involving the reserve bonus, over which the counterparty had initiated arbitration proceedings. A confidential settlement was reached wherein GDC and the counterparty, who is neither a shareholder nor related party, agreed to settle the reserve bonus and terminate the 1.2% royalty obligation. The commercial terms of the settlement reached are confidential; however, it was not materially different from the combined provision and contingency announced in the Report and Accounts to December 2015. The Board believes this settlement is a good result for shareholders.

After invoking a contractual default provision on our Logbaba partner, we are pleased to report that, post the balance sheet date, RSM Production Corporation ("RSM") has settled all amounts due and we look forward to their ongoing support as we continue with the gas expansion programme. RSM has filed an application for arbitration concerning the selection of the drilling rig and contractor for the current drilling programme. We are confident of our position and will continue to work towards resolving this dispute.

During the period we had numerous Board level changes:

- Grant Manheim, Deputy Chairman, retired on 31 May 2016
- Ahmet Dik, Chief Executive Officer of GDC and Executive Director of the Company, was appointed Chief Executive Officer of the Group on 23 June 2016
- Robert Palmer, Finance Director, did not stand for re-election at the AGM and retired on 29 June 2016
- Andrew Diamond joined as Finance Director on 30 June 2016
- Roger Kennedy joined as independent Non-Executive Director on 14 July 2016

On behalf of the Board, I would like to take this opportunity to thank Grant and Robert for their unfailing dedication and valuable contribution to building the excellent Company we have, and to welcome the new members to the Board.

We believe that your Company has an exciting future and I look forward to giving you regular updates on our progress.

Kevin Foo
Executive Chairman
23 September 2016

Financial Review

The Group produced a strong performance for the six months ended 30 June 2016.

Change of Accounting Reference Date

During 2015, the Company changed its accounting reference date from 31 May to 31 December. The Group produced an Interim Report for the six months to 30 November 2015 and our Report and Accounts covered the seven-month period ended 31 December 2015.

The interim report for the six-month period ended 30 June 2016 ("current period") is compared to the six-month period ended 30 November 2015 ("prior period") as required by International Financial Reporting Standards ("IFRS").

Revenue and Results

For the six-month period ended (in $000 unless stated)	**30 June 2016**	30 November 2015
Performance		
Revenue	**23,637**	18,860
Operating profit	**4,309**	740
Depreciation	**9,896**	7,185
Adjusted EBITDA	**14,205**	7,925
Profit/(loss) per share – basic (cents)	**0.90**	(0.85)
– diluted (cents)	**0.89**	(0.85)
Operational – Gross Logbaba production		
Gas sales (mmscf)	**2,282**	1,530
Condensate sales (bbls)	**26,047**	23,110

As at (in $000)	**30 June 2016**	31 December 2015
Financial Position		
Net cash position	**1,928**	5,997

Performance

The Group's revenue for the current period was $23.6 million, $4.8 million higher than the prior period. Revenue is derived entirely from the Logbaba Gas and Condensate Project in Cameroon ("the Project"). Gas is sold to customers for thermal energy production and electricity generation, with revenue also generated from the sale of condensate, a by-product from gas production and processing.

The increase in revenue in the current period, which is reflected in the increased gas and condensate sales volumes, is due to:

- The Group signed a two-year take-or-pay agreement with ENEO and commenced with the supply of gas to generate electricity in March 2015. The current and prior periods both benefited from the gas consumed by ENEO, however the take-or-pay consumption during the Cameroonian dry season, from January to June, is significantly higher than the take-or-pay consumption during the rainy season when hydroelectric power is more readily available; and
- In accordance with the Logbaba Farm-In Agreement, GDC is entitled to 100% of the revenues generated by the Project until such time as the initial exploration costs, which GDC incurred, are recovered. Thereafter revenues will be shared in accordance with the participating interests in the Logbaba Concession, of which GDC owns 60%, in the same manner that operating costs and post exploration capital costs are shared. As at 31 May 2016, the Project reached the milestone whereby the initial exploration costs were recovered; and from 1 June 2016 onwards revenues, operating costs and capital costs are shared in accordance with participating interests of the parties.

Despite the fixed price contracts that we have with our customers, gas prices came under pressure during the period. The global downturn in oil prices impacts the price of competitive substitutionary products, which can affect the way our customers consume energy. We continue to monitor the impact of the price of HFO and engage with our customers to maximize our profitability.

Cost of sales of $15.2 million for the period included $3.9 million of production royalties, $9.8 million of depreciation linked to revenue generating assets and $1.5 million of other production related expenditure. Production royalties and depreciation are variable costs associated with the volumes of gas produced during the period. As of 1 June 2016, when revenue sharing on the Project commenced, the 0.8% royalty payable to RSM ceased. Furthermore, post balance sheet date GDC has agreed to terminate the 1.2% royalty previously payable (refer below). The removal of these royalty obligations should reflect positively on the Group's long term profitability.

Adjusted EBITDA, which excludes depreciation from operating profit prior to financing charges and tax, reflects earnings of $14.2 million, a $6.3 million improvement on the prior period. This reflects the increase in revenue generated and a $1.3 million reduction in administrative expenses, principally resulting from a reduction in share-based charges.

Finance charges relating to the BGFI facility, which the Group started utilizing during the period, have been capitalized to intangible assets as they relate to the drilling project.

During the period, GDC fully utilized the deferred tax asset previously recognized over unused tax losses in Cameroon.

Financial Review continued

The profit after taxation of the Group for the six months to 30 June 2016 amounted to $1.0 million (a loss of $0.9 million in the prior period).

The Group's Russian West Medvezhye asset remains fully impaired.

Financial Position

Intangible assets

The increase in intangible assets during the period of $6.8 million recognizes GDC's share of the drilling programme costs.

Property, plant and equipment

Oil and gas assets, which include the Logbaba wells and the pipeline assets, are depreciated on a 'unit of production' basis. The increased production during the period resulted in a depreciation charge for the period of $9.9 million (prior period: $7.2 million). Additions during the period, predominantly pipeline related, amounted to $2.6 million (prior period $1.7 million) (see note 6).

Investment in associate

The 35% ownership in Cameroon Holdings Limited recovers a portion of the royalties paid by GDC, and is reflected in the consolidated accounts as 'Share of profit of associate'.

Deferred tax asset

Taxable profits in Cameroon reported during the period have fully utilized prior tax losses, resulting in a utilisation of the deferred tax asset.

Trade and other receivables

Trade receivables have increased mainly as a result of delays in payment from ENEO. This has largely been rectified post balance sheet date.

Other receivables at 30 June 2016 included $10.4 million (31 December 2015: $5.9 million) due from RSM. This relates to RSM's funding obligation for its 40% participating interest in the Project, which was received in full post balance sheet date.

Borrowings

Total borrowings have increased by $5.0 million from $7.2 million in the comparative period to $12.2 million at 30 June 2016 as the drilling programme and other capital projects progressed. The Group has $20.0 million remaining headroom on its facilities.

Provisions

Provisions of $7.2 million, have increased by $0.2 million from 31 December 2015 largely as a result of the unwinding of discount on the non-current liability portion which is charged to the Income Statement. In addition to the $4.4 million reserve bonus provision, there is also a contingent liability of $5.0 million on the reserve bonus pending the outcome of an arbitration proceeding. Settlement was reached between the parties on the reserve bonus post the balance sheet date (see post balance sheet events below).

Net cash and liquidity risk

The Group was in a net cash position of $1.9 million at 30 June 2016 (31 December 2015: $6.0 million). The ongoing drilling programme costs will be funded through a combination of strong and established operational cash flows, partner contributions and debt.

Cash Flow

Operating activities

The Group had strong cash flows from operating activities of $13.4 million during the period (prior period: $8.7 million). Working capital increased by $8.5 million (prior period: $5.8 million), mainly due to increased trade and concession partner receivables, resulting in net cash generated from operating activities of $4.9 million (prior period: $2.9 million).

Investing activities

Drilling and pipeline activities resulted in costs of $9.6 million during the period (prior period: $2.1 million).

Additionally, the Company received $1.0 million of dividends from associate (prior period: $1.0 million).

Financing activities

$5.9 million was drawn down against the BGFIBank facility during the period. Financing cash outflows in the period of $1.2 million (prior period: $3.9 million) relate to the repayment of debt and associated interest.

Matanda Acquisition

The Group reached an agreement with Glencore Exploration Cameroon Limited to acquire a 75% participating interest in the Matanda block PSC and completed the transaction, on 6 April 2016, after receiving confirmation of approval of the assignment from the State of Cameroon. The Matanda block neighbours the Logbaba block in Douala, Cameroon and provides the Group access to additional gas potential in the area. The Group will be the operator of the PSC. The consideration of the transaction was $Nil, however the Group has assumed the work programme obligations, which include seismic work to be performed in the near term and, pending the results of the seismic testing, further exploration costs.

Included in the acquisition was drilling equipment, acquired for $Nil, with a market value of approximately $3.8 million. The acquisition has been deemed an acquisition of assets and the drilling equipment is therefore included in the accounting records at its cost of $Nil.

Commitments

At 30 June 2016 GDC had $18.5 million of commitments pertaining to the drilling programme, the majority of which is expected to be incurred during 2016. At 23 September 2016 GDC has remaining drilling commitments of $17.6 million. Spudding of the wells is expected to occur shortly.

In addition to the drilling programme, the Group is committed to performing seismic activities on the Matanda Concession. The majority of the estimated costs (a range of $8.0-$10.0 million) will be incurred during 2017 and 2018.

Post Balance Sheet Events

Reserve bonus and 1.2% royalty

In the Report and Accounts to 31 December 2015 the Group disclosed that the counterparty to the reserve bonus had initiated arbitration proceedings over the timing of the reserve bonus payments. The provision for the reserve bonus at 31 December 2015 was a discounted $5.0 million, with a further $5.0 million disclosed as a contingent liability should the arbitration ruling favour the counterparty.

On 29 August 2016, GDC entered into formal mediation proceedings with the counterparty, who is neither a shareholder nor related party. A confidential settlement agreement was reached, which resolves all of the outstanding issues concerning the reserve bonus and terminates the 1.2% royalty payable to the counterparty. The commercial terms of the settlement agreement are confidential; however the terms are not materially different from the combined provision and contingency described in the Report and Accounts to 31 December 2015.

Financial Review continued

Principal Risks and Uncertainties

The Board determines the key risks for the Group and monitors mitigation plans and performance on a monthly basis. The principal risks the Group has identified for the next six months are summarised as follows:

- Operational risk: Drilling operations and discovery risk.
- Financial risk: Ability to fund the entire drilling programme with available funds, debt and operational cash flows.
- External risks: Capital constraints, global economic volatility, commodity price risk, legal compliance regulatory or litigation risk, adverse market sentiment, political and country risk.
- Strategic risks: Investment decisions, inadequate resources and reliance on key personnel.
- Other operational risks: HSE and security incidents, title and licence risks, well/process plant/pipeline integrity risks, reliance on key customer risk.
- Other financial risks: Funding risk, counterparty credit risk, management of costs and capital spending, tax risk.

A more detailed listing of risks and uncertainties facing the Group's business is listed on page 21 of the Report & Accounts to 31 December 2015, which is available on the Victoria Oil & Gas Plc website: www.victoriaoilandgas.com.

Going Concern

The Directors are satisfied that the Group has sufficient resources and facilities to continue operations for the foreseeable future, being a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial information.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge that the unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

Movement in directors during the period and to the date of this report is detailed in the Chairman's report. A list of the current directors is available on the Company's website: www.victoriaoilandgas.com.

Andrew Diamond
Finance Director
23 September 2016

Condensed Consolidated Income Statement

For the six-month period ended	Note	**30 June 2016 Unaudited $000**	30 November 2015 Unaudited $000
Continuing operations			
Revenue		**23,637**	18,860
Cost of sales		**(15,234)**	(12,542)
Production royalties		**(3,890)**	(3,060)
Other cost of sales		**(11,344)**	(9,482)
Gross profit		**8,403**	6,318
Sales and marketing expenses		**(8)**	(113)
Administrative expenses		**(4,976)**	(6,280)
Other losses		**(164)**	(307)
Share of profit of associate		**1,054**	1,122
Operating profit		**4,309**	740
Finance costs		**(445)**	(525)
Profit before taxation		**3,864**	215
Income tax expense		**(2,886)**	(1,105)
Profit/(loss) for the period – attributable to shareholders of the parent		**978**	(890)

		Cents	Cents
Profit/(loss) per share – basic	4	**0.90**	(0.85)
Profit/(loss) per share – diluted	4	**0.89**	(0.85)

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended	**30 June 2016 Unaudited $000**	30 November 2015 Unaudited $000
Profit/(loss) for the period	**978**	(890)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**26**	70
Total comprehensive profit/(loss) for the period – attributable to shareholders of the parent	**1,004**	(820)

Condensed Consolidated Statement of Financial Position

As at	Notes	30 June 2016 Unaudited $000	31 December 2015 Audited $000
Assets:			
Non-current assets			
Intangible assets	5	**7,442**	692
Property, plant and equipment	6	**104,023**	111,434
Investment in associate		**5,583**	5,489
		117,048	117,615
Current assets			
Inventories		**13**	5
Trade and other receivables	8	**24,484**	14,470
Cash and cash equivalents	7	**14,132**	13,230
Deferred tax assets		**–**	2,217
		38,629	29,922
Total assets		**155,677**	147,537
Liabilities:			
Current liabilities			
Trade and other payables		**5,861**	3,467
Provisions	9	**1,000**	1,000
Borrowings	7	**5,475**	4,626
		12,336	9,093
Net current assets		**26,293**	20,829
Non-current liabilities			
Borrowings	7	**6,729**	2,607
Deferred tax liabilities		**3,941**	4,490
Provisions	9	**6,185**	5,963
		16,855	13,060
Net assets		**126,486**	125,384
Equity:			
Called-up share capital		**34,246**	34,246
Share premium		**230,194**	230,194
ESOP Trust reserve		**(918)**	(1,015)
Translation reserve		**(17,695)**	(17,721)
Other reserve		**–**	315
Retained earnings – deficit		**(119,341)**	(120,635)
Total equity		**126,486**	125,384

Condensed Consolidated Statement of Changes in Equity

	Share capital $000	Share premium $000	ESOP Trust reserve $000	Translation reserve $000	Other reserves $000	Retained earnings/ (deficit) $000	Total $000
For the six months ended 30 November 2015							
At 31 May 2015	34,240	229,556	(1,061)	(17,714)	3,321	(124,762)	123,580
Shares issued	6	638	29	–	–	964	1,637
Effects of movement in foreign exchange	–	–	1	–	–	–	1
Transfer expired warrants to retained earnings	–	–	–	–	(154)	154	–
Total comprehensive loss for the period	–	–	–	70	–	(890)	(820)
At 30 November 2015	34,246	230,194	(1,031)	(17,644)	3,167	(124,534)	124,398
For the six months ended 30 June 2016							
At 31 December 2015	34,246	230,194	(1,015)	(17,721)	315	(120,635)	125,384
Effects of movement in foreign exchange	–	–	98	–	–	–	98
Transfer expired warrants to retained earnings	–	–	–	–	(315)	315	–
Total comprehensive profit for the period	–	–	–	26	–	978	1,004
At 30 June 2016	**34,246**	**230,194**	**(917)**	**(17,695)**	**–**	**(119,342)**	**126,486**

Condensed Consolidated Cash Flow Statement

For the six-month period ended	**30 June 2016 Unaudited $000**	30 November 2015 Unaudited $000
Cash flows from operating activities		
Profit/(loss) for the period	**978**	(890)
Income tax expense	**2,886**	1,105
Share of profit in associate	**(1,054)**	(1,122)
Finance costs	**445**	525
Depreciation and amortisation	**9,896**	7,186
Other losses	**164**	307
Share-based payments	**107**	1,608
	13,422	8,719
Movements in working capital		
Increase in trade and other receivables	**(10,014)**	(2,237)
(Increase)/decrease in inventories	**(8)**	11
Decrease/(increase) in trade and other payables and provisions	**1,553**	(3,587)
Net cash generated from operating activities	**4,953**	2,906
Cash flows from investing activities		
Payments for intangible assets	**(6,763)**	(379)
Payments for property, plant and equipment	**(2,618)**	(1,742)
Proceeds from disposal of property, plant and equipment	**(184)**	–
Dividends received from associate	**960**	971
Net cash used in investing activities	**(8,605)**	(1,150)
Cash flows from financing activities		
Borrowings – proceeds	**5,912**	–
Borrowings – repayments	**(1,010)**	(3,055)
Finance costs paid	**(204)**	(871)
Net cash generated from/(used in) financing activities	**4,698**	(3,926)
Net increase/(decrease) in cash and cash equivalents	**1,046**	(2,170)
Cash and cash equivalents – beginning of period	**13,230**	15,963
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(144)**	(228)
Cash and cash equivalents – end of period	**14,132**	13,565

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Victoria Oil & Gas Plc and its subsidiaries ("the Group") for the six months ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the seven-month period ended 31 December 2015.

During 2015, the Group changed its accounting reference date from 31 May to 31 December, and therefore its interim period end from 30 November to 30 June. The Directors have determined that it is appropriate to provide comparative information for the six months to 30 November 2015, as previously published, rather than to restate to the new interim reporting period basis. As a result, comparative information for the six months ended 30 November 2015 has been presented.

The Group's presentation currency is the US Dollar and amounts are rounded to the nearest thousand dollars ($000) except as otherwise indicated.

2. ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the seven-month period ended 31 December 2015.

3. SEGMENTAL ANALYSIS

The Group has one class of business: development, production and distribution of hydrocarbons and related activities, which is reported to the Executive Chairman (the chief operating decision maker) in the form of internal management reports on a regular basis. The reportable segments are analysed on a location basis. Only the Cameroon segment is generating revenue, which is from the sale of hydrocarbons. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables present revenue, profit/(loss) and certain asset and liability information regarding the Group's business segments:

Six months to 30 June 2016 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue	23,637	–	–	23,637
Segment result	6,810	(488)	(2,013)	4,309
Finance costs	(348)	(19)	(78)	(445)
Profit/(loss) before taxation	6,462	(507)	(2,091)	3,864
Income tax expense	(2,886)	–	–	(2,886)
Profit/(loss) for the period	3,576	(507)	(2,091)	978
Total assets	140,477	103	15,097	155,677
Total liabilities	(25,158)	(244)	(3,789)	(29,191)
Other segment information				
Capital expenditure:				
Intangible assets	6,763	–	–	6,763
Property, plant and equipment	2,560	–	58	2,618
Depreciation and amortisation	9,891	–	5	9,896

Notes to the Interim Condensed Consolidated Financial Statements continued

3. SEGMENTAL ANALYSIS continued

Six months to 30 November 2015 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue	18,860	–	–	18,860
Segment result	3,438	(464)	(2,234)	740
Finance revenue	–	–	–	–
Finance costs	(439)	–	(86)	(525)
Profit/(loss) before taxation	2,999	(464)	(2,320)	215
Income tax expense	(1,077)	–	(28)	(1,105)
Profit/(loss) for the period	1,922	(464)	(2,348)	(890)
Total assets	135,723	116	15,404	151,243
Total liabilities	(23,341)	(258)	(3,246)	(26,845)
Other segment information				
Capital expenditure:				
Intangible assets	378	–	–	378
Property, plant and equipment	1,737	–	5	1,742
Depreciation and amortisation	7,182	–	3	7,185

4. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is computed by dividing the profit/(loss) after tax for the period available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend, excluding those held by the ESOP Trust. Basic and diluted profit/(loss) per share were the same in the prior period, as the effect of any potential ordinary shares was anti-dilutive and was therefore excluded.

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

For the six-month period ended	**30 June 2016 Unaudited $000**	30 November 2015 Unaudited $000
Profit/(loss) for the period	**978**	(890)
	Number	Number
Number of shares		
Weighted number of ordinary shares – basic	**108,133,450**	105,236,040
Dilutive potential of share options	**1,299,312**	–
Weighted number of ordinary shares – diluted	**109,432,762**	105,236,040
	Cents	Cents
Profit/(loss) per share – basic	**0.90**	(0.85)
Profit/(loss) per share – diluted	**0.89**	(0.85)

Notes to the Interim Condensed Consolidated Financial Statements continued

5. INTANGIBLE ASSETS

Six months to 30 June 2016 (Unaudited)	Exploration and evaluation assets $000	Software $000	Total $000
Cost			
Opening balance	**71,511**	**44**	**71,555**
Additions	**6,761**	**2**	**6,763**
Effects of movement in foreign exchange	**2,082**	**–**	**2,082**
Closing balance	**80,354**	**46**	**80,400**
Accumulated amortisation and impairment			
Opening balance	**70,840**	**23**	**70,863**
Charge for the period	**–**	**13**	**13**
Effects of movement in foreign exchange	**2,082**	**–**	**2,082**
Closing balance	**72,922**	**36**	**72,958**
Carrying amount 30 June 2016	**7,432**	**10**	**7,442**

Seven months to 31 December 2015 (Audited)	Exploration and evaluation assets $000	Software $000	Total $000
Cost			
Opening balance	83,304	37	83,341
Additions	602	7	609
Effects of movement in foreign exchange	(12,395)	–	(12,395)
Closing balance	71,511	44	71,555
Accumulated amortisation and impairment			
Opening balance	83,235	15	83,250
Charge for the period	–	8	8
Effects of movement in foreign exchange	(12,395)	–	(12,395)
Closing balance	70,840	23	70,863
Carrying amount 31 December 2015	671	21	692

Notes to the Interim Condensed Consolidated Financial Statements continued

6. PROPERTY, PLANT AND EQUIPMENT

Oil and gas assets are depreciated on a unit-of-production basis.

Assets under construction comprise of expenditure on the uncompleted sections of the pipeline network on the Logbaba Gas and Condensate Project in Cameroon.

Six months to 30 June 2016 (Unaudited)	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	**38,252**	**101,603**	**–**	**139,855**
Additions	**340**	**11**	**2,267**	**2,618**
Disposals	**(184)**	**–**	**–**	**(184)**
Closing balance	**38,408**	**101,614**	**2,267**	**142,289**
Depreciation				
Opening balance	**3,147**	**25,274**	**–**	**28,421**
Disposals	**(38)**	**–**	**–**	**(38)**
Charge for the period	**668**	**9,215**	**–**	**9,883**
Closing balance	**3,777**	**34,489**	**–**	**38,266**
Carrying amount 30 June 2016	**34,631**	**67,125**	**2,267**	**104,023**

Seven months to 31 December 2015 (Audited)	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	37,583	102,102	661	140,346
Reclassification of opening balance	–	2,028	–	2,028
Transfer to plant and equipment	–	–	(1,060)	(1,060)
Transfer from assets under construction	1,060	–	–	1,060
Additions	183	500	399	1,082
Disposals	(574)	–	–	(574)
Reversal of capitalized costs	–	(3,027)	–	(3,027)
Closing balance	38,252	101,603	–	139,855
Depreciation				
Opening balance	2,720	16,273	–	18,993
Reclassification of opening balance	–	2,028	–	2,028
Disposals	(97)	–	–	(97)
Charge for the period	524	6,973	–	7,497
Closing balance	3,147	25,274	–	28,421
Carrying amount 31 December 2015	35,105	76,329	–	111,434

7. NET CASH

As at	**30 June 2016 Unaudited $000**	31 December 2015 Audited $000
Cash and cash equivalents	**14,132**	13,230
Borrowings: Current liabilities	**(5,475)**	(4,626)
Borrowings: Non-current liabilities	**(6,729)**	(2,607)
	1,928	5,997

Notes to the Interim Condensed Consolidated Financial Statements continued

8. TRADE AND OTHER RECEIVABLES

As at	**30 June 2016 Unaudited $000**	31 December 2015 Audited $000
Trade receivables	**10,618**	6,249
Amounts due from concession partner	**10,400**	5,919
Other receivables	**3,850**	2,302
	24,484	14,470

Amounts due from concession partner were received in full subsequent to period end.

9. PROVISIONS

As at	**30 June 2016 Unaudited $000**	31 December 2015 Audited $000
Decommissioning provisions	**2,084**	2,032
Reserve bonus provision	**4,387**	4,241
Production bonus provision	**714**	690
	7,185	6,963

Decommissioning provisions relate to the Logbaba Concession and Russian assets. Reserve bonus and production bonus provisions relate to the Logbaba Concession. At 30 June 2016, $1.0 million (30 November 2015: $1.0 million) of the reserve bonus provision has been classified as a current liability. The balance of the reserve bonus provision and other provisions are considered to be non-current.

In addition to the reserve bonus, there is a contingent liability of $5.0 million pending the outcome of arbitrations proceedings filed by the counterparty. There is further disclosure regarding the reserve bonus in post balance sheet events note (see note 13).

10. COMMITMENTS

At 30 June 2016 GDC had $18.5 million of commitments pertaining to the drilling programme, the majority of which is expected to be incurred during 2016. At 23 September 2016 GDC has remaining drilling commitments of $17.6 million.

In addition to the drilling programme, the Group is committed to performing seismic activities on the Matanda Concession. The majority of the estimated costs (a range of $8.0-$10.0 million) will be incurred during 2017 and 2018.

11. RELATED PARTY TRANSACTIONS

Cameroon Holdings Limited (“CHL”) is held jointly by Victoria Oil & Gas Plc (35%) and Logbaba Projects Limited (65%). HJ Resources Limited (“HJR”) has a 67% interest in Logbaba Projects Limited. Kevin Foo (Executive Chairman) and certain members of his family are the potential beneficiaries of a discretionary trust that owns HJR. CHL is entitled to a production royalty based on GDC revenue. The details of the royalty are set out in the Group’s Report and Accounts to 31 December 2015. During the period royalties of $3.3 million were paid to CHL by GDC. Dividends of $1.0 million were paid by CHL to Victoria Oil & Gas Plc and are reflected as ‘dividends received from associate’ in the cash flow statement.

No further related party transactions have taken place during the six-month period ended 30 June 2016 which have materially affected the financial position or the performance of the Group during that period. The nature and amounts of related party transactions in the first six months of the current financial year are consistent with those reported in the Group’s Report and Accounts to 31 December 2015.

12. MATANDA ACQUISITION

The Group reached an agreement with Glencore Exploration Cameroon Limited to acquire a 75% participating interest in the Matanda block PSC and completed the transaction on 6 April 2016 after receiving confirmation of approval of the assignment from the State of Cameroon. The Matanda block neighbours the Logbaba block in Douala, Cameroon and provides the Group access to additional gas reserves in the area. The Group will be the operator of the PSC. The consideration for the transaction was $Nil, however the Group has assumed the work programme obligations, which include seismic work to be performed in the near term and, pending the results of the seismic testing, further exploration costs.

Included in the acquisition was drilling equipment, acquired for $Nil, with a market value of approximately $3.8 million. The acquisition has been deemed an acquisition of assets and the drilling equipment is therefore included in the accounting records at its cost of $Nil.

Notes to the Interim Condensed Consolidated Financial Statements continued

13. POST BALANCE SHEET EVENTS

Appointment of Director

Roger Kennedy was appointed as an independent Non-Executive Director of the Company on 14 July 2016.

Reserve Bonus and 1.2% Royalty

In the Report and Accounts to 31 December 2015, the Group disclosed that the counterparty to the reserve bonus had initiated arbitration proceedings over the timing of the reserve bonus payments. The provision for the reserve bonus at 31 December 2015 was a discounted $5.0 million, with a further $5.0 million disclosed as a contingent liability should the arbitration ruling favour the counterparty.

On 29 August 2016, GDC entered into formal mediation proceedings with the counterparty. A confidential settlement agreement was reached, which resolves all of the outstanding issues concerning the reserve bonus and terminates the 1.2% royalty payable to the counterparty. The commercial terms of the settlement agreement are confidential, however the terms are not materially different from the combined provision and contingency described in the Report and Accounts to 31 December 2015.

14. SEASONALITY

The Gas Sales Agreement with our grid power customer has a take-or-pay clause which results in consumption levels varying between the dry months (January to June) and rainy months (July to December). The minimum monthly consumption level during the dry months, when hydro-electric power is less prevalent, is three times higher than during the rainy months, resulting in higher revenues and operating profits from this customer in the first half of the financial year than the second six-month period. Revenues and operating profits for all other customers are more evenly spread between the two half years.

In accordance with the Logbaba Farm-In Agreement, GDC is entitled to 100% of the revenues generated by the Project until such time as the initial exploration costs, which GDC incurred, are recovered. Thereafter revenues will be shared in accordance with the participating interests in the Logbaba Concession, of which GDC owns 60%, in the same manner that operating costs and post exploration capital costs are shared. As at 31 May 2016 the Project reached the milestone whereby the initial exploration costs were recovered and therefore from 1 June 2016 onwards, revenues are shared in accordance with participating interests of the parties

In addition to the seasonal impact of our grid power customer, revenues and operating profits in the second half of 2016 will be impacted by the change in sharing of the Project revenues.

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 23 September 2016.

Copies of the Interim report are available by download from the Company's website at: www.victoriaoilandgas.com