UNAUDITED HALF YEAR STATEMENT AS AT

30 NOVEMBER 2005

VICTORIA OIL & GAS PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 NOVEMBER 2005

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of my fellow directors, I am very pleased to report on outstanding progress in your Company since the release of our first Annual Report in October 2005. I would like to review Victoria's development during this period and our plans for the rest of 2006.

The highlights are:

- Confirmation by independent experts DeGolyer & MacNaughton ("D&M") of best estimate prospective recoverable resource volumes for the whole West Medvezhye gas and condensate licence in Western Siberia, Russia, of 1.1 billion barrels of oil equivalent. This is comprised of 5.5 trillion cubic feet of gas, 146 million barrels of gas condensate and 25 million barrels of oil, subject to successful discovery and development of the prospects
- D&M have also reported expected prospective recoverable resource volumes of half a trillion cubic feet of gas at the Danniella accumulation around discovery Well 104 in the north-east corner of the West Medvezhye licence block
- Acquisition of the outstanding 25.2% of ZAO SeverGas-Invest ("SGI"), the holder of the West Medvezhye licence, bringing Victoria's ownership to 100%
- Signing of a protocol with Gazprom for the development of the West Medvezhye project and marketing of any gas production. This is an important preliminary step towards an off-take agreement with the energy giant
- Successful completion of a fundraising of £13.1 million in December 2005 by placing of 16.8 million shares with institutions and other investors. The fundraising was over-subscribed

Our Objectives and Results

In October 2005, we set ourselves the key objectives of further exploration at West Medvezhye, first oil production from the Kemerkol oil field in Kazakhstan and continuing the pursuit of opportunities to add more proven reserves to our inventory.

Our progress at West Medvezhye has been excellent and the successful Vertical Seismic Profile technique has unlocked the potential of the Danniella accumulation. With the test results from Well 104 imminent and the drilling of Well 106 to further appraise the structure due to complete in the next few weeks, we hope to be able to confirm and book proven C1 reserves by late

2006. A well test will also give an indication as to the presence of liquid gas condensate.

Our new exploration well, Well 103, will be a deeper well (to approximately 3,850 metres) to test the Jurassic horizon of a new potential structure, which we refer to as the Northwest Closure. Whilst we hope that the development of Danniella will continue to a successful conclusion, a great deal more work must be done on the entire property if we are to attain D&M's best estimate prospective recoverable resource volumes of 5.5 trillion cubic feet of gas and over 170 million barrels of liquids.

As I write this, the re-entry of the three shut-in wells is continuing at Kemerkol and we are expecting our first oil to flow next month. Oil gathering facilities have been completed and we plan to sell our oil production to the local Atyrau refinery. Combined with the drilling of a twin well, we hope to reach a production level of around 400 barrels per day by the middle of the year and to significantly increase this by year end with new drilling. We will also be conducting a 3D seismic survey on the 65 square kilometre licence block to appraise any new potential structures in the expanded area with a view to increasing our proven 8.7 million barrel C1 reserve base and increase our ultimate production level of above 4,000 barrels per day.

At the Tamdykol oil asset in Kazakhstan the initial exploration well drilled by our local partners, NEK Service LLP was not commercial. NEK has proposed a revision of the farm-in agreement signed last year, which we will consider. Further exploration work at Tamdykol has been postponed until August.

I want to assure shareholders that the importance of generating cash flow has not been lost, despite our excitement over the potential of West Medvezhye. Our strategy of finding and exploiting the unique opportunities that exist in the FSU to acquire hydrocarbon assets is still a priority. We will actively continue to seek and assess new projects concurrently with the development of our existing operations. We are hungry for further growth and to facilitate this acquisitive strategy we will be seeking permission to renew the directors' authority to allot shares without prior shareholder approval.

Plans for 2006

This year will be critical in the transformation of Victoria into a significant hydrocarbon exploration and production company and our goals for this period are clear:

- Complete well testing and new drilling operations at West Medvezhye. In the event of a successful well test at Well 104, we will look to progress the confirmation of reserve volumes for the Daniella accumulation, produce an internal feasibility study in the second half of the year and continue off-take negotiations with Gazprom
- Bring the Kemerkol oil project on stream and achieve our anticipated initial oil production level of 400 barrels per day by mid-year. With

further development drilling and completion of the 3D survey, our next goal will be to significantly increase production during the year

- Actively continue the search for further acquisition opportunities in the FSU to bolster our proven reserve base, generate cash flow and compliment the anticipated upside of West Medvezhye

The growth of Victoria in market size over the last few months has been exceptional, however, I can assure you that your directors have not lost perspective on the job ahead. We believe that there is significant value in your company still to be realised and we have the ability and the desire to realise it.

I would like to thank my fellow directors and all our employees for their outstanding efforts so far.

Kevin Foo
Chairman

VICTORIA OIL & GAS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 30 NOVEMBER 2005

	Notes	Half Year ended 30 November 2005 $000	Year ended 31 May 2005 $000
Cost of sales		(35)	(104)
Gross loss		(35)	(104)
Administrative expenses		(643)	(1,026)
Realised foreign exchange losses		(387)	(412)
Operating loss		**(1,065)**	**(1,542)**
Interest payable		(1)	(1)
Interest receivable		148	297
Loss on ordinary activities before taxation		**(918)**	**(1,246)**
Taxation	2	-	-
Loss on ordinary activities after taxation		**(918)**	**(1,246)**
Minority interests		-	-
Retained loss for the half year		**(918)**	**(1,246)**
		cents	cents
Group loss per share (in cents)	3	(1.12)	(2.05)

Consolidated Statement of Total Recognised Gains and Losses

Retained loss for the half year	(918)	(1,246)
Foreign currency adjustments	4	
Total recognised losses for the financial half year	(914)	(1,246)

Reconciliation of Movements in Shareholders' Funds

Total recognised losses for the financial half year	(914)	(1,246)
Issue of ordinary share capital	1,749	35,019
	835	33,773
Shareholders' funds at 1 June	33,773	-
Shareholders' funds at 30 November	**34,608**	**33,773**

VICTORIA OIL & GAS PLC

CONSOLIDATED BALANCE SHEET
AS AT 30 NOVEMBER 2005

	Notes	As at 30 November 2005 $000	As at 31 May 2005 $000
FIXED ASSETS			
Intangible assets	4	41,799	21,159
Tangible assets		265	194
		42,064	21,353
CURRENT ASSETS			
Stock		42	18
Debtors		1,483	1,413
Cash at bank and in hand		1,505	11,484
		3,030	12,915
Creditors: (amounts falling due within one year)	5	(10,477)	(486)
Net current assets/(liabilities)		(7,447)	12,429
Net Assets		**34,617**	**33,782**
Financed by:			
CAPITAL AND RESERVES			
Called up share capital - equity		772	751
Share premium - equity		35,996	34,268
Profit and loss account – equity		(2,160)	(1,246)
Shareholders' funds		34,608	33,773
Minority interests – equity		9	9
		34,617	33,782

VICTORIA OIL & GAS PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 NOVEMBER 2005

	Notes	Half Year ended 30 November 2005	Year ended 31 May 2005
		$000	**$000**
Cash flow from operating activities			
Operating loss		(1,060)	(1,542)
Depreciation		1	27
Stocks (increase)/decrease		(24)	309
Debtors increase		(70)	(429)
Creditors decrease		(59)	(2,535)
Exchange movements		8	-
Minority interest		-	9
		(1,204)	(4,161)
Returns on investments and debt service costs			
Interest received		148	297
Interest paid		(1)	(1)
		147	296
Tax paid		**-**	**-**
Capital expenditure and financial investment			
Acquisition of intangible fixed assets		(4,936)	(3,739)
Acquisition of tangible fixed assets		(76)	(138)
Cash consideration for acquisition of subsidiary		(3,921)	(7,381)
		(8,933)	(11,258)
Net Cash Flow before Financing		**(9,990)**	**(15,123)**
Financing			
Cash proceeds from the issue of ordinary shares		-	27,855
Share issue expenses - VAT recovered		11	(1,271)
		11	26,584
Decrease in cash		**(9,979)**	**11,461**
Cash balance 1 June/Cash held by companies acquired		11,484	23
Cash balance 30 November		1,505	11,484

NOTES TO THE CONSOLIDATED FINANCANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 NOVEMBER 2005

1. Accounting policies

Basis of accounting

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.

Accounting convention

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below

Basis of Group consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by it made up to 30 November 2005. 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 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.

Intangible assets – deferred development expenditure

All costs related to the exploration for and development of oil and gas reserves, whether productive or non-productive, are capitalised. These costs are deferred until such time as production commences. They are amortised using the unit-of-production method. Where a project is terminated, 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 cash-generating unit 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) 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 (cash-generating unit) 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

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 de-nominated 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 period.

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

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 period. 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 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

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.

Trade payables
Trade payables are not interest bearing and are stated at their nominal value.

2. Taxation

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

3. Loss per share

The loss per share is based on the Group loss for the financial period and on 82,078,735 (31 May 2005 - 61,212,443) Ordinary Shares being the average number of shares in issue during the period. Diluted earnings per share are not computed because the effect would be antidilutive.

4. Intangible fixed assets

Deferred exploration costs

Group	30 November 2005 $000
Cost	
Opening balance 1 June 2005	21,159
Additions	20,754
Translation adjustment	(114)
At 30 November 2005	41,799

The Group's activities include exploration for and development of oil and gas assets in Russia, Kazakhstan and other Central Asian countries 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 value of the Group's investments in these assets is dependent on the development of mineral reserves, which is affected by these and other risks. Should this prove unsuccessful, the value included in the balance sheet would be written down.

Acquisition of Subsidiaries

By agreements dated 18 February 2005, the Company acquired the entire issued capital of Feax Investments Company Limited, a company with two subsidiaries, through which it has the legal right of subsoil use in the Kemerkol oil field in the Atyrau Oblast of Kazakhstan.

The total consideration, including costs of acquisition, which reflects the fair value of the asset acquired was $15,461,000. The consideration has been satisfied partly in cash and partly by the issue of 2,339,664 ordinary shares of 0.5 pence each credited as fully paid. The balance of the consideration of $9,500,000 has yet to be paid (see note 6).

5. Creditors

	30 November 2005 $000
Other creditors	292
Taxes and social security costs	15
Deferred consideration for purchase of a subsidiary	9,500
Accruals and deferred income	670
	10,477

The deferred consideration for the purchase of a subsidiary was paid in two installments on 29 December 2005 and 31 January 2006. The first was satisfied by the issue of 4,340,553 ordinary shares of 0.5 pence each credited as fully paid and the second by 2,890,173 ordinary shares of 0.5 pence each and $3,000,000 in cash

6. Share capital

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 which are exercisable at any time prior to 27 July 2007.

7. 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 $7,699 for services provided to the Company in addition to the fees paid as part of director’s remuneration.

8. Capital Commitments

The Company has Minimum Work Programme commitments for the Tamdykol oil field of $1.25 million over the next two years and for the Kemerkol oil field of $9.2 million over the next six years. The Minimum Work Programme for the West Medvezhye gas project requires two further exploration wells to be drilled down to the Jurassic horizon by mid 2006.