VICTORIA OIL & GAS PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 NOVEMBER 2007

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CHAIRMAN'S STATEMENT

Dear Shareholders

It is my pleasure to update you on the progress of our Company. After only a few months of 2008 I am able to report on some very positive and significant events, which we believe will provide the platform for this to be our "turnaround" year.

Following shareholder approval of the resolutions proposed at our Extraordinary General Meeting on 14 January 2008, we have successfully completed the £15.25 million placing and issuance of $2 million loan notes agreed in late 2007. This transaction has a great many more benefits to the Company than just finance:

- The bulk of the placing was taken up by Noor Petroleum Limited as part of a strategic investment in Victoria, endorsing our view that the Company has considerable value to be realised
- As part of their investment, Noor nominated Rashed Al-Suwaidi and Philip Rand to the Board of Victoria. Rashed has a strong technical background as Director of Exploration and Production for the Abu Dhabi National Oil Corporation and has a highly successful business career in the Middle East. Philip brings a wealth of financial and managerial experience in the oil and gas sector following periods with Burren Energy and Monument Oil & Gas and is currently heading up Equator Exploration as both CEO and CFO. These new appointments were complemented by the promotion of our own General Manager, George Donne and the appointment of Kazakh businessman Mukhtar Tuyakbayev to the Board to further strengthen our managerial and political resources
- Victoria has also been given the opportunity to benefit from a close association with Blackwatch Petroleum Services Limited and GeoDynamics Research s.r.l. Blackwatch is an internationally recognised petroleum engineering and geo-science consultancy with a rich pedigree of successful cooperation with oil and gas companies of all sizes in various regions. GeoDynamics is at the forefront of research into a new branch of seismic surveying – "passive seismic". This form of exploration utilises naturally occurring seismic waves to locate hydrocarbons with considerably less time and expense than conventional techniques
- Using the funds raised, we were able to fully retire our £18.75 million outstanding secured guaranteed convertible bond through partial payment and conversion. This has greatly simplified our capital structure and released the Company from the numerous encumbrances on our operational and financial capabilities

I am pleased to say that we have not been slow to capitalise on these benefits since the completion of the transaction. A team from Blackwatch has already visited our offices in London and Almaty to meet with our technical management and is currently reviewing all the subsurface data available on both our West Medvezhye and Kemerkol projects.

The focus for West Medvezhye during 2008 will be to finalise the extension of the exploration licence with the Russian Ministry of Natural Resources and then to plan for future drilling. The data from the test of Well 103 has been submitted to the Russian authorities for the calculation of reserves for that location and we are awaiting their conclusions. The subsurface information obtained from Well 103 will prove invaluable to our continuing exploration of this huge prospect and it should not be forgotten that Well 103 is only one of more than 25 structures previously identified. Our next target is Well 105 and we will use the time available until conditions allow us to drill to consolidate our technical evaluation of the location with Blackwatch and work with them and GeoDynamics on appraising the potential of further exploration including the use of their passive seismic technology.

Kemerkol is an excellent candidate for further exploration using passive seismic as the results of a survey can complement our existing geological model, but with the emphasis on locating hydrocarbon deposits rather than structures. A survey is being organised at the moment and we hope that the GeoDynamics team will be able to complete the work in time for new drilling to take place at Kemerkol in the latter half of this year. Our goal is to increase our current level of production to a threshold that will allow us to negotiate an export contract with the Kazakh Government and so greatly enhance our net-back by selling our oil to the international market.

Another element of our business to which we will be paying particular attention will be acquisitions and again Blackwatch will be able to provide us with considerable support. Previously, we have focused our search on opportunities for conventional corporate acquisitions or mergers, but we now believe that utilising competitive advantages such as Blackwatch's technical expertise and GeoDynamics' passive seismic technology will give us greater flexibility in participating in new, value-adding projects through transactions such as farm-ins and joint ventures. Such a diverse strategy will also allow us to mitigate the level of exploration risk inherent in our current projects whilst avoiding the increasingly high entry costs of new projects we are witnessing throughout the FSU.

However, whilst the use of our advisors will undoubtedly enhance our existing resources, there is no substitute for experienced internal corporate and technical management. The recent additions to our Board are the beginning of a broader managerial restructuring aimed at making our operations as efficient as possible all the way from the field to London office. Key to this will be the appointment of a new full time Executive Director with a strong oil and gas background. Finding the right candidate for such a vital role in our developing company is clearly a priority, but at the same time, not something to be rushed given the sweeping changes that we are currently undertaking. Let me reassure you though that we do have a number of quality candidates very interested in the position and I look forward to being able to update you in the near future.

Finally, I would also draw your attention to the fact that this is our first financial report under International Financial Reporting Standards (IFRS) and therefore you will find several differences in the formatting of these results to our previous reports.

I would like to thank all our employees and my fellow Directors for their continuing efforts and support in making Victoria a successful company.

Kevin Foo
Chairman

VICTORIA OIL & GAS PLC

CONDENSED UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

	Notes	6 months ended 30 November 2007 $000	6 months ended 30 November 2006 $000
Revenue	2	**853**	**182**
Cost of sales		(753)	(52)
Gross profit		**100**	**130**
Interest income		107	21
Foreign exchange gains and losses		68	739
Administration expenses		(1,321)	(1,906)
Release of part of the costs of issue of loan notes	4	(536)	–
Finance costs		(1,216)	(364)
Loss before tax		**(2,798)**	**(1,380)**
Income tax expense		–	–
Loss for the period		**(2, 798)**	**(1,380)**
Loss per share			
From continuing operations (in cents per share)		(2.25)	(1.19)

VICTORIA OIL & GAS PLC

CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2007

	Notes	30 November 2007 $000	31 May 2007 $000
ASSETS			
Non- current assets			
Property, plant and equipment		1,469	874
Intangible assets	3	102,087	93,708
Total non-current assets		**103,556**	**94,582**
Current assets			
Trade and other receivables		1,599	1,442
Cash and bank balances		539	9,924
Total current assets		**2,138**	**11,366**
TOTAL ASSETS	2	**105,694**	**105,948**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		1,129	1,129
Equity Component of Convertible Loan		3,716	3,716
Reserves		71,399	71,935
Retained losses		(10,037)	(7,775)
Total equity		**66,207**	**69,005**
Non-current liabilities			
Borrowings	4	31,777	31,241
Total non-current liabilities		**31,777**	**31,241**
Current liabilities			
Trade and other payables		4,649	5,702
Borrowings		3,061	
Total current liabilities		**7,710**	**5,702**
Total liabilities		**39,487**	**36,943**
TOTAL EQUITY AND LIABILITIES		**105,694**	**105,948**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

	Issued capital	Convertible Loan Equity Component	Share Premium	Retained earnings	Total
	$000	$000	$000	$000	$000
1 June 2007	1,129	3,716	71,935	(7,775)	69,005
Loss for the period				(2,798)	(2,798)
Transfer re costs of issue of convertible			(536)	536	–
	1,129	3,716	71,399	(10,037)	66,207

VICTORIA OIL & GAS PLC

CONDENSED UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

	6 months ended 30 November 2007	6 months ended 30 November 2006
	$000	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(1,757)	(1,037)
Investment revenue recognised in the profit	107	21
Depreciation and amortisation of non current assets	193	75
Foreign exchange gain	63	54
Release of part of the costs of issue of loan notes	536	–
Awards of shares to employees by the ESOP	–	1,402
	(858)	**515**
Movements in working capital		
Increase in trade and other receivables	(157)	(167)
Increase in inventories	–	5
Decrease in trade and other payables	(1,023)	(2,930)
Cash used in operations	**(2,038)**	**(2,577)**
Interest paid	(1,216)	(364)
Income taxes paid	–	–
Net cash used in operating activities	**(3,254)**	**(2,941)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(730)	(45)
Payments for intangible assets	(8,432)	(13,646)
Net cash used in investing activities	**(9,162)**	**(13,691)**
CASH FLOWS FROM FINANCING ACTIVITIES		
LOAN TAKEN, NET OF COSTS	3,031	20,654
Net cash generated by financing activities	**3,031**	**20,654**
Net (decrease)/increase in cash and cash equivalents	(9,385)	4,022
Cash and cash equivalents at the beginning of the period	9,924	2,380
Cash and cash equivalents at the end of the period	**539**	**6,402**

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENT FOR THE HALF YEAR ENDED 30 NOVEMBER 2007

1. Accounting policies

The report has been compiled using the same accounting policies and methods of computation as were used for the annual financial statements for the year ended 31 May 2007. No changes in accounting policies have arisen through the adoption of International Financial Reporting Standards.

2. Geographical segments

The Group's operates in Kazakhstan and Russia.

In Kazakhstan it produces oil from one operating field.

In Russia it is developing an oil and gas property.

	Revenue		Segment assets		Acquisition of segment assets	
	6 months to 30 November 2007	6 months to 30 November 2006	30 November 2007	31 May 2007	6 months to 30 November 2007	6 months to 30 November 2006
	$000	$000	$000	$000	$000	$000
Kazakhstan	853	182	32,250	27,233	5,208	2,117
Russia	–	–	70,366	67,234	3,132	10,002
Other (UK)			3,078	11,481	(8,401)*	–
	853	182	105,694	105,948	(61)	12,119

* During the half year to 30 November 2007 assets held in the UK at the start of the period, principally cash at bank, have been utilised in financing investment in the intangible assets in Kazakhstan and Russia.

3. Intangible assets

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

- Price fluctuations – Uncertainties over development and operational costs and commodity prices.
- Operational and environmental risks – Political and legal risks, including arrangements with governments for licences, profit sharing and taxation funding developments.

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

4. Non-current liabilities

The balance represents the amount due on the long term convertible bond payable 2009 and is stated net of the unamortised costs of issuing the bond. These costs are charged to profit and loss over the life of the bond, in accordance with IAS 39, with an equivalent release from share premium account direct to reserves. The amount charged against revenue for the half year to 30 November 2007 was $536,000 (2006 – $nil). At 30 November 2007 the unamortised costs not charged to profit and loss were $1,607,000 (31 May 2007 – $2,143,000).

5. **Post Balance Sheet Event**
   In January 2008, the convertible bond was partly redeemed and the balance was converted into 43,604,651 ordinary shares in the Company. At the same time a placing was undertaken where 101,666,667 shares were placed at 15 pence per share and a new convertible loan agreement was entered into with an initial drawdown of $2,000,000.

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