Victoria Oil & Gas Plc

Unaudited Interim Condensed Consolidated Financial Statements
For the six months to 30 June 2019

Highlights

Interim Financial Report for the six months ended 30 June 2019

Victoria Oil & Gas Plc, the integrated natural gas producing utility, today announces its unaudited interim results for the six months ended 30 June 2019.

Operational Highlights

- Average daily Logbaba field gross production rate increased by 190% to 9.9mmscfd (six months to 30 June 2018: 3.4mmscfd).
- 1,785mmscf of gross gas sold from Logbaba (six months to 30 June 2018: 650mmscf).
- Gas consumption by grid power customer ENEO Cameroon SA ("ENEO"), throughout the period.
- Two additional industrial customers consumed gas during the period (with a further two commissioned post period).
- 18% increase in industrial customer gas consumption for thermal use compared to H1 18.
- 61% increase in industrial customer gas for power usage compared to H1 18.
- International Organization for Standardization compliance ("ISO") 9001, 14001 and 45001 audits successfully completed, emphasising the Company's commitment to international standards in its management systems.

Financial Highlights

- $10.7 million Revenue (six months to 30 June 2018: $5.0 million).
- $3.7 million EBITDA (six months to 30 June 2018: $0.03 million).
- $4.2 million cash generated from operating activities prior to movements in working capital (six months to 30 June 2018: utilised cash of $1.3 million).
- $5.9 million Net Debt position (at 31 December 2018: $17.4 million).

Corporate Highlights

- The Company raised $17.0 million net proceeds via a fundraise on 4 April 2019 to strengthen the Company's financial position and provide a stable growth platform for the business.
- Completion of board changes effective 3 April 2019:
  - Kevin Foo stepped down as Director and Executive Chairman.
  - Roger Kennedy assumed the role of Executive Chairman.
  - Appointment of John Daniel and John Knight as Independent Non-Executive Directors.

Subsequent Events

- GDC signed a non-binding term sheet with Aksa Enerji Uretim A.S. ("Aksa Energy") to supply Aksa Energy with up to 25mmscfd of gas to Aksa Energy's planned 150MW power station.
- John Bryant resigned as Independent Non-Executive Director on 8 July 2019.
- Retrieval of the tool string on the La-108 remediation programme, which is ongoing.

Chairman's Letter

Dear Shareholder,

On behalf of the Board, I set out below our unaudited interim results for the six months to 30 June 2019 ("H1 19"or "reporting period") and update you on the Company's progress.

Victoria Oil & Gas Plc ("VOG", the "Company" or the "Group") currently generates revenue through its 57% participating interest in the Logbaba Project in Douala, Cameroon, which is held by its 100% owned subsidiary Gaz du Cameroun S.A. ("GDC").

Logbaba Operations Update

The sales figures from the Logbaba Project in Cameroon are as follows:

For the six-month period ended	30 June 2019	30 June 2018
Gross gas sales – Logbaba		
Thermal power (mmscf)	**731**	619
Industrial power (mmscf)	**50**	31
Grid power (mmscf)	**1,004**	–
Total (mmscf)	**1,785**	650
Attributable gas sales – Logbaba (mmscf)	**1,018**	372
Average daily gas production (mmscfd)	**9.9**	3.4
Condensate sales – Gross (bbls)	**12,765**	5,807
Condensate sales – Attributable (bbls)	**7,276**	3,311

The table refers to gross Logbaba Project sales, unless specified as attributable to GDC representing its 57% interest in the project.

Gas was produced and delivered to customers in Douala on an uninterrupted basis during the reporting period without any significant safety incidents, underlining our commitment to operate in a safe and environmentally friendly manner.

Grid Power

During the reporting period, ENEO consumed gas continuously at its Logbaba Power Station. Work on the fully termed agreements with ENEO is progressing and we expect these to be finalised shortly.

The Company continued to pursue other large grid power gas offtake opportunities in H1 19 which culminated in the announcement on 29 July 2019 of GDC having signed a non-binding term sheet with Aksa Energy ("Term Sheet") to supply Aksa Energy's planned 150MW power station with up to 25mmscfd of gas. The Term Sheet is subject to various conditions precedent, including government approvals and the signing of a Power Purchase Agreement by Aksa Energy with ENEO or "Sonatrel" (the Cameroon Government owned manager of the national electricity network). The key commercial terms between Aksa Energy and GDC include a gas price of US$6.75 per mmbtu, a term of 25 years with an option to extend for an additional five years, and a 70% take or pay component. Aksa Energy is one of the largest independent power producers in Turkey, selling 14 TWh/year of energy globally. The location of the proposed power plant is expected to be near the Bekoko substation, near to GDC's existing gas pipeline network. The parties have commenced relevant project planning. This project is an important milestone for the Company and helps to underpin the commerciality of further development of the Logbaba and Matanda Projects.

Industrial Customers

The focus continues to be to improve our customer type diversification. Four customers will have commenced consuming gas by end of September 2019 (during the reporting period two customers commenced, post reporting period two additional customers were commissioned). The efforts of the last 18 months on industrial customer growth are now having a positive impact on our results with an 18% increase in thermal gas consumption compared to H1 18, reaching 731mmscf gross gas sales during the reporting period, and a 61% increase in gas for power usage with gross gas sales of 50mmscf.

La-108 Remediation Work Update

With increased gas demand and the improved position of the Company compared to 2018, the Company has progressed the La-108 well remediation. The La-108 well was drilled in 2017. The remediation project objective is to recover the wire and tool string that remains in the well, clean out the liquids and solids in the 4½" tubing, the 7" liner and the 4½" liner to restore access to the entire cased wellbore. Upon completion, the plan is to perforate the Upper Logbaba sands and complete the well, including well testing, and tie-back the wellhead to the existing production flowline. During the reporting period, service provider tendering was carried out and contracts put in place. Preparations on site were carried out and long lead items ordered. This work commenced in August and, at the time of writing, the tool string and a large proportion of the wire have been retrieved and operations are continuing to retrieve the remaining wire.

Process Plant Enhancements

The objective of the planned enhancements at the Logbaba Process Plant is to maximise hydrocarbon recovery from existing and future wells by lowering the minimum gas inlet pressure to the plant.

Modifications made to the Logbaba Process Plant since its commissioning in 2012 have resulted in the two process trains having different configurations and capabilities. The configuration of both trains need to be optimised to ensure maximum production availability, which in turn should increase recovery of hydrocarbons.

The project will include the installation of a feed gas chilling system to ensure continued gas and condensate export at lower wellhead pressures, whilst maximising recovery from all wells. It should also provide operational flexibility and increased reliability by enabling both high-pressure and low-pressure wells to be produced concurrently, thereby potentially extending the life of the wells at the Logbaba field.

The project is being delivered in two stages. Stage 1, which was completed in September 2019, comprised the following Front-End Engineering Design ("FEED") work: engineering, design, cost estimation and execution planning for implementation of the selected process configuration; and Stage 2, focuses on execution, which is expected to commence in Q4 19, and will include detailed engineering design, equipment and materials specification, procurement, fabrication, shipping, construction and commissioning.

Chairman's Letter continued

Logbaba Subsurface

Following on from the internal re-evaluation of the remaining reserves in the Logbaba field in H2 18, it was determined that acquisition of seismic data using modern technology and methods over the Logbaba field/C38 would de-risk the block and identify prospective drill hole locations. A feasibility study was carried out in the downtown Douala/C38 area by a seismic specialist in April 2019 to ascertain whether a seismic survey could be acquired in an urban area. It was concluded that a full-fold 3D survey over the C38 block would be possible with suitable equipment and crew.

Matanda Subsurface

The evaluation of Area 2 of the Matanda block (between Logbaba and North Matanda fields) has been completed and several Tertiary and Cretaceous prospects/features have been identified. This work concluded Phase One of the Work Programme and the evaluation of the Matanda block's prospectivity.

Phase Two of the Matanda Work Programme commenced in early June 2019 with a risk mitigation workflow. The initial stages of this workflow include an analysis of the gathered data over each prospect. The aim of this work is to refine the understanding of the risk of the identified prospects which will lead into the next phase of the workflow: detailed well planning to geological prognosis.

Alongside the above workstreams, a Matanda ESIA scope is being finalised to ensure that all aspects of risks to the environment and social factors have been assessed and necessary precautions taken, in accordance with the requisite rules and regulations, to ensure there is minimal impact on the environment ahead of drilling preparation.

ISO Compliance

In Q1 19 GDC completed the International Organization for Standardization compliance ("ISO") audit process for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The certifications have now been received confirming that GDC's Quality, Environmental and Occupational Safety and Health management systems conform to international ISO standards.

Financial Results

Two significant events have shaped the financial position of the Group during the reporting period. The first was the renewal of the grid power gas sales agreement with ENEO, which has resulted in revenue for the reporting period increasing from $5.0 million in the six-month period ended 30 June 2018 to $10.7 million. Second, was the support from new and existing shareholders, where the Company raised $17.0 million in April 2019. This injection of cash enabled the Group to conclude settlement agreements with the two remaining drilling suppliers as announced on 4 June 2019, and has positioned the Company to remediate well La-108 and expand the existing operations to new customers.

The renewal of the ENEO gas sales agreement has resulted in increased revenues, and a return to positive operating cashflow for the Company prior to working capital adjustments. However, collections have been outside of agreed payment terms. I can report that the parties are in dialogue and working closely to resolve the situation. This is a position which the Board is watching closely.

CHL Royalty

GDC has ceased to make payments to Cameroon Holdings Ltd ("CHL") under the Royalty Agreement. As a result, in June 2019, CHL commenced proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement including potential damages. The Company proposes to vigorously defend such claim and is currently preparing its defense. There is no difinitive timetable for such litigation proceedings. The Company has not accrued for CHL royalties during H1 19 and has fully impaired this investment, resulting in an impairment charge of $5.6 million during H1 19. In the event that the legal proceedings result in GDC being obliged to continue paying royalty payments, the Group's liability at 30 June 2019 would be $1.7 million, less an anticipated dividend from CHL amounting to $0.6 million.

Going Concern

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the unaudited interim condensed consolidated financial statements. Further details of our current financial position and uncertainties which may affect the Company's ability to continue operating as a going concern are to be found in the Financial Review and in Note 3 of the unaudited interim condensed consolidated financial statements set out below.

Corporate

During the reporting period the following board changes were affected:

- On 3 April 2019, Kevin Foo stepped down as Director and Executive Chairman at the conclusion of the General Meeting. Roger Kennedy, formerly Senior Independent Director, assumed the role of Executive Chairman.
- On 3 April 2019 John Daniel and John Knight were appointed as Independent Non-Executive Directors.
- On 8 July 2019 John Bryant resigned as an Independent Non-Executive Director.

Final Word

I am pleased with the progress to date and the extra effort management is putting toward continued growth for the Company. Signing of the term sheet with Aksa Energy is very positive and bringing that to fruition alongside additional increasing production with thermal customers will be the focus over the coming twelve months. We look forward to updating the shareholders as the events mentioned above unfold.

Roger Kennedy
Executive Chairman
28 September 2019

Financial Review

The interim report for the six-month period ended 30 June 2019 ("reporting period" or "H1 19") is compared to the six-month period ended 30 June 2018 ("prior period" or "H1 18") as required by International Financial Reporting Standards ("IFRS").

The renewal of the grid power gas sales agreement at the end of December 2018 has had a significant impact on the revenues and operating results generated by the Group in H1 19. The Company completed a fundraise of $17.0 million in April 2019 to strengthen the Company's financial position and provide a stable growth platform for the business. We wish to thank our existing and new shareholders for their support and faith in this Company.

The net proceeds of the fundraising have enabled the Company to:
- maintain and expand its existing operations in Cameroon, with a focus on securing new customers and increasing revenue;
- initiate the remediation project on well La-108 at Logbaba;
- fund the ongoing planning of the Matanda Project;
- continue to implement its cost reduction programme in both the London and Cameroon operations; and
- fund its working capital requirements, in particular the settlement of the remaining supplier obligations from the La-107 and La-108 drilling programme.

Revenue and Results

For the six-month period ended	30 June 2019 $000	30 June 2018 $000
Performance		
Revenue	**10,682**	5,014
Operating loss	**(6,798)**	(2,746)
Depreciation	**4,918**	2,773
Impairment of investment in associate	**5,556**	–
Underlying EBITDA	**3,676**	27
Loss per share – basic and diluted (cents)	**(3.68)**	(2.28)

As at	30 June 2019 $000	31 December 2018 $000
Financial Position		
Trade and other receivables	**13,385**	8,666
Cash and cash equivalents	**14,380**	3,467
Trade and other payables	**6,235**	10,800
Borrowings	**20,316**	20,907
Net debt	**5,936**	17,440

Performance

The Group's revenue for the reporting period was $10.7 million, approximately $5.7 million higher than the prior period (H1 18: $5.0 million) primarily as a result of the ENEO sales being re-established. Revenue is derived entirely from the Logbaba Project in Cameroon. 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.

On 24 December 2018 the Company announced the renewal of the long-term gas supply contract with ENEO. Under the revised terms, gas will be supplied to ENEO's 30MW Logbaba Power Station. The peak quantity requirement equates to 6.1mmscfd gas consumption from GDC. The initial gas sale price of $6.75 per MMBtu will increase over the three-year term of the agreement by $0.10/MMBtu on each anniversary of the effective date of the agreement. The take or pay element of the contract has been amended to a minimum base load level of 80% throughout the entire year, which equates to a minimum gas supply of 4.88mmscfd. The amended take or pay element will remove the seasonal impact on the Group's revenues experienced during the previous contract. Grid power sales in H1 19 equate to 56% of the Group's sales by volume, and 40% of revenue.

The parties are working diligently to finalise and execute fully termed agreements and the provision of the required payment security guarantee.

The Group is also pleased with the growth in thermal and industrial power revenue during H1 19, reflecting the ongoing efforts to expand the existing operations in Cameroon and to diversify the customer portfolio.

Since January 2019 the Company has ceased to make payments under the CHL Royalty Agreement. CHL has commenced proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. The Company proposes to vigorously defend such claim and is currently preparing its defense. The Company has not accrued for CHL royalties during H1 19 and has reversed the accrual relating to the royalty from 31 December 2018 of $0.3 million, this being the unpaid amount at 31 December 2018. Furthermore, as the investment in associate relates to the Group's 35% interest in CHL, the Company has fully impaired this investment, resulting in an impairment charge of $5.6 million during H1 19.

Financial Review continued

Depreciation is a variable cost associated with the gross volumes of gas produced during the period. The increase in the Logbaba reserves during 2018 has resulted in the depreciation for the period being lower than the proportional increase in gas volumes sold during the period.

Underlying EBITDA, a non-IFRS measure which excludes depreciation and impairment charges from operating profit prior to financing charges and tax, reflects earnings of $3.7 million (H1 18: $0.03 million). The loss after taxation of the Group for the six months to 30 June 2019, which incorporates the $5.6 million impairment charge, amounted to $7.3 million (H1 18: $3.3 million). Loss per share for the reporting period was 3.68 cents (H1 18: 2.28 cents).

Financial Position

Trade and other receivables

Trade receivables have increased $4.7 million to $13.4 million at 30 June 2019 due to the increase in activity and delays in ENEO settling their outstanding receivables. As announced, during H1 19 the Group received payment on the January and February invoices from ENEO, and during H2 19 has received payment of the March invoice. As at 30 June 2019 an amount of $4.2 million was outstanding from ENEO. At the reporting date there is an amount of $4.8 million outstanding. Management continues to engage with ENEO to ensure consistent and prompt payment and to finalise the bank guarantee to mitigate future payment delays.

Other receivables include amounts due from partners on the Logbaba and Matanda Projects, including the Société Nationale des Hydrocarbures ("SNH") receivable following their participation on Logbaba.

Cash and cash equivalents

Available cash at 30 June 2019 was $14.4 million (31 December 2018: $3.5 million) following the fundraising in April 2019 which raised $17.0 million.

Trade and other payables

Trade and other payables have decreased by $4.6 million from 31 December 2018 to $6.2 million as the remaining drilling contractors were paid. Trade payables includes the land compensation obligation of $1.2 million (31 December 2018: $1.5 million). Other payables includes the reserves bonus settlement obligation of $2.6 million (31 December 2018: $3.0 million).

Borrowings

Total borrowings of $20.3 million compares to $20.9 million at 31 December 2018. Following the restructuring of the BGFI Bank facility in 2018 the Group has enjoyed a principal repayment holiday from July 2018 to June 2019. Full principal and interest repayments commenced in July 2019.

Net Debt

The Group was in a net debt position of $5.9 million at 30 June 2019 (31 December 2018: $17.4 million). The reduced net debt position is a result of the funding raised during the reporting period.

Cash Flow

Operating activities

The Group generated cash from operating activities of $4.2 million during the reporting period (H1 18: utilised cash of $1.3 million). Working capital increased by $7.9 million (H1 18: $2.1 million), due to an increase in trade receivables and the reduction of trade payables. Net cash utilised in operating activities was $4.7 million (H1 18: $4.2 million).

Financing activities

$17.0 million was raised, net of issuance costs, in the fundraise in April 2019. $1.4 million was paid in interest and capital repayments (H1 18: $3.1 million). The Group does not have any further available credit facilities.

Commitments

The Logbaba Concession does not contain any work programme obligations. The Company is currently in progress with the remediation of La-108 to retrieve the stuck tool string and wire, and complete the well.

On 17 December 2018 the Group received the Presidential Decree formalising the assignment of a 75% participation in the Matanda Block. The work programme for the Matanda Block consists of reprocessing and reinterpretation of existing seismic data and drilling of one onshore well. The Group's share of the minimum work programme obligation is estimated to be $11.25 million.

Subsequent Events

On 29 July 2019, the Company announced the signing of a non-binding term sheet with Aksa Energy ("Term Sheet") to supply Aksa Energy with up to 25mmscfd of gas to Aksa Energy's planned 150MW power station, to be located in Bekoko, Douala, Cameroon. The Term Sheet is subject to various conditions precedent, including government approvals and the signing of a Power Purchase Agreement by Aksa Energy with ENEO or "Sonatrel" (the Cameroon Government owned manager of the national electricity network). The key commercial terms between Aksa Energy and GDC include:

- Gas Price: US$6.75 per mmbtu;
- Term: 25 years, plus option to extend for an additional five years; and
- 70% take or pay component.

On 5 August 2019 the Company announced the adoption of a long-term incentive programme ("LTIP") for Directors, management and employees. Pursuant to the LTIP, the Company issued share options totalling 13 million Ordinary Shares (or 5.1% of issued share capital of the Company) to Directors and employees with an exercise price of 14p. All share options have exercise periods of five years following vesting dates.

On 9 August 2019, 433,735 Ordinary Shares were issued to a Director on exercise of share options.

Financial Review continued

Contingent liabilities

The Group's royalty obligations, and contingent obligations, are unchanged from those disclosed in the Group's Annual Report & Accounts to 31 December 2018.

As noted above, CHL has commenced proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. The Company proposes to vigorously defend such claim and has ceased to make payments under the CHL Royalty Agreement since January 2019. In the event that the legal proceedings result in GDC being obliged to continue paying royalty payments, the Groups liability at 30 June 2019 would be $1.7 million, less an anticipated dividend from CHL amounting to $0.6 million.

Our partners in the Logbaba project, RSM and SNH, are both conducting audits on costs relating to years prior to the balance sheet date. At the date of signing these Interim Financial Statements the outcome of these audits are unknown, however any findings from the audits could have an impact on the results.

Going Concern

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the Interim Financial Statements. There are a number of uncertainties which may affect the Group's ability to continue operating as a going concern, these are disclosed in Note 3 of the Interim Financial Statements.

The Company successfully raised $17.0 million net proceeds in an equity placement in April 2019. The Directors have reviewed operating and cash forecasts in respect of the operating activities and planned work programmes of the Group's assets and believe that the available funds are sufficient to enable the Company to continue meeting its obligations and develop operations for a period of at least twelve months from the date of approval of these Interim Financial Statements.

On this basis, the Directors have concluded that it is appropriate to prepare the Interim Financial Statements on a going concern basis. Accordingly, these Interim Financial Statements do not include any adjustments to the carrying amount or classifications of assets and liabilities that may arise if the Group was unable to continue as a going concern.

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: Inability to complete fully termed agreements and secure a payment guarantee with ENEO. Inability to recover outstanding receivables from customers. Technical risks or significant cost overruns during the La-108 remediation and completion resulting in the well being inoperable or sub-economic.
- Other operational risks: HSE and security incidents, title and licence risks, well/process plant/pipeline integrity risks, reliance on key customer risk.
- Financial risk: Ability to fund the Company with available funds, debt, operational cash flows and other sources. Inability to secure funding from partners to complete operational work scopes.
- 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 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 24 of the Report & Accounts to 31 December 2018, which is available on the Victoria Oil & Gas Plc website: www.victoriaoilandgas.com.

Directors' Responsibility Statement

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

Changes in Directors during the period is discussed in the Corporate section of the Chairman's letter. A list of the current Directors is available on the Company's website:
www.victoriaoilandgas.com.

Andrew Diamond
Finance Director
28 September 2019

Condensed Consolidated Income Statement

For the six-month period ended	Note	**30 June 2019 Unaudited $000**	30 June 2018 Unaudited $000
Continuing operations			
Revenue		**10,682**	5,014
Cost of sales		**(4,801)**	(5,990)
Gross profit/(loss)		**5,881**	(976)
Administrative expenses		**(6,703)**	(3,164)
Other (losses)/gains		**(420)**	1,135
Share of profit of associate		**–**	259
Impairment of investment in associate		**(5,556)**	–
Operating loss		**(6,798)**	(2,746)
Finance costs		**(959)**	(1,082)
Loss before taxation		**(7,757)**	(3,828)
Tax		**414**	531
Loss for the period – attributable to shareholders of the parent		**(7,343)**	(3,297)

		Cents	Cents
Loss per share – basic and diluted	5	**(3.68)**	(2.28)

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended	**30 June 2019 Unaudited $000**	30 June 2018 Unaudited $000
Loss for the period	**(7,343)**	(3,297)
Exchange differences on translation of foreign operations	**(8)**	40
Total comprehensive loss for the period – attributable to shareholders of the parent	**(7,351)**	(3,257)

Condensed Consolidated Statement of Financial Position

As at	Note	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Assets:			
Non-current assets			
Intangible assets	6	**29,673**	30,445
Property, plant and equipment	7	**86,337**	91,087
Investment in associate	8	**–**	5,556
		116,010	127,088
Current assets			
Inventories		**16**	18
Trade and other receivables	9	**13,385**	8,666
Cash and cash equivalents	13	**14,380**	3,467
		27,781	12,151
Total assets		**143,791**	139,239
Liabilities:			
Current liabilities			
Trade and other payables	10	**6,235**	10,800
Provisions	11	**279**	199
Borrowings	12,13	**5,847**	4,109
		12,361	15,108
Net current assets		**15,420**	(2,957)
Non-current liabilities			
Borrowings	12,13	**14,469**	16,798
Deferred tax liabilities		**1,497**	2,030
Provisions	11	**2,126**	1,651
		18,092	20,479
Net assets		**113,338**	103,652
Equity:			
Called-up share capital		**1,823**	1,130
Share premium		**42,623**	26,254
ESOP Trust reserve		**–**	(4)
Translation reserve		**(17,642)**	(17,634)
Other reserve		**291**	401
Retained earnings		**86,243**	93,505
Total equity		**113,338**	103,652

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 June 2018 (Unaudited)							
At 31 December 2017	1,095	24,218	(4)	(17,712)	248	102,005	109,850
Share-based payments	–	–	–	–	89	–	89
Warrants expired	–	–	–	–	(21)	21	–
Total comprehensive loss for the period	–	–	–	40	–	(3,297)	(3,257)
At 30 June 2018	1,095	24,218	(4)	(17,672)	316	98,729	106,682
For the six months ended 30 June 2019 (Unaudited)							
At 31 December 2018	1,130	26,254	(4)	(17,634)	401	93,505	103,652
Shares issued	693	16,369	–	–	(110)	–	16,952
Shares granted to ESOP members	–	–	4	–	–	81	85
Total comprehensive loss for the period	–	–	–	(8)	–	(7,343)	(7,351)
At 30 June 2019	**1,823**	**42,623**	**–**	**(17,642)**	**291**	**86,243**	**113,338**

Condensed Consolidated Cash Flow Statement

For the six-month period ended	30 June 2019 Unaudited $000	30 June 2018 Unaudited $000
Cash flows from operating activities		
Loss for the period	**(7,343)**	(3,297)
Adjustment for non-cash and other items:		
Tax	**(414)**	(531)
Share of profit in associate	**–**	(259)
Impairment of investment in associate	**5,556**	–
Finance costs	**959**	1,082
Depreciation and amortisation	**4,918**	2,773
Other losses/(gains)	**420**	(1,135)
Shares vested by ESOP Trust	**81**	–
Share-based payments	**–**	89
	4,177	(1,278)
Movements in working capital		
(Increase)/decrease in trade and other receivables	**(4,686)**	2,898
Decrease/(increase) in inventories	**2**	(2)
Decrease in trade and other payables and provisions	**(3,167)**	(4,953)
Net movements in working capital	**(7,851)**	(2,057)
Tax paid	**(119)**	–
Interest paid	**(902)**	(846)
Net cash used in operating activities	**(4,695)**	(4,181)
Cash flows from investing activities		
Payments for intangible assets	**(320)**	(1,893)
Payments for property, plant and equipment	**(488)**	(529)
Proceeds from disposal of property, plant and equipment	**388**	16
Dividends received from associate	**–**	243
Net cash used in investing activities	**(420)**	(2,163)
Cash flows from financing activities		
Repayments of borrowings	**(474)**	(2,233)
Net cash generated from equity raise	**16,956**	–
Net cash generated/(used) from financing activities	**16,482**	(2,233)
Net increase/(decrease) in cash and cash equivalents	**11,367**	(8,577)
Cash and cash equivalents – beginning of period	**3,467**	11,476
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(454)**	332
Cash and cash equivalents – end of period	**14,380**	3,231

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements ("Interim Financial Statements") of Victoria Oil & Gas Plc and its subsidiaries ("the Group") for the six months ended 30 June 2019 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 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 year ended 31 December 2018. The Group's presentation currency is the US Dollar and amounts are rounded to the nearest thousand dollars ($000) except as otherwise indicated.The unaudited Interim Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended 31 December 2018 except as set out below.

New amended standards adopted by the group

The Group adopted IFRS 16 which came into effect with effective date 1 January 2019. Given the limited number of leases there has been no material impact on the Interim Financial Statements due to implementation of the standard as the majority of the Group leases are short-term in nature.

The following Standards and Interpretations which are effective since 1 January 2019 for the Group are not expected to have a material effect on the results or financial position of the Group:

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle – Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits-Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRIC 23 – Uncertainty over Income Tax Treatments

Critical Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the Interim Financial Statements.

Going concern

The assessment of the Group's ability to execute its strategy by funding future working capital requirements involves judgement.

The Directors monitor future cash requirements and are confident that the Group is able to continue as a going concern and no adjustment is required to the Interim Financial Statements. Further information regarding going concern is outlined in Note 3.

As part of the assessment, management reviewed budgets and cash flow forecasts and compared the requirements to available resources, existing funding facilities and potential sources of additional funds.

Unit-of-production depreciation method

The Group's policy is to use the unit-of-production method of depreciation based on proved developed reserves for depreciation and amortisation of its oil and gas assets. These calculations require the use of estimates and assumptions and significant judgement is required in assessing the amount of estimated reserves. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Changes in proved developed reserves will prospectively affect the unit-of-production depreciation charges to the Income Statement. Proved developed reserves used in the calculation of unit-of-production depreciation were 68.2 billion cubic feet ("bcf") (prior period: 21.1bcf) in the Logbaba Field. The unit-of-production depreciation charged to the Income Statement, which was calculated, based on these reserves, was $4.3 million (prior period: $2.3 million). If the reserves were to vary by plus 10%, the unit-of-production depreciation for the reporting period would have decreased by $0.5 million and if they were to vary by minus 10% the unit-of-production depreciation for the reporting period would have increased by $0.4 million.

Accounting for joint operations

During 2017, Société Nationale des Hydrocarbures ("SNH") exercised its right to participate in the Concession Contract governing the Logbaba Project, namely 5% of the Upstream operations of the Logbaba Project. This participation is retrospective and therefore SNH are deemed to have participated from the date of the issue of the exploitation license, namely 29 April 2011. The net share of this venture that has been included in these Interim Financial Statements is 57% of the upstream operations and 60% of the downstream operations.

The unaudited Interim Financial Statements are prepared on the basis that downstream operations charge cost plus 15% to the upstream operations as a fee for transportation of gas. Shared services have been allocated between upstream and downstream operations based on the activity during the period. Negotiations for the completion of the participation are ongoing.

Notes to the Interim Condensed Consolidated Financial Statements continued

2. ACCOUNTING POLICIES CONTINUED

Impairment of investment in associate

Since January 2019, the Company has ceased to make payments under the CHL Royalty Agreement. CHL has commenced proceedings against both Gaz du Cameroun S.A. ("GDC") and Victoria Oil and Gas Plc ("the Company") with regard to payments CHL believes it is entitled to under the Royalty Agreement. The Company proposes to vigorously defend such claim and is currently preparing its defense. The Company has not accrued for CHL royalties during H1 19 and has reversed the accrual relating to the royalty from 31 December 2018. Furthermore, as the investment in associate relates to the Groups 35% interest in CHL, the Company has fully impaired this investment, resulting in an impairment charge of $5.6 million during the period.

Key Sources of Estimation Uncertainty

The preparation of Interim Financial Statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are consistent with those disclosed in the Group's Consolidated Financial Statements for the year ended 31 December 2018, namely the potential effects of the risks associated with operating in Cameroon, Russia and Kazakhstan; the uncertainties surrounding the determination of various provisions; and considerations regarding the impairment of the Group's assets.

3. GOING CONCERN

The Directors are required to give careful consideration to the appropriateness of the going concern basis in the preparation of the Interim Financial Statements.

Revenue in the reporting period was $10.7 million (prior period: $5.0 million). The increase relates to the renewal of the ENEO Cameroon S.A. ("ENEO") gas sale agreement in December 2018. Underlying EBITDA for the reporting period of $3.7 million (prior period: $0.03 million) reflects the increase in revenues. Having raised $17.0 million in a fundraise in April 2019, the Group consumed cash of $5.6 million during the reporting period (prior period: $8.6 million). At 30 June 2019, the Group has $14.4 million of cash and cash equivalents (31 December 2018: $3.5 million), and $5.9 million net debt (31 December 2018: $17.4 million)

In their consideration of the appropriateness of applying the going concern assumption the Directors have considered the following factors, estimates and assumptions which are considered to be relevant. Future outcomes may differ from these estimates.

Availability of funding

On 5 April 2019, the Company issued 104,627,488 new Ordinary Shares at a subscription price of 13 pence per share which generated net proceeds of $17.0 million. The fundraise enabled the settlement of residual drilling contractor payables and will allow the payment of the land claim, reserve bonus obligation and remediation works required on well La-108, as well as funding further ongoing operations.

The Group does not have available funding under existing debt facilities.

ENEO

On 21 December 2018, GDC and ENEO signed a new binding Term Sheet for the consumption of gas for a three-year period and on 22 December 2018, ENEO resumed consuming gas from the 30MW power station in Douala. As with the initial agreement with ENEO, the binding Term Sheet contains minimum take or pay clauses set at 80% of the contracted 30MW of power generation. The new binding Term Sheet is no longer seasonally affected.

The parties are working diligently to finalise and execute fully termed agreements and the provision of the required payment security guarantee.

Remediation of well LA-108

GDC has commenced with the remediation of well La-108, which aims to remove the stuck tool string and wire, and to perforate additional horizons in the well. A failure to successfully complete the remediation, or significant cost increases in performing the programme may result in the project not being able to monetise available resources, or in a manner that is not profitable.

Conclusion

The Directors have reviewed operating and cash forecasts in respect of the operating activities and planned work programmes of the Group's assets. The expected operating cash flows, plus available funding following the fundraise in 2019, after allowing for funds required for administration and development costs, working capital improvement and debt servicing, are expected to cover these activities. The Directors are of the view that the Group is sufficiently funded for the twelve-month period from the date of approval of these Interim Financial Statements.

On this basis the Directors have concluded that it is appropriate to prepare the Interim Financial Statements on a going concern basis. Accordingly, these Interim Financial Statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group was unable to continue as a going concern.

Notes to the Interim Condensed Consolidated Financial Statements continued

4. SEGMENTAL ANALYSIS

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. The Group has one class of business: oil and gas exploration, development and production and the sale of hydrocarbons and related activities. This is analysed on a location basis. Only the Cameroon segment is generating revenue, which is from the sale of hydrocarbons. For the purposes of segmental reporting, the Russia and Kazakhstan segments have been combined as the assets of these segments have both been fully impaired. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

Six months to 30 June 2019 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue				
Gas sales – thermal power	5,591	–	–	5,591
Gas sales – industrial power	324	–	–	324
Gas sales – grid power	4,298	–	–	4,298
Gas revenue	10,213	–	–	10,213
Condensate sales	469	–	–	469
Total revenue	10,682	–	–	10,682
Segment result	1,632	177	(3,051)	(1,242)
Impairment of investment in associate	–	–	(5,556)	(5,556)
Finance costs	(881)	(5)	(73)	(959)
Profit/(loss) before tax	751	172	(8,680)	(7,757)
Tax	414	–	–	414
Profit/(loss) for the period	1,165	172	(8,680)	(7,343)
Total assets	131,746	105	11,940	143,791
Total liabilities	(28,172)	(316)	(1,965)	(30,453)
Other segment information				
Capital expenditure:				
Intangible assets	320	–	–	320
Property, plant and equipment	486	–	2	488
Depreciation and amortisation	4,903	–	15	4,918

Notes to the Interim Condensed Consolidated Financial Statements continued

4. SEGMENTAL ANALYSIS CONTINUED

Six months to 30 June 2018 (Unaudited)	Cameroon $000	Russia and Kazakhstan $000	Corporate $000	Total $000
Revenue				
Gas sales – thermal power	4,607	–	–	4,607
Gas sales – industrial power	155	–	–	155
Gas sales – grid power	–	–	–	–
Gas revenue	4,762	–	–	4,762
Condensate sales	252	–	–	252
Total revenue	5,014	–	–	5,014
Segment result	(1,555)	(238)	(953)	(2,746)
Finance costs	(991)	(21)	(70)	(1,082)
Loss before tax	(2,546)	(259)	(1,023)	(3,828)
Tax	(55)	–	586	531
Loss for the period	(2,601)	(259)	(437)	(3,297)
Total assets	137,934	80	7,532	145,546
Total liabilities	(36,366)	(488)	(2,010)	(38,864)
Other segment information				
Capital expenditure:				
Intangible assets	2,580	–	–	2,580
Property, plant and equipment	529	–	–	529
Depreciation and amortisation	2,743	–	30	2,773

Notes to the Interim Condensed Consolidated Financial Statements continued

5. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after tax for the period available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the period, excluding treasury shares held by the ESOP Trust. Diluted loss per share is computed by dividing the profit or loss after tax for the period by the weighted average number of ordinary shares in issue, each adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the period. If potential ordinary shares are anti-dilutive, they are excluded from the diluted loss per share calculation.

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

For the six-month period ended	**30 June 2019 Unaudited $000**	30 June 2018 Unaudited $000
Loss for the period	**7,343**	3,297
	Number	Number
Weighted number of ordinary shares – basic and diluted	**199,802,376**	144,497,228
	Cents	Cents
Loss per share – basic and diluted	**(3.68)**	(2.28)

The loss for the six months to 30 June 2019, which incorporates the $5.6 million impairment charge of the CHL investment, amounted to $7.3 million (Six months to 30 June 2018: $3.3 million). Basic and diluted loss per share are the same in the current period, as the effect of any potential shares is anti-dilutive, and is therefore excluded.

6. INTANGIBLE ASSETS

Six months to 30 June 2019 (Unaudited)	**Exploration and evaluation assets $000**	**Software $000**	**Total $000**
Cost			
Opening balance	**102,279**	**383**	**102,662**
Additions	**320**	**–**	**320**
Disposals	**–**	**(97)**	**(97)**
Other movements	**(1,016)**	**–**	**(1,016)**
Effects of movement in foreign exchange	**1,728**	**–**	**1,728**
Closing balance	**103,311**	**286**	**103,597**
Accumulated amortisation			
Opening balance	**72,026**	**191**	**72,217**
Disposal	**–**	**(72)**	**(72)**
Charge for the period	**–**	**51**	**51**
Effects of movement in foreign exchange	**1,728**	**–**	**1,728**
Closing balance	**73,754**	**170**	**73,924**
Carrying amount 30 June 2019	**29,557**	**116**	**29,673**

Notes to the Interim Condensed Consolidated Financial Statements continued

6. INTANGIBLE ASSETS CONTINUED

Twelve months to 31 December 2018 (Audited)	Exploration and evaluation assets $000	Software $000	Total $000
Cost			
Opening balance	129,412	371	129,783
Additions	2,161	12	2,173
Effects of change in discounting rate	(192)	–	(192)
Transfer to property, plant and equipment	(25,683)	–	(25,683)
Effects of movement in foreign exchange	(3,419)	–	(3,419)
Closing balance	102,279	383	102,662
Accumulated amortisation and impairment			
Opening balance	75,445	115	75,560
Charge for the period	–	76	76
Effects of movement in foreign exchange	(3,419)	–	(3,419)
Closing balance	72,026	191	72,217
Carrying amount 31 December 2018	30,253	192	30,445

Other movements relate to reduction of costs associated with the drilling programme following settlement with suppliers. The remaining exploration and evaluation assets relate to the Logbaba drilling programme.

Recoverability of exploration and evaluation assets is dependent on the successful development of reserves, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop the projects and bring the assets to economic maturity and profitability.

7. PROPERTY, PLANT AND EQUIPMENT

Six months to 30 June 2019 (Unaudited)	**Plant and equipment $000**	**Oil and gas interest $000**	**Assets under construction $000**	**Total $000**
Cost				
Opening balance	**46,080**	**95,467**	**3,609**	**145,156**
Additions	**49**	**–**	**439**	**488**
Transfers	**233**	**104**	**(337)**	**–**
Disposals	**(132)**	**–**	**(357)**	**(489)**
Closing balance	**46,230**	**95,571**	**3,354**	**145,155**
Accumulated Depreciation				
Opening balance	**6,617**	**47,452**	**–**	**54,069**
Disposals	**(118)**	**–**	**–**	**(118)**
Charge for the period	**926**	**3,941**	**–**	**4,867**
Closing balance	**7,425**	**51,393**	**–**	**58,818**
Carrying amount 30 June 2019	**38,805**	**44,178**	**3,354**	**86,337**

Notes to the Interim Condensed Consolidated Financial Statements continued

7. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Twelve months to 31 December 2018 (Audited)	Plant and equipment $000	Oil and gas interest $000	Assets under construction $000	Total $000
Cost				
Opening balance	40,829	72,213	6,589	119,631
Additions	265	285	1,209	1,759
Effect of change in discounting rate	(961)	(577)	–	(1,538)
Transfers from intangible assets	6,289	23,546	(4,152)	25,683
Disposals	(342)	–	(37)	(379)
Closing balance	46,080	95,467	3,609	145,156
Accumulated Depreciation				
Opening balance	5,426	43,294	–	48,720
Disposals	(382)	–	–	(382)
Charge for the period	1,573	4,158	–	5,731
Closing balance	6,617	47,452	–	54,069
Carrying amount 31 December 2018	39,463	48,015	3,609	91,087

Production wells, which are included in oil and gas assets, are depreciated on a unit-of-production basis.

Assets under construction comprise mainly of expenditure on the uncompleted sections of the pipeline network and pipeline purchased in advance of network development in Douala, Cameroon.

The realisation of property, plant and equipment of $86.3 million is dependent on the continued successful development of economic reserves, which is subject to a number of uncertainties including the Group's ability to access financial resources to continue to successfully generate revenue from the assets.

8. INVESTMENT IN ASSOCIATE

The Company has a 35% interest in Cameroon Holdings Limited ("CHL"). Details of the investment are as follows:

Company	Principal activity	Place of incorporation and operation	Proportion ownership interest and voting power held by the Group
Cameroon Holdings Limited	Oil and gas services	Guernsey	35%

CHL is equity accounted in the Group financial statements as follows:	**30 June 2019 Unaudited $000**	31 December 2018 Audited $000
Opening balance	**5,556**	5,429
Share of profit of associate	**–**	530
Dividends received	**–**	(403)
Impairment of investment in associate	**(5,556)**	–
Investment in associate	**–**	5,556

Since January 2019 the Company has ceased to make payments under the CHL Royalty Agreement. CHL has commenced proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. The CHL royalty paid by GDC is the only source of revenue for CHL. Consequently, the Company has fully impaired this investment, resulting in an impairment charge of $5.6 million during H1 19.

Notes to the Interim Condensed Consolidated Financial Statements continued

9. TRADE AND OTHER RECEIVABLES

	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Amounts due within one year:		
Trade receivables	**7,222**	2,677
Taxes recoverable	**973**	2,254
Prepayments	**301**	98
Other receivables	**4,889**	3,637
	13,385	8,666

Other receivables includes amounts due from joint ventures partners (RSM, SNH and AFEX) of $4.1 million (31 December 2018: $2.5 million).

During the current period an additional doubtful debt provision of $0.8 million was raised (31 December 2018: reduction of $0.7 million).

The carrying value of trade and other receivables approximates to fair value.

10. TRADE AND OTHER PAYABLES

	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Amounts due within one year:		
Trade payables	**1,349**	4,753
Taxes and social security costs	**631**	612
Accruals	**1,613**	2,423
Other payables	**2,642**	3,012
	6,235	10,800

Other payables include an amount of $2.6 million (31 December 2018: $3.0 million) due under the reserve bonus settlement.

The carrying value of trade and other payables approximates to fair value.

11. PROVISIONS

	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Decommissioning and rehabilitation provisions	**964**	909
Production bonus provision	**475**	451
Provision for legal matters	**478**	199
Other	**488**	291
	2,405	1,850

Notes to the Interim Condensed Consolidated Financial Statements continued

12. BORROWINGS

	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Amounts due within one year:		
Loans	**5,847**	4,109
	5,847	4,109
Amounts due in more than one year but less than five years:		
Loans	**14,469**	16,798
	14,469	16,798
Total borrowings	**20,316**	20,907

The outstanding balance on the BGFI Bank loan facility at 30 June 2019 was $18.8 million (31 December 2018: $19.4 million). The loan has a remaining term of four years at 30 June 2019, and an unchanged interest rate of 7.15%. The loan is secured by a pledge over the revenue of certain customers, a pledge over attributable gas production volumes equivalent to the monthly installments and the ceding of GDC's rights in relation to proceeds from an event resulting in an insurance claim for the tenor of the loan.

13. NET DEBT

As at	30 June 2019 Unaudited $000	31 December 2018 Audited $000
Cash and cash equivalents	**14,380**	3,467
Borrowings: Current liabilities	**(5,847)**	(4,109)
Borrowings: Non-current liabilities	**(14,469)**	(16,798)
	(5,936)	(17,440)

14. RELATED PARTY TRANSACTIONS

An advance of directors fees in the amount of $107,715 was made to Roger Kennedy, Executive Chairman, in June 2019. At the date of issuing these Interim Financial Statements an amount of $53,858 remained outstanding.

No further related party transactions have taken place during the six-month period ended 30 June 2019 which have materially affected the financial position or the performance of the Group during that period.

15. COMMITMENTS

On 17 December 2018 the Group received the Presidential Decree formalising the assignment of a 75% participation in the Matanda Block. The work programme for the Matanda Block consists of reprocessing and reinterpretation of existing seismic data and drilling of one onshore well. The Group's share of the minimum work programme obligation is estimated to be $11.3 million, to be spent within two years of the date of the Presidential Decree.

Notes to the Interim Condensed Consolidated Financial Statements continued

16. CONTINGENT LIABILITIES

Royalty Obligations

The Group has certain royalty obligations in respect of the Logbaba Project. The royalties and related expenses are as follows:

- 8% of gas production to the Cameroon State as provided by the Concession Contract. The royalty will become payable after recovery of Petroleum Costs, being defined as exploration costs, development costs, exploitation costs, construction costs and general overhead costs. At the Balance Sheet date, the Company had not accrued or paid any royalty to the Cameroon State as Petroleum Costs exceed gas revenue. The Group's interpretation as to the recoverability of Petroleum Costs has not been formally agreed to by the Cameroon State. Should the Group's interpretation prove incorrect and the 8% royalty be payable on all gas production without recovery of Petroleum Costs or separation into upstream and downstream components, the Group's liability at 30 June 2019 would be $8.8 million (31 December 2018: $8.0 million);
- Sliding scale production royalty to CHL ranging from 0-15% of GDC revenue from the Logbaba Project for the life of the Logbaba field (0% up to $30.0 million of cumulative GDC revenue from the Logbaba Project; 15% of cumulative revenue greater than $30.0 million up to $240.0 million; 6% of cumulative revenues in excess of $240.0 million). All royalty payments are subject to 15% withholding tax in Cameroon. The Company has a 35% interest in CHL. Since January 2019 the Company has ceased to make payments under the CHL Royalty Agreement. CHL has commenced proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. In the event that the legal proceedings result in GDC being obliged to continue paying royalty payments, the Groups liability at 30 June 2019 would be $1.7 million, less an anticipated dividend from CHL amounting to $0.6 million.

Other Contingent Liabilities

The Group's partners in the Logbaba Project, RSM and SNH, are both conducting audits on costs relating to years prior to the Balance Sheet date. At the date of signing these Interim Financial Statements the outcome of these audits is unknown however any findings from the audits could have an impact on the results.

17. POST BALANCE SHEET EVENTS

The Group has signed a non-binding term sheet with Aksa Energy to supply Aksa Energy with up to 25mmscfd of gas to Aksa Energy's planned 150MW power station.

John Bryant resigned as an Independent Non-Executive Director on 8 July 2019.

On 9 August 2019, 433,735 Ordinary Shares were issued to a Director on exercise of share options.

18. SEASONALITY

Revenues and operating profits for all customers are evenly spread between the two half years.

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 28 September 2019.

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