16 February 2018

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

Q4 2017 Operations Update and 2018 Outlook

Victoria Oil & Gas Plc, a Cameroon based gas and condensate producer and distributor, is pleased to provide an update on the Group's Q4 operations for the three months ended 31 December 2017 ("Q4" or "the Period").

Q4 2017 saw strong gas and condensate consumption levels from Gaz du Cameroun S. A's ("GDC")'Logbaba Project in Douala, Cameroon, especially during December, with the addition of 3 new thermal customers during the quarter. Wells La-107 and La-108 were completed during the quarter with initial flow rates ahead of expectations.

Q4 2017 Highlights – Record Gross Gas Sold

- Q4 Gross Gas Sold 726mmscf (18.56% increase on Q317, 11.04% increase on Q416)
- Average daily gas production for Q4 7.94mmscf/d (Q317: 6.96mmscf/d, Q416: 7.64mmscf/d)
- YE2017 Gross Gas Sold 3,684mmscf (3.29% increase on YE2016)
- YE2017 average daily gas production of 10.98mmscf/d was a record (YE2016: 10.23mmscf/d)
- Wells La-107 and La-108 completed and rig stacked
- Cash and cash equivalents at 31 December 2017 $10.4 million, net receivables $6.1m and net debt $14.0 million (31 December 2016: Net cash of $1.8 million)

2018 Outlook – Revised Production Targets and Alternative Gas Sales Initiatives

- Previously announced supply projections will be significantly impacted if ENEO Cameroon S.A. ("ENEO"), Cameroon's national electricity generating company, does not place its Logbaba and Bassa power stations back online during 2018.
- Revised year end production targets of 13mmscf/d set if Logbaba and Bassa back online by Q2 and 9mmscf/d if they remain offline
- GDC progressing bespoke gas to power initiative with industrial customers with third-party gas to power generation
- Negotiations continue with other grid power suppliers Dibamba and Grenor who confirm commitment to building power supply in Douala
- Fast track development of 2mmscf/d Compressed Natural Gas ("CNG") plant planned

Quarterly Production Update

The Q4 gross and net gas and condensate sales for Logbaba and GDC, are as follows; amounts in **bold** are gas and condensate sales attributable to GDC*:

	Q4 2017		Q3 2017		Q2 2017		Q1 2017		Q4 2016	
Gas sales (mmscf)										
Thermal	**177**	312	**157**	276	**191**	322	***204***	340	**175**	292
Retail power	**10**	18	**12**	20	**9**	15	***7***	12	**10**	16
Grid power	**226**	396	**180**	317	**508**	855	***481***	801	**207**	346
Total (mmscf)	**413**	726	**349**	613	**708**	1,192	***692***	1,153	**392**	654
Average gas production (mmscfd)	7.94		6.96		14.59		14.57		7.64	
Condensate sold (bbl.)	**3,951**	6,931	**2,538**	4,452	**5,437**	9,147	***5,290***	8,816	**4,207**	7,011

* After reaching a cost recovery milestone on Logbaba during Q2 2016, GDC received 60% of revenue from Logbaba in accordance with its participating interest. Prior to this date GDC received 100% of revenues as a recovery of exploration costs. In June 2017, Société Nationale des Hydrocarbures ("SNH") executed its right to a 5% participation in Logbaba resulting in GDC's participating interest decreasing to 57% and the figures from the effective date onwards have been adjusted accordingly.

Drilling Update

Wells La-107 and La-108 were successfully completed and the rig stacked in December. La-107 is now a production well and a well plan is being finalised on La-108 to complete the clean-up and testing of the Lower Logbaba Sands. This includes recovery of the spent perforation gun. Once this is done, the Upper Logbaba Sands in La-108 can be tested, if required, as gas flows from the Lower Logbaba Sands were ahead of expectations. Preliminary internal reserve estimates for La-107 and La-108 based on well logs and flow tests are material and will be published in due course.

The final cost of the well programme was $87 million against an original budget of $40 million. This overrun was the result of a combination of many factors and a detailed analysis will be completed. However, the well control event during the drilling of La-108 was the main cause of the delay and cost overruns. An insurance claim has been lodged with the Company's insurers to cover the substantial and material costs associated with this event and the consequential schedule and cost overrun. As is normal in these situations, the outcome of our claim is not certain.

The rig was stacked in December, with the intention of retaining it on site for the drilling of La-109. With the suspension of gas consumption by ENEO, as announced in our 5 January 2018 RNS, the Company decided to formally release the rig on 31 January 2018.

Matanda, Bomono and West Medvezhye Update

During the quarter the Group progressed with subsurface evaluation work for the Matanda Block, which indicates the potential for more than 1TCF of recoverable gas across onshore sections of the block. The Company continues to work with the Government of Cameroon to obtain the assignment of its participating share in this block.

On 2 January 2018, we announced a further extension of discussions with Bowleven Plc on the Bomono Project. This block is yet to receive a Provisional Exploitation Licence, in advance of any assignment of title from Bowleven Plc to the Company.

The Company is also remains engaged with potential buyers or partners for the West Medvezhye Project in Russia.

ENEO Update

The Government of Cameroon, ENEO, Altaaqa Global ("Altaaqa"), the genset providers to ENEO which consume GDC's gas, and GDC are in ongoing discussions about future power supply plans and we remain hopeful that a resolution will be found.

The Company believes that ENEO will resume gas consumption relatively shortly because there are significant shortfalls in power supply in Cameroon, with hydroelectric schemes not meeting the current demand. The Company believes that gas fired power remains an attractive solution because it is clean, cheap and readily available.

In our update on 5 January 2018, we reported gross ENEO receivables of $8.7 million. We are pleased to report that at the time of this announcement this gross receivable has reduced to $5.0 million. The Company expects the balance to be paid off in due course and at the latest by the end of Q2 2018.

Financial Update

Unaudited net revenue for Q4 was $4.4 million (Q4 2016: $4.6 million) and unaudited net revenue for 2017 was $23.9 million (2016: $32.8 million). The loss of revenue from ENEO, which accounted for approximately 53% of the Projects revenue in 2017, should a resolution with the parties involved not be found, would be significant for the Group in 2018.

Cash and cash equivalents at 31 December 2017 was $10.4 million (31 December 2016: $16.3 million), net receivables were $6.1m and net debt was $14.0 million (31 December 2016: Net cash of $1.8 million).

The Company had made application for an additional debt facility with local banking institutions in Cameroon during the second half of 2017. With ENEO suspending the consumption of gas, management decided to place these applications on hold until the matter is resolved.

In addition, the Company's previously announced capital expenditure program for 2018 will be deferred until further clarity is obtained on the ENEO situation.

Commentary and 2018 Outlook

GDC is the single onshore gas supplier in Cameroon; management estimates that with Logbaba and Matanda, GDC has potentially recoverable gas of at least 1.3 TCF and 50km of gas pipeline and support infrastructure to deliver gas to customers. GDC has a diverse customer base and whilst ENEO is our largest customer, we are connected to over 30 customer sites and believe that there is considerable expansion potential in Douala.

The Company is still in discussions with current and potential power providers Dibamba Power Development Company ("DPDC") and Grenor S.A. ("Grenor") aimed at concluding gas supply contracts with these companies for future grid power. Given the current environment, it is prudent to expect delays to the roll-out of investment into power generation, and therefore the Company has adopted a strategy of less reliance on grid power customers.

Management is expediting its support to manufacturers and producers in Douala, which are facing regular power disruptions, by providing bespoke gas fired power generation for individual customers or groups of customers. As most of these proposed power customers are already connected to the gas pipeline network, adding a gas to power generation solution will increase gas consumption with minimal additional capital costs for GDC. Furthermore, we are actively pursuing a Compressed Natural Gas (CNG) solution which will afford GDC the opportunity to reach some larger customers beyond the current pipeline infrastructure.

VOG has set an ambitious business strategy with gas sales targets building up to 100mmsc/d by 2021. The Board still believes that this target is achievable and that the demand for gas within Cameroon remains robust, however this will require positive resolution of the current problems.

The Company has revised its Operating Plan for 2018, of which key elements are:

- Renew the gas supply contract with ENEO as soon as practicable and add further grid power, including new contracts with DPDC and Grenor, but with greater price and payment security
- Sell more thermal gas to existing and new customers by working closely with them to create cost effective energy solutions
- Work with existing and new customers to create bespoke gas to power solutions with individual generator designs, mini grids and shared power from centralised generators. These solutions will allow customers to be less dependent on grid power
- Maximise return from our high-grade gas condensate. Our condensate is very high grade (47 API) and close in composition to diesel. We currently sell condensate at near to crude oil prices, which is about half the price of diesel
- Actively develop the CNG and Natural Gas Vehicle (NGV) markets. CNG would compete with diesel as a source of energy in the more remote regions, it offers considerable uplift on current margins and can be transported 250-300km
- Sustain progress on the promising Matanda and Bomono opportunities
- Review capital projects, operational and G&A expenditure rigorously to preserve cash

A provisional production target to be achieved, should ENEO not resume gas consumption in 2018 and assuming increased thermal, gas to power and CNG project implementations, has been set at 9mmscf/d by year end 2018. Should ENEO resume full production in Q2 2018, the end of year target would be 13mmscf/d.

Ahmet Dik, CEO said, “Annual gross production figures for 2017 were a record for the Company, with 3.65 BCF of gas sold compared to 3.56 BCF in 2016. We estimate a considerable gross reserve base 200 BCF (2P) at Logbaba and over 1.3TCF of unrisked gas in place in the onshore Matanda, which the Company intends to develop following Government approval. We successfully completed two production wells and secured over $23 million of new financing via a share placing.

I believe that the ENEO issue will be solved as VOG management has prioritised this matter and is focused on achieving a result in the shortest possible timeframe. The Company now has the gas reserves in place to meet industrial and grid power demand for large quantities of gas and power from parties other than ENEO.

In parallel to efforts in resuming gas consumption by ENEO, management is actively looking to place this newly available gas with new and existing customers for power generation and new thermal customers and we have set a target, without ENEO consumption, of 9mmscf/d production to be achieved by year end.

I believe that despite the suspension of ENEO supply, the Company will actually grow stronger and create a wider and more diverse product base in 2018 and will continue to build the outstanding business we have created in Cameroon.”

Sam Metcalfe, the Company's Subsurface Manager, has reviewed and approved the technical information contained in this announcement. Mr. Metcalfe is a graduate in BA Geology, BSc Civil Engineering, and MSc Petroleum Engineering.

This announcement contains inside information.

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NOTES TO EDITORS:

Victoria Oil & Gas Plc ("VOG" or "the Company") is a fully-integrated onshore gas producer and distributor with operations located in the port city of Douala, Cameroon. Through the Company's wholly-owned subsidiary, Gaz du Cameroun S.A. ("GDC"), VOG delivers gas via a 50km gas distribution pipeline network to a range of major industrial customers.

Since spudding its first wells in 2010, the Company has grown to become the dominant player in the Cameroon onshore gas market, primarily through the 57% owned Logbaba gas project. GDC is partnered on this project with RSM Production Company ("RSM"), and Société Nationale des Hydrocarbures ("SNH"), who have holdings of 38% and 5% respectively.

Subject to government approval VOG will extend it acreage over 3,500km^2 of the highly prospective Douala Basin with the addition of the Matanda and Bomono license areas.

Victoria Oil & Gas is listed on the AIM market of the London Stock Exchange under the ticker VOG.