24 May 2018

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

Q1 2018 Operations and Outlook

Victoria Oil & Gas Plc, the Cameroon based gas and condensate producer and distributor, is pleased to provide an update on the Group's operations for the three months ended 31 March 2018 ("Q1 18" or "the Quarter").

Q1 18 saw a decrease in gas consumption levels from Gaz du Cameroun SA's ("GDC") Logbaba Project in Douala, Cameroon, due to the non-renewal of the ENEO Cameroon SA ("ENEO") grid power gas sale agreement at the end of December 2017. ENEO has not recommenced consumption to date but management is confident of a resolution.

Q1 2018 Overview

- Q1 18 Gross Gas Sold of 330mmscf (54% decrease on Q4 17, 71% decrease on Q1 17)
- Average daily gas production for Q1 18 of 3.50mmscf/d (Q4 17: 7.94mmscf/d, Q1 17: 14.57mmscf/d)
- One more thermal customer, Panzani, came on-line post quarter end and three more, a Nestle subsidiary, Camlait and Agrocam, are commissioning their gas fired gensets
- Well La-107 flow line tie in complete and La-108 perforation gun recovery scoped
- Cash and cash equivalents at end of Q1 18 was $6.0 million (Q4 17: $11.4 million), trade receivables were $4.3 million (Q4 17: $6.2m), trade payables $9.1 million (Q4 17: $8.8 million) and borrowings were $23.4 million (Q4 17: $24.5 million). Net debt was $17.4 million (Q4 17: $13.1 million).

Outlook

- The revised year end production targets are 11.3mmscf/d if ENEO is back online by 1 July 2018 and 7.8mmscf/d if they remain offline.
- Non-grid revenue generating business such as dedicated gas to power solutions for customers and the Compressed Natural Gas (CNG) project are two initiatives that should enable increased revenue to the Company.
- Discussions with three prospective large volume grid-power customers continue for power stations to produce 150MW, 140MW and 150MW respectively with the potential to consume 78mmscf/d of gas in aggregate when operational.

Ahmet Dik, CEO said,

"Despite the suspension of the ENEO supply, I believe that the Company will actually grow stronger and create a more diverse product base in 2018 and continue to build the outstanding business we have created in Cameroon. We have developed gas reserves to meet industrial and grid power demand for large quantities of gas and power that is required by groups other than ENEO.

GDC is the only onshore gas producer in Cameroon; management estimates that with Logbaba and Matanda, GDC has recoverable gas resources of at least 1.5 TCF. Our 50km of gas pipeline and support infrastructure is delivering gas to over 30 customer sites.

We are actively working on non-grid solutions such as customer gas to power units and CNG supply for customers who are away from our pipeline but want gas. In parallel with this we are in discussions with large gas volume consumers and independent power producers who are developing large power stations with potential consumption of approximately 78mmscf/d of gas when operational in 2020."

Logbaba Update

Quarterly Production Update

The Q1 18 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*:

	Q1 2018		**Q4 2017**		**Q3 2017**		**Q2 2017**		**Q1 2017**	
Gas sales (mmscf)										
Thermal	**179**	313	**177**	312	**157**	276	**191**	322	***204***	340
Retail power	**10**	17	**10**	18	**12**	20	**9**	15	***7***	12
Grid power	**0**	0	**226**	396	**180**	317	**508**	855	***481***	801
Total (mmscf)	**189**	330	**413**	726	**349**	613	**708**	1,192	***692***	1,153
Average gas production (mmscf/d)	3.50		7.94		6.96		14.59		14.57	
Condensate sold (bbl.)	**1,654**	2,900	**3,951**	6,931	**2,538**	4,452	**5,437**	9,147	***5,290***	8,816

* After reaching a cost recovery milestone on Logbaba during Q2 16, 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.

ENEO Update

The Government of Cameroon, ENEO, Altaaqa Global ("Altaaqa"), the genset providers to ENEO which consume GDC's gas and GDC continue to seek a resolution to the suspension of the ENEO owned Logbaba and Bassa power stations in Douala.

GDC remains confident that a solution will be found as all parties are actively engaged in the various steps involved that will result in gas consumption being resumed. The shortfalls in power supply in Cameroon continue, with hydroelectric schemes not meeting the current demand.

In our update on 5 January 2018, we reported gross ENEO receivables of $8.7 million, which had been reduced to $5 million at 17 February 2018. We are pleased to report that at the time of this announcement this gross receivable has reduced to $2.9 million. The Company expects the balance to be paid off by the end of Q2 18/early Q3 18.

Other Developments

Post the quarter end, Panzani Cameroon S.A. ("Panzani") commissioned its plant to become a thermal customer switching from LFO (Light Fuel Oil). Panzani is a leading household brand

and pasta manufacturer, located in the Bassa Industrial Zone of Douala with anticipated consumption of 0.07mmscf/d.

A Nestle subsidiary, Camlait Cameroon, and Agrocam are in the process of commissioning their new gas-fired gensets, which are expected to be on-line during Q2 18.

Because of the current power shortages in Douala, several existing and new customers have expressed interest in the retail power solutions which GDC is offering and we expect to have several of these customers online by year end.

Q1 18 Unaudited Financial Update

Unaudited net revenue for Q1 18 was $2.5 million (Q4 17: $4.4 million; Q1 17: $8.1 million). As previously guided, the loss of revenue from ENEO, which accounted for approximately 53% of revenue in 2017, will be significant for the Group in 2018 and will affect profits and results.

Cash and cash equivalents at the end of Q1 18 was $6.0 million (Q4 17: 11.4 million), trade receivables were $4.3 million (Q4 17: $6.2 million). Trade payables $9.1 million (Q4 17: $8.8 million) and borrowings was $23.4 million (Q4 17: $24.5 million). Net debt was $17.4 million (Q4 17: $13.1 million).

The Company has suspended all non-essential capital programmes, is actively reducing costs in the business and is preserving available cash resources. An application has been made to restructure the Group's outstanding bank debt including more favourable terms.

Subsurface and Wells

During the quarter, a subsurface re-evaluation of the Logbaba field commenced. This involves reprocessing historic seismic data and assessing the results of the La-107 and La-108 wells. This will enable an update of the Logbaba geological maps and provide an improved basis for decisions on future development of the license area.

An internal reserves review following this re-evaluation will be performed for the Logbaba field by the end of June 2018 and management believes that a substantial increase in reserves will be demonstrated.

Following the drilling and completion activities, work to tie in the wells for permanent production has been ongoing. Construction of the La-107 flowline tie-in is now complete. La-107 and La-105 are now both available for production, as required, to meet market demand.

A programme for recovery of the spent perforating gun and completing the clean-up and testing of the Logbaba sands in La-108 has been developed. This will be carried out when appropriate to meet gas demands.

An insurance claim for $24.5 million gross has been lodged with the Company's insurers to cover the substantial and material costs associated with the well control event during the drilling of La-108 and the consequential schedule and cost overrun. During the quarter the Company has worked to enhance the technical merits of the claim. As is common in these situations, the outcome of the claim is not certain.

After apportionment of finance costs the total accounting cost of the two wells is expected to be $90.7 million.

Other Licenses Update
During the quarter the Group continued the subsurface evaluation 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 finalise the work programme and obtain the Presidential Decree conferring title to its participating share in this block.

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

Outlook
The revised year end daily production targets are 11.3mmscf/d if ENEO is back online by 1 July 2018 and 7.8mmscf/d if they remain offline.

The Company is in discussions with current and potential independent power providers (IPP's).

- Dibamba Power Development Company ("DPDC"), who are planning a 140MW gas to power plant upgrade at their Dibamba station;
- Altaaqa Global ("Altaaqa"), our partners who supply the 50MW generating power to the ENEO project and who recently applied for an IPP license for 150MW;
- Grenor S.A ("Grenor") who are planning a 150MW power station in eastern Douala; and
- All projects have plans to be fully online by mid-late 2020.

These projects would require up to 26mmscf/d of gas each and the three have the potential to consume approximately 78mmscf/d of gas in aggregate.

GDC is expediting its support to manufacturers and producers in Douala who 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 would increase gas consumption with minimal capital costs for GDC.

The Company commissioned a pre-feasibility study on CNG for plant capacity up to 2mmscf/d. The sales team in Douala is in discussions with potential customers that would make this venture commercially viable and aims to sign General Sales Agreements in the near term. The project will afford GDC the opportunity to reach some larger customers beyond the pipeline infrastructure and aims to replace diesel and heavy fuel in a variety of applications.

VOG has set an ambitious business strategy with gas sales build up to 100mmsc/d by 2021. We still believe that this target is achievable and that the demand for gas within Cameroon remains high.

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 the highly prospective Douala Basin with the addition of the Matanda license area.

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