VICTORIA
OIL & GAS PLC

Report & Accounts
to 31 December 2015

A Unique African Gas Utility

Unlocking Domestic Onshore Gas Supplies in Africa

Victoria Oil & Gas Plc has built and operates a fully integrated gas producing and distribution utility supplying the port city of Douala, Cameroon with domestic natural gas.

Through our 100% owned subsidiary, Gaz du Cameroun S.A., we supply customers operating across diverse industries. These customers utilise GDC gas for thermal processes, such as boiler heating for steam generation, direct process heating and power supply. Since 2015, we have supplied gas to two ENEO operated power stations for the generation of up to 50MW for the Douala grid.

Our Company focuses on rapid commercialisation of previously discovered underdeveloped or 'stranded' gas deposits that can be developed by onshore drilling to provide energy solutions for local communities using safe, consistent and scalable natural gas.

Abbreviations
Victoria Oil & Gas Plc ("VOG", "the Group" or "the Company")
Gaz du Cameroun S.A. ("GDC")
ENEO Cameroon S.A. ("ENEO") – Cameroon's national electricity generating company

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Highlights

Delivering Growth in Gas Supply

Comparative Periods

The audited financial amounts for the seven-month period ended 31 December 2015 ("current period", "period" or "reporting period") in this report are compared to the audited twelve-month period ended 31 May 2015 ("prior period").

Production statistics, which are subject to seasonal fluctuation, compare the seven-month period ended 31 December 2015 to the comparable seven-month period ended 31 December 2014.

Operational Highlights

- 8.57mmscf/d average gas production (3.95mmscf/d seven-months to 31 December 2014)
- 1,736mmscf total gas sold (846mmscf seven-months to 31 December 2014)
- Both ENEO power stations consuming gas for grid power for the whole period
- Well design and drilling programme planning progressed for completion of one twin-well and one step-out well at Logbaba site
- Phase 1 processing plant expansion to 25mmscf/d capacity designed with further phased expansion planned pending drilling results
- Gas sales agreements signed with eleven new customers ahead of 13.5km two-phased expansion of the Bonaberi pipeline
- New seismic reprocessing project on Logbaba commenced to acquire and reinterpret historic data

Financial Highlights

- $21.4 million revenue (prior period: $27.9 million)
- $8.5 million adjusted EBITDA (prior period: $8.4 million)
- $13.2 million cash balance at period end (prior period: $16.0 million)
- $22.2 million Group liabilities (prior period: $34.2 million)
- $6.0 million net cash position at period end (prior period: $5.1 million)

Corporate Highlights

- Ahmet Dik and Iain Patrick appointed to the Board of VOG as Directors
- Change in accounting reference date to 31 December

Post Period

- BGFIBank debt facility of $26.0 million put in place in April 2016 to support the Group's expansion plans
- Matanda licence assignment of 75% interest in 1,235km^2 neighbouring block
- Executive Director changes: Robert Palmer and Grant Manheim to retire from Board and Andrew Diamond appointed as Finance Director

Chairman's Statement

I am very pleased to report to shareholders on the corporate and operational progress we have made during the period. This report and financial statements cover the seven-month period to 31 December 2015. This follows the change in our Company's accounting reference date from 31 May to 31 December.

Strong revenues of $21 million lead to the Group recording its first profit for the period and a positive earnings per share. Operating cash flows were strong, which the Group has used to reduce debt.

During the period, our gas sales doubled when compared to the equivalent seven months in 2014. Our research shows that the demand for gas in Douala, Cameroon and the surrounding areas remains far in excess of our ability to supply. Our two-year gas supply agreement with ENEO, the local power grid operator has had a very positive impact on our business. The ENEO project has been the proof-of-concept for a gas-to-power solution in Cameroon. To build on this and sign up other grid power customers, we need to expand our reserves, produce greater volumes of gas and increase our process and delivery capacity.

The share price performance during the period was disappointing. However, when compared to the FTSE AIM Oil & Gas Index, VOG's market valuation has generally tracked the global downturn in the sector. We believe that our business is unique and, as an integrated gas producing utility, we will continue to explain to the market why we are different and why we deserve a higher valuation than at present.

We have an ambitious plan for 2016 aimed at expanding our reserves and resources and significantly increasing our ability to deliver more gas to more customers. It remains our longer term plan to replicate this model in other African locations and we continue to look for the right opportunities.

I would draw shareholders' attention to the Objectives and Performance table set out in the accounts which demonstrates how the Group has delivered on the objectives set out in our Annual Report to 31 May 2015.

Our Company is an integrated gas producing utility and as such has a fundamental task to match demand with supply in a way that minimises risk, capital outlay and operating costs.

In Cameroon, we enjoy a unique position that has been created by our willingness to take measured risks to achieve great gains and we are now preparing to add significantly more reserves to Logbaba so that we can consider increases in production to thermal and grid power customers.

The acquisition of a 75% interest and operatorship of the highly prospective 1,235km^2 Matanda Block ("Matanda") post period will also help us feed this expansion potential and further strengthen our area of influence in Cameroon. Matanda, is over 60 times the current licence area of Logbaba and is estimated to hold P50 'gas-in-place' volume of 1.8tcf and 136mmbbl of condensate in place. In addition, Matanda is adjacent to Logbaba and geologically very closely connected to it.

As for our drilling programme, by December 2015 SPD Petrofac, our drilling consultants and our internal team had delivered a drilling strategy for one twin-well and one step-out well at the Logbaba site, both to be completed during 2016. The tendering process and negotiations on all contracts including the main drilling contract have been successfully managed by the Company and we have taken full advantage of the downturn in the oil and gas field services sector to bring the total budget for the two-well programme to below $40 million.

Increased revenues during the period enabled GDC to build on our relationship with BGFIBank and the $26 million debt facility for GDC announced post-period end is a result of this. This facility, coupled with GDC's share of revenue generated and contributions from our 40% partner in the Logbaba project, is expected, at this stage, to enable GDC to complete the 2016 capital expansion programme without recourse to any equity funding.

What we have achieved in Cameroon is exceptional, by turning a small 'stranded' gas deposit in Douala into a significant gas utility business that is a key element of

Chairman's Statement continued

the local energy supply equation. We control the upstream, gas processing and gas distribution systems and operate in a lightly regulated environment which is supported by Government to ensure growth in industry.

Your Board feels that it is now appropriate to consider other opportunities within Africa that can be leveraged by our experience in Cameroon. We continue to assess projects that broadly meet our selection criteria. Our plan is to focus on the development phase of projects and enter at a point post discovery of gas and prior to development of the field. Our skills in executing field development plans and creating businesses that are profitable and meet local market energy needs can be used to unlock 'stranded' onshore gas reserves.

In Russia, we continue to seek a partner or purchaser of the West Medvezhye oil and gas project.

Corporately we saw a number of changes within the Company. Our quarterly operational updates were initiated within the period to provide shareholders with much more detail on our performance in terms of gas supply and unaudited financial statistics.

I was also delighted to see the appointment of Ahmet Dik to the Board of VOG, in addition to being made Chief Executive Officer of GDC. Ahmet has worked with us since late 2013 and was instrumental in concluding our agreements with ENEO for first grid supply. James McBurney left the Board and Iain Patrick was appointed as a Non-Executive Director. Iain has significant experience in the oil and gas industry and provides us with sound advice. These Board changes have also been reflected in the audit and remuneration committee compositions which are detailed later in this report.

Further changes to the Executive Directors of the Company will take place after the date of the Report and Accounts. Grant Manheim, Deputy Chairman, retires from the Board with effect from 31 May 2016. Robert Palmer, has been part-time Finance Director of the Company since it listed on AIM in 2004. The Board feels that it is now time that with increased activities within the Group that a full time position is required. Robert is unable to take on this increased role given his commitments outside of VOG. He retires by rotation and will not be standing for re-election at the Company's Annual General Meeting on 29 June 2016. Andrew Diamond, the Company's Financial Controller, has been appointed as Finance Director of the Company with effect from 30 June 2016.

Grant and Robert were foundation members of the Board since the start of the Company 12 years ago and on behalf of the Board, I would like to thank them for their unfailing dedication and valuable contribution to building the excellent Company we have. Their departure is a natural evolution of a growing and maturing company. Andrew has been an outstanding addition to the team since he joined us last year and I am delighted that he has accepted the role of full time Finance Director.

During the period, PricewaterhouseCoopers LLP ("PwC") has continued to advise the Company in completing a peer review of executive remuneration and this is detailed in the Directors' Remuneration Report.

I would like to especially thank our partners RSM Production Corporation of Denver Colorado ("RSM") for their staunch support and sound guidance on the Logbaba project and The National Hydrocarbons Corporation of Cameroon ("SNH") for their invaluable in-country support and counsel.

Finally, I should like to thank our Board and the operating teams in Cameroon, London and FSU for their tireless work in keeping our Company moving forward and building the business to where we are now.

I believe 2016 will be an outstanding year for VOG.

Kevin A. Foo
Executive Chairman
29 May 2016

Group Business Model

Providing Local Energy Solutions

Create value by focusing on the onshore development of previously discovered gas resources and expediting local energy solutions

Replicate our proven revenue-generating business structure across several locations

Educate the investor market as to our unique business and focus on bottom-line delivery

VOG Focus | Operator Focus

Appraisal

Identify undeveloped and 'stranded' gas reserves

Appraise economic climate

Assess how to develop this energy to markets and projects in the shortest time and at lowest cost

Align our goals with local communities, customers and governments

Development

Sign letters of intent with potential customers

Execute development plans

Optimise extraction of gas, processing and infrastructure to deliver to market

Production, Revenues and Expansion

Delivering first production to market and revenue generation

Build consumption

Expand customer types

Ensure supply can meet demand and expansion plans

Matanda
Recently obtained 1,235km^2 neighbouring licence to Logbaba. Plans to undertake seismic interpretation to identify drill targets in short time.

Logbaba
GDC operator of the producing Logbaba Gas Project in Douala. Revenue generating since 2012 and currently in expansion phase.

Timeline

Logbaba

2008-2009
- VOG enters Cameroon as operator of Logbaba.

2009-2011
- VOG spuds the first onshore well in Cameroon since 1950s.
- Two wells drilled successfully (La-105, La-106).
- President Biya signs Exploitation Licence in 2011.

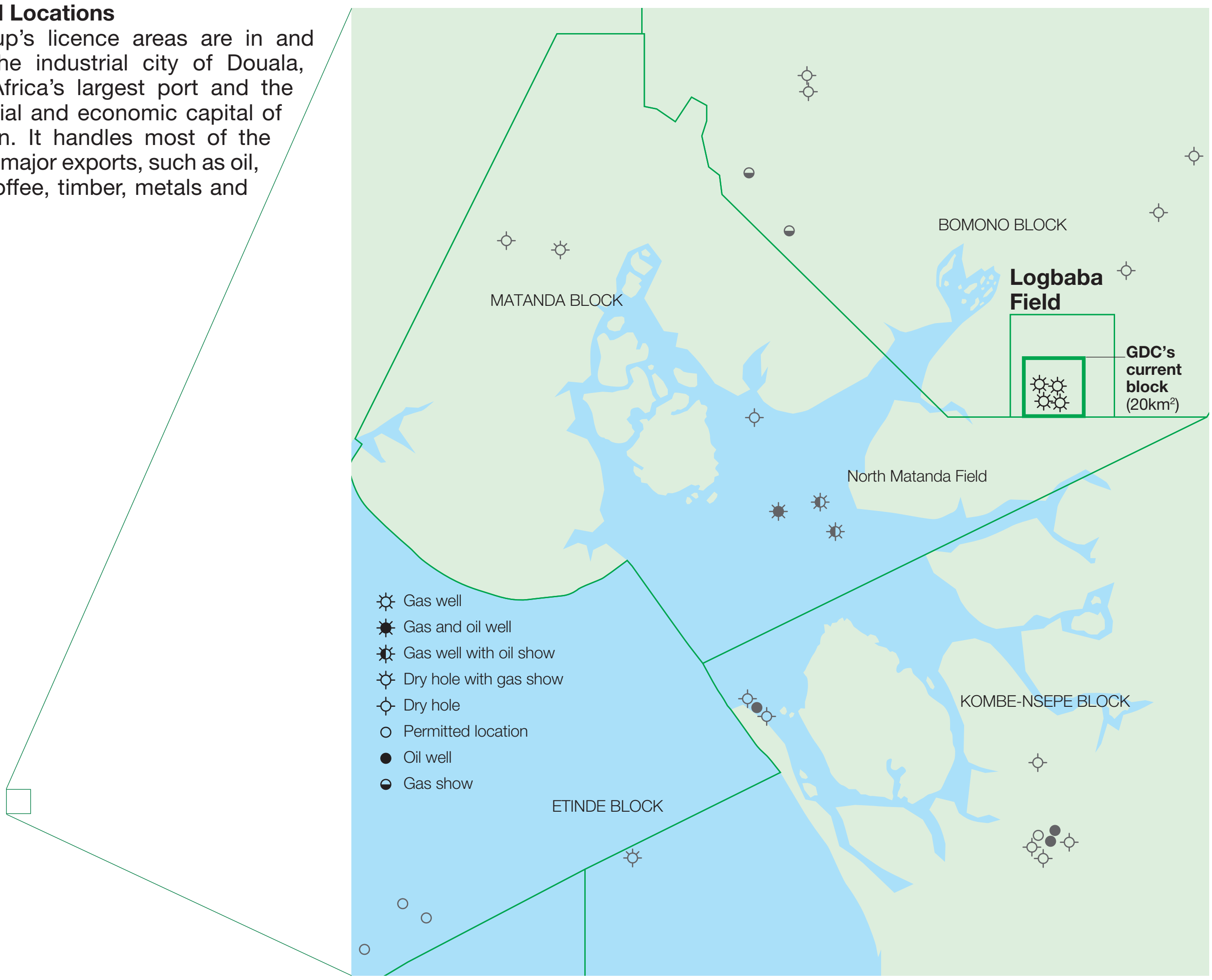
2012-Present
- July 2012 – First commercial gas and condensate production operations.
- By end 2012 – Gas supply network constructed and first customers commissioned.
- November 2013 – Presidential inauguration of production facilities.
- Early 2015 – First grid power customer online.
- 2016 – Focus on increasing supply and processing capacity.

Matanda

2015-Present
- Appraisal and assignment of 1,235km^2 Matanda Block

Increasing Our Business Footprint

Gas Field Locations
The Group's licence areas are in and around the industrial city of Douala, Central Africa's largest port and the commercial and economic capital of Cameroon. It handles most of the country's major exports, such as oil, cocoa, coffee, timber, metals and fruits.



Introducing Matanda

The Group's current operations focus around the Logbaba Field located in the Wouri River estuary adjacent to the city of Douala. The Matanda field straddles the proven onshore production of the Logbaba field with the massive industrial offshore potential of Etinde. With around 70% of the block onshore, the development of Matanda can be conveniently managed to connect to GDC's existing gas transmission network.

In April 2016, VOG was assigned a 75% interest in and operatorship of the Matanda Production Sharing Contract ("PSC") for the Matanda Block. The Company's interest in the block is held through its new wholly-owned subsidiary Gaz du Cameroun Matanda S.A. ("GDC Matanda"). The remaining 25% participating interest is held by the private, independent E&P group Afex Global Limited ("AFEX"). AFEX is an African-focused oil and gas company, which began as an offshoot of Terra Energy Services, a seismic services company engaged by African governments to acquire geological and geophysical data for hydrocarbon concession licensing rounds. The company's major shareholder is Gulf One Investment Bank BSC, a leading infrastructure investment bank based in Bahrain.

With the acquisition of Matanda, VOG has increased its footprint in Cameroon by over 60 times. The Matanda Block has P50 gas initially in place ("GIIP") resources of 1.8tcf, as estimated by independent reserve auditing firm Exploration Reservoir Consultants Limited ("ERCL").

This addition of the enormous potential of Matanda will allow VOG to expand aggressively its ambitions to serve the numerous high-volume customers in the Douala area, specifically in the gas-to-power ("GTP") sector. It is estimated that almost 600 million people in sub-Saharan Africa have no access to a reliable electricity supply and the development of gas for the generation of power for industrial and residential consumption is a priority as nations look to grow.

Following the ground-breaking success of the conversion of ENEO's Logbaba and Bassa power plants to natural gas, VOG has proved the reliability of the GTP model in Douala. Cameroon currently struggles to meet its full power demand throughout the year and the country is expected to require more than an additional 1,500MW of generation capacity by 2018 to meet its economic growth target of 9.5%. VOG can play a significant part in the realisation of this goal.

The Market continued

Matanda Block

The Matanda Block is situated in the northern part of the Douala Basin, in the transitional zone between the Wouri estuary and the neighbouring onshore area to the South and North-West of the city of Douala. Approximately 30% of the block is in shallow water, whilst the remainder is onshore.

Matanda is located between the onshore concessions of Logbaba to the North, Bomono to the North-West and the offshore Etinde block to the West. All of these blocks contain gas discoveries: in six wells drilled at Logbaba, two new exploration wells completed by Bowleven at Bomono and 2C gas and condensate resources of 345mmboe estimated for Etinde.

Following the drilling of well NM-3x in 2014 by the previous operator Glencore, the subsurface data available for Matanda has been re-evaluated in depth by AFEX and their technical consultant ERCL. It is now believed that the North Matanda Field holds a very significant gas-condensate resource. In 2011 and 2014 ERCL concluded that the P50 'gas-in-place' volume of 1,864bcf with 'condensate-in-place' of 136mmbbl were valid estimates for the area inside the Matanda 3D seismic survey. Additionally, NM-3x drilled deeper than the previous North Matanda wells and discovered new, deep gas reservoirs, which are part of the Matanda-Logbaba structure but not included in the above volume resource numbers.

The North Matanda Field extends onshore and from seismic and well correlations it is considered likely that it links with the Logbaba Field, where reservoirs in the same correlative package, the Logbaba formation, are producing gas and condensate. Other exploration plays and prospects on the block include the Lower Tertiary 'Bomono' play, which has seen recent drilling success in Bowleven's Zingana and Moambe wells in the adjacent Bomono Block.

VOG and AFEX are finalising the details of the work programme with the Government of Cameroon, with the objective of bringing the gas resources of the block into commercialisation in the shortest possible timeframe. The programme will likely include:

- Detailed analysis and interpretation of all available subsurface data, focusing on the onshore exploration potential of the block, including approximately 1,900km of existing 2D seismic and data from 11 wells.
- Contingent on the results of the geoscience work programme, drilling of one onshore exploration well. The well will be tailored such that, on success, it may be tied to GDC's existing gas infrastructure network in the shortest possible timeframe.

On the development of such large field potential, VOG will be able to cement its position as a significant GTP provider in Cameroon. With the success of its venture with ENEO and Altaaqa Alternative Solutions Projects to install the combined 50MW capacity power generators at Logbaba and Bassa power stations using piped natural gas, VOG proved that it had the resources and expertise to deliver gas for power production in Douala.

The addition of potentially sizeable reserves at Matanda would facilitate a significant expansion in its GTP business. As well as initiatives with ENEO, there is further potential to convert other power plants such as Dibamba to gas.

The Market continued

Established Sales, Diversified Customers

GDC'S Customer Types
GDC maximises it sales through a variety of customer types.

Gas supplied via 35km pipeline network

Grid Power
Supply of gas to state owned power stations operated by ENEO.

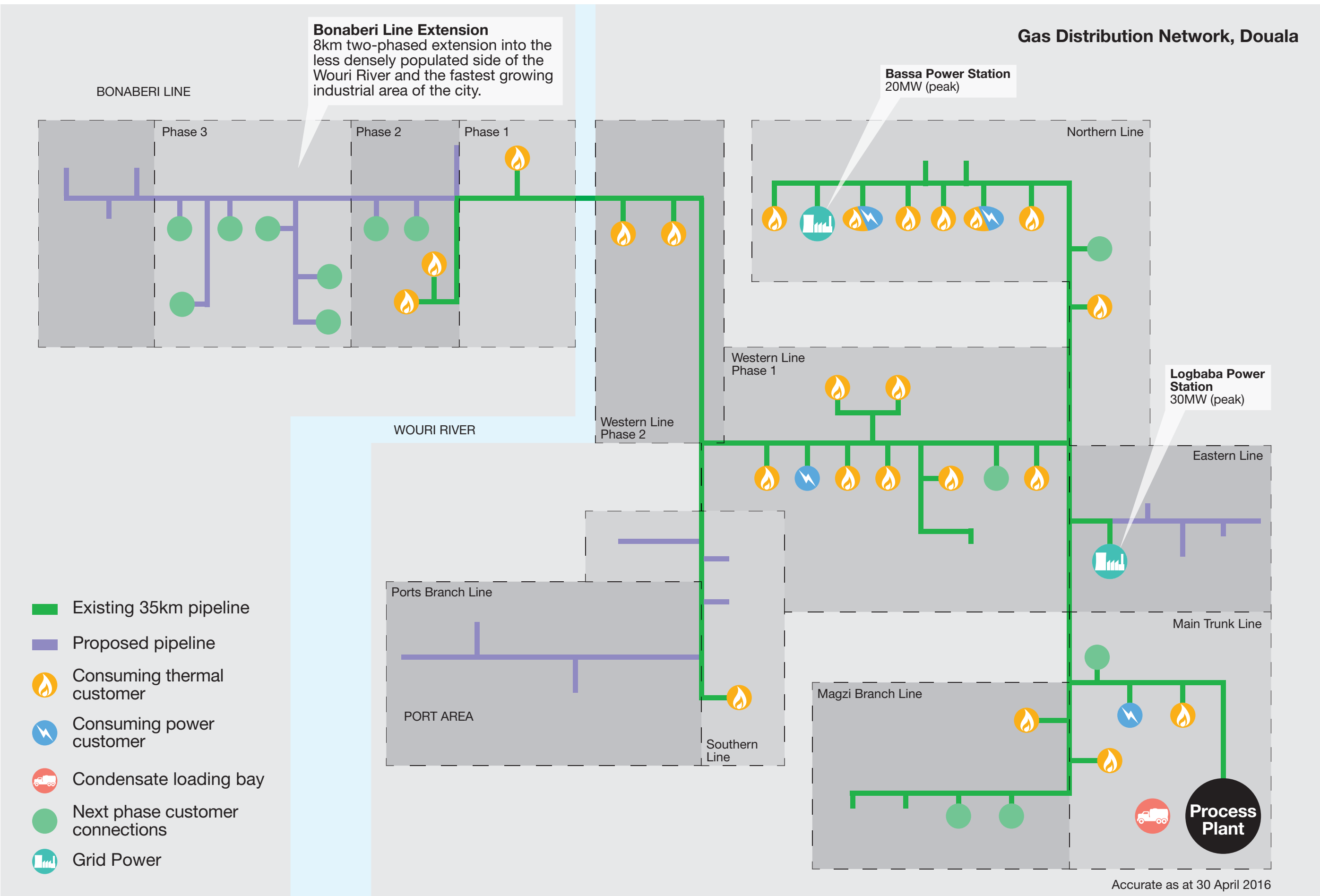
Thermal Customers
GDC supplies gas to a number of industrial customers for thermal use in boilers, process plants and furnaces.

Power Customers
Gas supplied to industrial customers to gas-fired electricity generators for power generation. Proof-of-concept phase completed and now pure gas sales model.

Gas Condensate
A by-product of the gas production process which is offloaded by tanker to a local refinery.

Potential Future Products
Alternative products such as CNG would enable GDC to widen its customer base to those with different requirements and outside the physical limits of the pipeline infrastructure.

Compressed Natural Gas ("CNG")



Objectives & Strategy

The core focus of the Group during the period has been its operations in Cameroon where the key objective has been on the safe and reliable delivery of gas to the optimum, long-term markets. In addition, VOG continues to build on its corporate profile and assess other opportunities.

Performance during the current period against objectives set out in Annual Report to 31 May 2015

Corporate profile and share price performance	Objective: Improve market communication by providing investors with a high level of accurate and current information on performance and overall objectives. Performance: The share price performance during the period was disappointing but when compared to the FTSE AIM Oil & Gas Index, VOG's market valuation has generally tracked the global downturn in the sector. Production of quarterly operational reports and intervening news flow has enhanced the flow of structured and transparent news to investors. Shareholders are regularly provided with comparable gas production data and unaudited financial updates, in addition to mandatory announcements and reporting period accounts. We changed our accounting reference date to align our financial reporting to the calendar year for a more logical fit with our operational updates and the seasonality of demand.
Maintain our first-mover advantage and demonstrate that our business model can be replicated elsewhere	Objective: To actively seek opportunities in Cameroon and other African countries with the intention of expanding or replicating the gas to energy model. Performance: The 1,235km^2 Matanda licence, which the Group worked on during the period, was assigned post period. This allows for considerable expansion potential within our area of influence in Douala. We have assessed several opportunities in Cameroon and other African countries. Our selection criteria include: discovered gas reserves with a clear pathway to domestic commercialisation, sovereign energy policy supportive of infrastructure investment and with strong rule of law.
Continue to build on our profitable utility business in Cameroon	Objective: Progress the potential introduction of CNG as a sales product. Performance: Building CNG into our business model continues to be assessed as we develop our understanding of the technology involved. The drilling programme results for 2016 directly impact the investment decision on this project and as such will be deferred until early 2017.
Maintain our position as a part of Cameroon's national energy strategy	Objective: To ensure the consistent supply of gas at high levels at the Bassa and Logbaba power stations to the Cameroon power company, ENEO, and demonstrate a strong track record in operation as well as installation delivery. Performance: Our supply of gas to the two ENEO power stations has been continuous during the reporting period proving the concept and our reliability of supply. The Government of Cameroon has shown confidence in VOG to deliver on such projects as demonstrated by consenting to the assignment of the Matanda licence.
Maintain a balanced portfolio of customers	Objective: To ensure the customer base continues to expand to sustain an acceptable balance between our customer types. Performance: Sales team focus has been on increasing the reach into the Bonaberi area of the Logbaba network during the period and eleven new gas sales agreements ("GSAs") have been signed. Industrial power customers have taken over the Genset rental and now only purchase gas from GDC.
Maintain reliable supply of gas	Objectives: Continue planning for a drilling programme on wells La-107 and La-108. Complete a scoping study for the expansion of the gas treatment plant to increase its capacity. Define, scope and cost a small seismic programme on the Logbaba Project. Performance: Drill programme planning progressed on schedule throughout the reporting period, including sourcing a drilling rig, agreeing the budget for the drilling programme and ordering long-lead items. Expro International BV completed a de-bottlenecking and expansion study to ensure processing capacity is in place for additional supply. Historical seismic data on the Logbaba project has been located and will be reprocessed. The assignment of Matanda licence to the Group post period has added significant gas potential in our Logbaba area of influence.
Maintain safe supply of gas	Objective: To continue to supply gas safely across GDC's network. Performance: Gas continued to be supplied safely and uninterrupted during the reporting period.

Objectives & Strategy continued

Corporate Objectives for 2016

Reduce production and overhead costs across the Group	The Group achieved efficiencies and cost savings in Cameroon in Q1 2016. We continue to streamline operations to achieve further cost reductions.
Consolidate our advantage as a fully integrated gas utility in Cameroon	The Company will actively seek additional sources of gas via acquisition, joint ventures or corporate deals.
Avoid shareholder dilution	VOG intends to fund capital projects via a combination of strong and established operational cash flows, partner contributions and a conservative level of debt.
Expand business within Africa	The success of GDC has demonstrated that monetisation can be achieved from small gas deposits. The chronic shortage of power and energy within Africa can be solved, in part, by the development of small and sometimes 'stranded' gas deposits to provide local solutions. VOG intends to target selected jurisdictions within Africa to further demonstrate its model.
Equity market valuation	Distinguish our business and operational successes as a unique African gas utility so that the Company's value can be fully recognised.
Continue to enhance reporting, transparency and corporate governance	Our change in accounting reference date to end December has come into effect at 31 December 2015. Ahmet Dik, who joined the Board at the end of the reporting period, will become the CEO of VOG in due course. The Company will continue to develop the balance and breadth of expertise on the Board.

Operational Objectives for 2016

Increase gas sales	A primary objective for 2016 is to increase gas sales to exceed 3.7bcf, which is a 30% increase over 2015 supply.
Two-well drilling programme for expansion of gas reserves	GDC will drill two new wells on the Logbaba concession in 2016, with spudding of the first well anticipated by end of June. Our aim is to complete drilling by the end of 2016 and we expect to add new reserves as well as transfer 2P reserves to the 1P category.
Processing plant expansion	GDC proposes to finalise designs to expand the Logbaba gas processing plant to provide increased capacity. Expro International BV has completed a study on the design and costs to increase the capacity of the processing plant over three stages to 40mmscf/d. Stage 1, which will expand capacity to 25mmscf/d, is expected to be completed in early 2017.
Expand customer base for increased capacity and pipeline	GDC will add over 13.5km to our pipeline network by building into new industrial areas in Bonaberi and the Douala Port. Before the drilling programme is completed, GDC expects to have Phase 2 (8.0km) commissioned and Phase 3 (5.5km) of the Bonaberi pipeline underway.
Gas-to-power	GDC will continue to build on its relationship with ENEO, Cameroon's national electricity generating company. Discussions are continuing with ENEO and others to supply additional gas-to-power projects.
West Medvezhye Project, Russia	It remains VOG's objective to find a buyer or partner for this project. Discussions are ongoing with several groups to this end.

Operations Report

Safe & Consistent Supply

I am pleased to report on operational matters at GDC, where focus during the period has progressed from delivery of grid power to planning for expansion. Our operations are both upstream and downstream, so obtaining the optimal expansion strategy requires us to balance reserves and processing capacity against demand for our gas in and around Douala and having the infrastructure in place to reach the market.

During the period, we sold 1,736mmscf of gas (846mmscf for the seven months to 31 December 2014). The average daily rate of gas production for the whole of the reporting period was 8.57mmscf/d (3.95mmscf/d for the seven months to 31 December 2014). Condensate offloaded during the period was 26,055bbls (13,598bbls for the seven months to 31 December 2014).

Thermal Gas Connections and GSAs

Dangote was commissioned in June 2015. Sic Cacaos and New Foods were both commissioned at the end of May 2015, and June 2015 was their first full month of consumption, and all three of the aforementioned have been consuming consistently since commissioning. New Foods and Sic Cacaos are consuming at their expected levels and Dangote continues to increase production at its new clinker plant.

Our newly established marketing and sales team is focused on increasing our reach into the Bonaberi area and during the period, eleven new GSAs were signed.

Pricing

GDC has a contract price bracket of \$9 to \$16/mmbtu for its gas sales and a sales price for its condensate based on the Brent oil price. The fall in the market price of alternate products to our gas has made them more price competitive than previously, resulting in a small number of customers switching to alternative fuels.

We market the benefits of using gas, including uninterrupted supply, time and effort saved on deliveries and logistics, no contamination of final products, cleanliness and environmental benefits and the vast majority of our customers recognise the strength of this argument.

Grid Power

The seasonal nature of our business has been demonstrated since the grid power customer ENEO started consuming gas in line with the wet/dry season and the take-or-pay conditions of their contract.

GDC has maintained continuous and uninterrupted gas supply to both the Bassa and Logbaba power stations and has proved its ability to deliver on supply commitments in accordance with the agreements we have signed.

During the period, the short-term Genset equipment rental contracts with our industrial power customers came to an end as did the related GDC contract with the provider of the Gensets. GDC remains a gas supplier to these customers under GSAs.

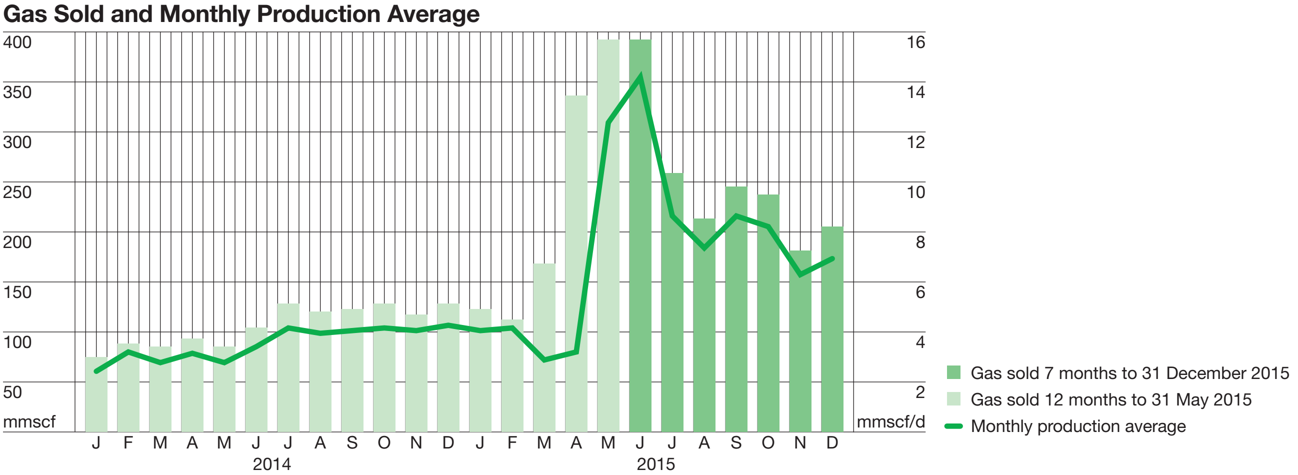
Bonaberi Pipeline Extension

Towards the end of 2014, GDC completed Phase I, approximately 2.2km, of the Bonaberi line to its pipeline network after successfully laying pipe and delivering gas under the Wouri River. During this reporting period, our sales team has identified new potential customers and has obtained signed commitments from a number of them to support a subsequent two-phase expansion of the pipeline.

Phase II Bonaberi line extends the existing pipeline from Magzi 2 Industrial Estate to Maya Oil factory, a distance of approximately 8km. The two material customer connections on this phase are Maya & Cie and SMS Shal. The larger of the two is Maya & Cie; a cooking oil and soap producing company located on the Bonaberi road. Their initial estimated consumption is expected to be 380,000scf/d but we are factoring in a higher pipeline capacity in anticipation of increased demand from Maya.

The delivery of earthworks for this Phase II Bonaberi extension has been outsourced to and coordinated with SOGEA SATOM Succursale Cameroun, the company contracted by the Government of Cameroon to lay bitumen along the Bonaberi road. By contracting their services to carry out the trenching work simultaneously with the construction work on the major road, a significant cost and time saving has been achieved. At the time of approval of the financial statements 3.7km of pipe has been laid and commissioned and an additional 1.3km of pipe has been welded and is ready to be laid. The customers on Phase II Bonaberi are expected to come online during Q3 2016.

Gas Sold and Monthly Production Average



Operations Report continued

Bonaberi is a new and fast growing industrial area in Douala building out to the new Magzi 3 Industrial Estate. Bonaberi is a less densely populated area of Douala than the port side of the Wouri River, which makes the pipe laying and testing less complicated. With ease of access to Bonaberi through the new bitumen road and access to GDC's gas distribution network we believe using our gas will be significantly more attractive for prospective industrial companies.

Beyond Maya Oil, upon completion of Phase II Bonaberi pipeline, the Phase III Bonaberi pipeline will commence. This is planned to add an additional 5.5km to five new customers with 130,000scf/d of expected consumption. These customers are anticipated to be online in late 2016.

Cost Reduction

Having gone through an initial production and sales growth phase, the Group aims to increase profitability in 2016, both through increased revenues and via operational and corporate cost reductions.

During the period, we have reduced our salary bill and renegotiated a number of supplier contracts, and expect further cost savings to materialise throughout 2016.

Drilling Programme

During the period, GDC has been preparing to drill two wells onshore at the Logbaba Field to supplement the two existing Logbaba production wells. The new wells are required to meet the demand for Logbaba gas, to develop Logbaba reserves and to move some of our 2P (Proven plus Probable) reserves into the 1P (Proven) reserve category. One of the wells will twin the La-104 well drilled in 1957; the other well will be a 'step-out' well that will be drilled into a target that is intended to add to our Probable reserves. Both of the wells will be drilled directionally from the one drilling pad adjacent to the Logbaba gas plant and they are to be tied into our production facilities immediately after they are drilled and completed. The La-104 twin-well is almost vertical; the 'step-out' well will be drilled to intersect a target that is about 1,100m to the South-East of the Logbaba drilling pad.

Both wells are intended to be production wells from the Logbaba Formation, which is a thick sequence of interbedded sands and shales found at depths between 1,700m and 3,200m below the surface. In addition to developing the gas reserves in the Logbaba Formation, one of the wells, the La-104 twin, has an optional additional objective of an 'exploration tail'. This could be drilled from the base of the Logbaba Formation (approx. 3,200m) down to 4,200m below the surface to test the hydrocarbon potential of the Mundeck Formation which had gas shows in well La-104.

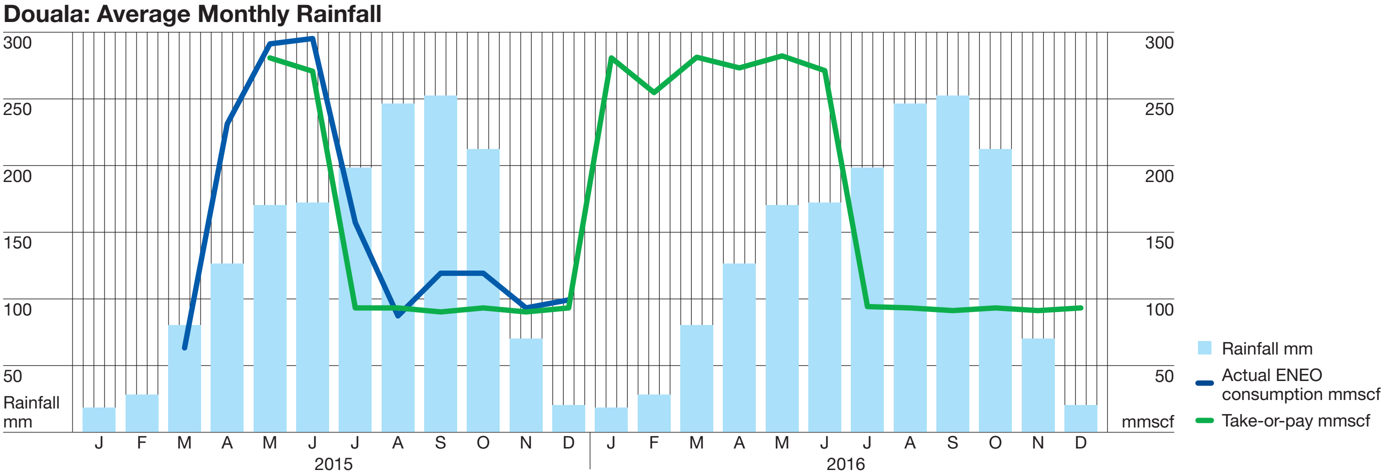
GDC has sourced a drilling rig from Savannah Oil Services Cameroon S.A., an independent private Cameroon company and the rig is currently being shipped to Cameroon. Savannah has supplied a rig in accordance with the specifications determined by GDC subsurface team and SPD Petrofac, taking into consideration high pressure and high temperature drilling conditions. The rig will be mounted on rails between the two well locations, allowing efficient batch drilling to be undertaken using a single unit. SPD Petrofac is providing well design and project management services and with their assistance we are now working on the detailed design and programme preparation.

Major site preparation work is underway including slope stabilisation, leveling for drilling rig tracks and drilling pad preparation. New warehousing for rig supplies, storage and camp civils are also under construction. Long-lead orders have been placed.

During the period GDC carried out a security review on its operations in Douala. A number of the priority items have been implemented in order to be completed in time for the drilling programme such as improved security fencing, CCTV and lighting, improved access controls and new security offices.

The budget for the two-well drilling programme totals less than $40 million, excluding the optional exploration tail, and at the time of approval of the financial statements GDC is still expected to remain within budget and on schedule.

Seasonal ENEO Consumption Against Take-or-Pay Levels
Douala: Average Monthly Rainfall



Operations Report continued

Logbaba Gas Plant Capacity Expansion

Following the purchase of the gas processing plant in May 2015, Expro International BV has completed the process plant expansion study. Stage one of the gas plant expansion to 25mmscf/d capacity (from 20mmscf/d) is in the preliminary engineering phase. Further expansion phases will tie in with the well results.

Matanda

Negotiations during the period resulted in the announcement of the assignment of a 75% interest in the Matanda Block, adjacent to current Logbaba gas production operations, and the subsequent Cameroon Government approval of the assignment. Matanda covers an area of approximately 1,235km^2, over 60 times the area of the GDC Logbaba concession and is highly prospective for significant natural gas and gas condensate resources. The North Matanda Field is estimated to hold an estimated P50 'gas-in-place' volume of 1.8tcf and 'condensate-in-place' of 136mmbbls.

GDC Matanda, a subsidiary of VOG, and AFEX, a Bahrain based company which has the remaining 25% interest, have submitted a new work programme to the Government of Cameroon for approval and expect to commence the first phase of seismic data acquisition in Q4 2016 after completion of the Logbaba drilling programme. The assignment of the Matanda Block complements the Group's current plan to increase its operating footprint in Cameroon. The existing Logbaba gas network infrastructure will also allow for fast-track development of any new discoveries made on Matanda to deliver additional natural gas to local industrial users in Cameroon.

During the period, the Company undertook an initiative to collate all existing seismic data on the Logbaba Field in order to reprocess it using modern techniques. By coordinating with SNH, the Company succeeded in locating 152km of 2D seismic data from three separate surveys. Post period a reprocessing services tender was run and a successful bidder selected to commence test processing of three 10km segments. With the information attained from this newly reprocessed data, the Company will be able to define the parameters for any additional seismic (2D or 3D) acquisition programme in the urban areas of Logbaba with a much greater level of accuracy, as well as expanding the underlying data-set for future reserves calculations. The addition of new subsurface information will also assist in de-risking future wells beyond the 2016 two-well programme.

All of the achievements of GDC in recent months would not have been possible without the hard work, dedication and loyalty of the team on the ground in Douala and I want to express my sincere gratitude and thanks to each one of them for making GDC a success.

Ahmet Dik
Chief Executive Officer
Gaz du Cameroun S.A.
29 May 2016

Operations Report continued

Gas processing plant

Logbaba processing plant and drilling site

Reserves & Resources

The Group's reserves and resources at 31 December 2015 are as follows:

Logbaba Reserves[1]

VOG is the operator of the 20km² Logbaba Block and holds a 60% participating interest, through its wholly-owned subsidiary GDC, and RSM holds the remaining 40% participating interest.

			Gross	Net[4]
Proven (1P)	Gas	bcf	44	26
Proven + Probable (2P)	Gas	bcf	207	124
Proven + Probable + Possible (3P)	Gas	bcf	345	207

Matanda Resources[2]

VOG has recently become the operator of the 1,235km² Matanda Block and holds a 75% participating interest, through its wholly-owned subsidiary GDC Matanda and AFEX holds the remaining 25% participating interest.

			Gross	Net[4]
North Matanda P50 Prospective Resources	Gas	bcf	3,747	2,810

West Medvezhye Reserves[3]

The Company owns a 100% interest in CJSC SeverGas-Invest, a Russian legal entity, which holds an exploration and production licence for the 1,224km² West Medvezhye Block valid until April 2026. The Company is looking to find a partner or purchaser for this project.

			Gross	Net[4]
Proven + Probable (C1 + C2)	Gas	bcf	11.8	11.8
Proven + Probable (C1 + C2)	Oil	mmbls	15.6	15.6
Prospective Resources	Gas	bcf	3,902	3,902
Prospective Resources	Oil	mmbls	722	722

1 From the Logbaba Field Reserves Report, September 2012, by Blackwatch Petroleum Services Ltd using the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("PRMS") as the basis for its classification and categorisation of hydrocarbon volumes. Blackwatch Petroleum Services Ltd provide consulting services to the Group and are therefore not considered to be independent.

2 From the Volumetrics Assessment for North Matanda, Cameroon, November 2015, by ERCL.

3 C1 and C2 Reserves are from The Early Production Scheme for the Hydrocarbon Accumulation in the JN21 Reservoir of the West Medvezhye Oil Deposit, 2012, by Neftepoekt, OOO NTS, and Prospective Resources are from the Research Report: Refinement of the Geological-Geophysical Model of the West Medvezhye Licence Block, 2012, by LLC Mineral. Both reports use the Russian Natural Resources Classification System as the basis for classification and categorisation of hydrocarbon volumes, which is not directly comparable with the PRMS.

4 Net reserves and resources are based on the Group's share of entitlement.

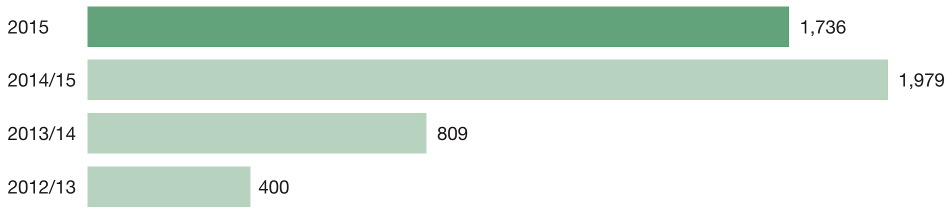
Key Performance Indicators

The Group's Key Performance Indicators ("KPIs") are important in assessing the overall health and performance of the business. The Group measures a range of operational, financial and non-financial metrics to help it manage its long-term performance and meet defined objectives and strategies.

The Group has elected to change its accounting reference date to 31 December and as a result presents its financial statements for the seven-month period ended 31 December 2015. The comparative disclosures are for the twelve-month period ending 31 May 2015. The different period lengths need to be considered when assessing KPI performance.

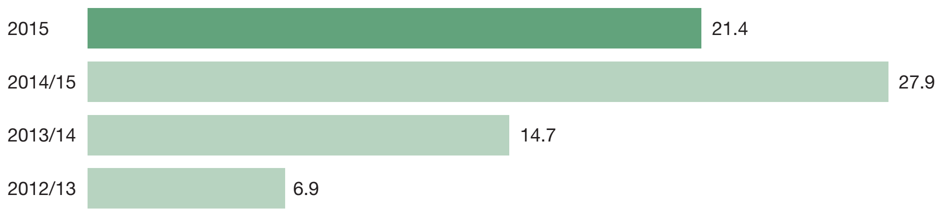
Gas Sold (mmscf)

The addition of gas sales for grid power has been the key factor in the uplift of production.



Revenue ($m)

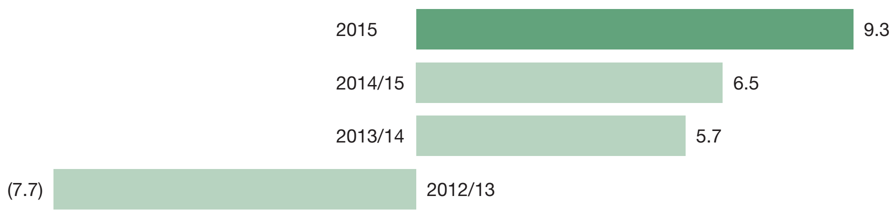
The Group has performed strongly during the current period directly as a result of the growth in monthly gas sales, despite significant headwinds. The Group will continue to drive the growth of volumes of gas sold, whilst at the same time working hard to protect the price at which our gas is sold.



Operating Cash Flow ($m)

The Group has an aggressive capital programme for 2016 and aims to fund this programme through cash from operating activities, debt and partner contributions. It is the Group's intention that this programme will be achieved without recourse to the equity markets.

The current period performance is a significant improvement on prior periods and the Group will aim to increase operating cash flows during 2016.



Business Development

The Group's ability to rapidly and cost effectively commercialise gas reserves for sale through its integrated supply utility is a cornerstone of our success. To secure customers with large-scale gas demand requires the Group to demonstrate that it can extend its production profile to comfortably meet new requirements.

- The Group intends to spud the first new well on the Logbaba site by mid-year and aims to complete the two-well programme by the end of 2016 and within the $40 million budget. The Group is leveraging the downturn in the sector when negotiating commercial terms and aims to complete the programme in the most cost efficient manner.
- The Group plans to expand its operating footprint in Cameroon and the assignment of a 75% operating interest in the 1,235km^2 Matanda Block is a significant first step. Initial seismic analysis on the Matanda Block will follow the completion of the Logbaba drilling programme.
- The investment case was made during the period for pipeline extension further into Bonaberi and this work commenced early 2016 and is scheduled for completion by year end.

Health and Safety

Health and safety is of paramount importance to us in providing the highest level of protection to all of our stakeholders. During the current period the Lost Time Incidents Frequency Rate was 0.73 (prior period: 1.65). The target for 2016 is to have zero lost time incidents.

Corporate Social Responsibility Report

Engaging With Our Communities

- **Supporting local communities and social schemes**
- **Ensuring a safe, healthy operating environment**
- **Upholding Environmental Standards**

Community Relations & Employees

During the period our dedicated community relations team in Cameroon has continued its work providing information to key stakeholders and replying to queries regarding our fully integrated gas pipeline. As a responsible corporate citizen our responsibilities are as an employer, investor in skills, safety overseer and community member. We are proud of our commitment to unlock domestic energy in Africa for domestic use.

Through its operating subsidiary, GDC, the Company maintains an engaged and proactive relationship with local communities within Douala, Cameroon. As a domestic supplier of gas we see our contribution to the people of Cameroon as constituting four separate elements:

1. Supporting the provision of power – As a domestic supplier of gas we contribute to the means of consistent grid power and economic growth, providing new jobs and opportunities that are afforded from a developing industrial hub.
2. Fiscal contributions – We are a responsible and ethical company. We pay all applicable taxes and royalties as they become due and disclosing our dealings in an appropriate and transparent manner.
3. Direct employment and skills training – 40% of the GDC senior management are Cameroon nationals and other senior positions are now filled in the majority by individuals from the region. 97% of GDC's employees are Cameroonian nationals. We maintain an equal opportunities employment policy and have defined skills and training programmes both internally and externally provided to develop our employees' careers. GDC is particularly proud of its staff retention record and we have reskilled a core team, that have been with us from the start, that have adapted their roles in step with our transition from E&P company to gas supply utility. The consistent, highly skilled work force we have within the Group is one of our key strengths.
4. Direct to community engagement – VOG and GDC have a long established track record of engaging with communities through communication and contributions to help improve social welfare. With a dedicated community function within the GDC business we have been able to quickly preempt issues, allay concerns and help improve social welfare through project partnering.

The core tenet of our community contribution strategy is that funds must be directed through established organisations and that the benefit is clearly outlined from the beginning, and delivery tracked. We also base our engagement in community projects on extensive feedback and knowledge built up from our network of local stakeholders.

Key Community Work Programmes

Education support

As part of an ongoing commitment to education within Cameroon, GDC allocated financial support to a series of initiatives within tertiary education. GDC also operates a scheme whereby employees can borrow funds against future earnings to cover school fees for their dependants.

Nutrition and water

GDC supplied nutrition support, in the form of food donations, to the AFRAD and St Anile orphanages and disadvantaged groups in the local area. GDC has also provided and maintains water wells in Douala providing communities with access to fresh water.

Health support

During the period GDC has continued to support the La Misericorde health centre. The health centre is one of the five hospitals of the Archdiocese of Douala, located at Ndogpassi. GDC staff continued to engage in a funded, social partnership scheme where employees work over a period of months to help in repair to the maternity ward area.

Through our active health support programme we also support individuals with disabilities in the community providing support in assisting individuals to enter the workforce or generate their own income. During the period GDC completed the construction of community sanitary facilities accessible to those with disabilities. GDC provided access for the Veterans Football Club of Ndogpassi to an area for their training sessions.

Corporate Social Responsibility Report continued

Environment

The Group is subject to best practice standards and extensive regulations, which govern environmental protection. The Group is committed to uphold these standards and regulations as a minimum, and to keep these important matters under continuous review and operates to ensure compliance with the standards expected of an international oil and gas exploration and production company.

At the outset of GDC's Logbaba project the Group commissioned an independent Social and Environmental Due Diligence study in the context of the Equator Principles, 2006 and the IFC Performance Standards, 2012. The project was identified as being limited in adverse social or environmental impact, and any impacts were likely to be few in number, generally site specific, largely reversible and readily addressed through mitigation measures.

The Group engaged an external consultant to undertake additional Environmental Impact Assessment in advance of the proposed additional drilling at the Logbaba project. The report was completed and submitted to the relevant authorities during the period and has subsequently been approved.

The Group aims to minimise the use of natural resources, such as energy and water.

Health and Safety

Safety is paramount to GDC's operations both at the site of the gas processing plant and across the extensive pipeline network built under the city of Douala. All work is undertaken to the standards established by British Gas (the UK's major gas distributor). The majority of the gas pipeline network is buried underground and patrolled 24/7 by our safety patrol who work closely with local communities.

The Group engages external consultants to carry Hazard Studies on our operations to ensure GDC operates to a high standard of in relation to Emergency and Response Planning.

GDC operates its own training programmes, for employees and customers, carrying emergency response and gas leak drills at both the gas processing plant and on customer sites. GDC also works very closely with the emergency services in Douala.

During the period GDC constructed, on the land next to the processing plant, a new training facility. The purpose of this new facility is to carry out training in a live gas environment for GDC staff and customers.

GDC's Practical Training Facility

Financial Review

The Group has elected to change its accounting reference date to 31 December and as a result presents its financial statements for the seven-month period ended 31 December 2015 ("current period"). The comparative disclosure is for the twelve-month period ended 31 May 2015 ("prior period").

PERFORMANCE	**For the 7-month period ended 31 December 2015 $'000**	For the 12-month period ended 31 May 2015 $'000
Operational		
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.		
Gas sales (mmscf)	**1,736**	1,979
Condensate sales (bbls)	**26,055**	29,482
Revenue	**21,379**	27,931
Revenue is derived entirely from the Logbaba gas and condensate field in Cameroon. In accordance with the Farm-In to the Logbaba Concession contract GDC is entitled to 100% of the revenues generated until such time as the exploration costs, which GDC incurred, have been recovered. Thereafter revenues will be shared in accordance with the participating interests in the Logbaba Concession, of which GDC owns 60%. The trigger point is expected to be reached in May 2016 and the sharing of revenue will commence in June 2016.		
The monthly revenue reflects a significant increase on the prior period. The increase is largely due to the gas consumed by ENEO, a grid power customer. GDC signed a two-year agreement with ENEO and commenced with the supply of gas to generate electricity in March 2015. The price applicable in the current agreement is $9/mmbtu, which is lower than the price fixed under other gas sales agreements. This reflects the substantially higher volumes of gas consumption and the fact that the agreement includes a take-or-pay component, which guarantees a defined minimum level of revenue irrespective of actual consumption.		
Whilst gas prices remained largely unchanged throughout the period because of the fixed-price contracts we have with our customers, the global downturn in oil prices has negatively affected the condensate sales price, as this is linked directly to the price of Brent Crude and has also lead to pressure from some gas customers to reduce our fixed prices. Management expect ongoing pricing pressure to remain an area of risk.		
Cost of sales	**(14,010)**	(18,833)
Cost of sales for the period included $3.8 million of production royalties (prior period: $4.0 million), $6.7 million of depreciation linked to revenue generating assets (prior period: $7.6 million) and $3.5 million of other production related expenditure (prior period: $7.2 million). Production royalties and depreciation are variable costs associated with the volumes of gas produced.		
Administrative expenses	**(7,092)**	(12,341)
These costs are by nature more fixed and reflect the different periods being reported on.		
Impairment of exploration and evaluation assets	**–**	(49,775)
In the prior period the Directors fully impaired the Russian West Medvezhye asset. It was considered that the political issues in Russia, combined with the weakness in the world price of oil, made deriving value from the asset through the current marketing process significantly more difficult, and due to the level of uncertainty, it was difficult to form a view on the value that the asset should be held at in the accounts. There has been no change in circumstances during the current period that would cause the Directors to revise their opinion and the asset remains fully impaired.		
Adjusted EBITDA		
Operating profit/(loss)	**1,041**	(50,673)
Depreciation and amortisation	**7,505**	9,282
Impairment of exploration and evaluation assets	**–**	49,775
Adjusted EBITDA	**8,546**	8,384
Adjusted EBITDA is marginally higher than the prior period. This is a strong result given that the current period was only seven months, and is a reflection of the increase in monthly revenue generated.		
Earnings/(loss) per share – diluted (cents)	**0.14**	(48.28)
With very little variance in the weighted average number of shares, the improvement in earnings/(loss) per share is largely a consequence of the impairment charge in the prior period.		

Financial Review continued

FINANCIAL POSITION	31 December 2015 $'000	31 May 2015 $'000
Non-current assets Initial well design and procurement costs for the upcoming well drilling programme have been capitalised resulting in a $0.6 million increase in intangible assets. The West Medvezhye exploration and evaluation asset was fully impaired during the prior period (see Notes 4 and 14). Property, plant and equipment decreased by $9.9 million during the period. Oil and gas assets, which include the Logbaba wells and processing plant, and the pipeline assets (included in plant and equipment), are depreciated on a 'unit of production' basis. The increased production during the period resulted in a depreciation charge for the period of $7.5 million. Additions to fixed assets during the period of $1.1 million related to pipeline costs (see Note 15).	**117,615**	130,469
Current assets Trade and other receivables includes $5.9 million (31 May 2015: $2.2 million) due from RSM. This relates to RSM's funding obligation for its 40% participating interest in the Logbaba Concession. Trade receivables, excluding RSM, are slightly lower than the prior period despite higher monthly invoicing. The deferred tax asset reduced by $1.4 million during the period reflecting unutilised losses that will be available to be set off against all future taxable earnings in Cameroon. Management expects to utilise the tax losses during 2016, and has accordingly reflected the deferred tax asset as a current asset.	**29,922**	27,309
Current liabilities There has been a $6.6 million reduction in trade and other payables and borrowings as the Logbaba gas and condensate project became cash generative during the period, and these funds have been used to reduce payables and borrowings. The increase of $1.0 million in provisions relates to a reclassification of part of the reserve bonus provision as current.	**9,093**	14,728
Non-current liabilities There has been a $1.3 million reduction in borrowings as the Logbaba gas and condensate project became cash generative during the period. Provisions have decreased by $4.6 million owing largely to a $4.2 million reduction of the reserve bonus provision (see Note 20), and $1.0 million of the reserve bonus provision being disclosed as a current liability, reflecting the expected outflow of cash.	**13,060**	19,470
Net cash position and liquidity risk There has been an improvement of $0.9 million in net cash position owing to the Logbaba gas and condensate project became cash generative during the period. No further debt was raised during the period. The Group has an ambitious capital expansion programme for 2016, including the drilling of two additional wells at the Logbaba site. The capital programme will be funded through a combination of strong and established operational cash flows, partner contributions and debt. Post Balance Sheet date the Group concluded a debt facility for $26.0 million.	**5,997**	5,093

Financial Review continued

CASH FLOWS	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Operating activities Operating cash flows prior to the effects of working capital movements for the seven-month current period of $9.3 million, an increase over the prior twelve-month period of $2.8 million, reflect the strong cash flows being generated by GDC. Working capital reduced by $7.2 million during the current period as increased activity resulted in higher receivables and the Group used available cash to reduce payables. In the prior period there was an increase of $2.9 million largely due to cash received from RSM in a post arbitration settlement.	**9,317**	6,471
Investing activities This relates to $1.7 million of non-current asset acquisitions in the current period (prior period: $8.9 million) set off by dividends received from associate of $1.1 million (prior period: $0.2 million).	**(197)**	(6,852)
Financing activities Borrowings have reduced in both the current and prior periods.	**(3,962)**	(2,442)

OTHER	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Commitments At the date of reporting the Logbaba Project has spent $4.9 million on the upcoming drill programme, including $2.0 million of mobilisation costs to get an appropriate drill rig to the Logbaba drill site. In addition, the Logbaba Project has related capital commitments in the amount of $20.3 million. The Group reports its 60% participating interest in the commitments being $12.2 million. The Project expects to spend the full commitment amount during the 2016 financial year.	**12,180**	–
Matanda acquisition – subsequent event Post the Balance Sheet date the Group acquired a 75% participating interest, and operatorship, in the Matanda Block PSC. The Matanda Block neighbours the Group's Logbaba Block, but has a significantly larger acreage. The Group acquired the assignment for $Nil consideration, but will assume responsibility for the work programme, to be agreed by the Government of Cameroon. The work programme includes seismic work which is scheduled to commence towards the end of 2016, and further field development work should the seismic activities indicate the presence of economic reserves (see Note 31).	**–**	–
Separate Company Financial Statements: FRS 101 Reduced Disclosure Framework On 20 April 2016 the Directors of Victoria Oil & Gas Plc decided to change the accounting framework of the separate Company Financial Statements to UK Generally Accepted Accounting Practice, specifically with the application of FRS 101 Reduced Disclosure Framework, and notified the shareholders accordingly. Apart from the permitted reduction in disclosure, the change of accounting framework had no impact on the Company Financial Statements for the seven-month period ended 31 December 2015. The separate Company Financial Statements for the seven-month period ended 31 December 2015 presented on pages 68 to 72 have been prepared under the new framework.	**–**	–

Robert Palmer
Finance Director
29 May 2016

Principal Risks & Uncertainties

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation.

The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage the risk. The controls and procedures and identified risks are discussed and reviewed annually by the Audit Committee and their findings and recommendations are reported to the Board.

The principal risks and uncertainties inherent in the Group's business model have been grouped into four categories: strategic, financial, operational and compliance. The risk items and the planned actions to mitigate these risks are listed below:

Risk or uncertainty	Mitigating actions
Strategic	**The Group's strategy is predominantly driven by appraisal, development and production of existing assets in Africa. There are risks inherent in appraisal, development and production of oil and gas reserves and resources.**
1. Single asset portfolio in one geographic region	Risk description: The Group is 100% dependent on one producing asset in Cameroon. Single asset status is a negative driving force on the Group's share price. Movement since May 2015: The Group has recently acquired a 75% participation in the Matanda Block, which at more than 60 times the size of the Logbaba Block, reduces the risk of the Group being a single asset portfolio. Whilst the acquisition is in the same geographic location, it is also in a geological location in which the Group operates and has a level of confidence. Mitigating actions: The Group is restrained in terms of its financial and management resources. The Directors actively monitor where and how resources are deployed to obtain the maximum return for stakeholders. At present the focus will remain on applying all available resources to maximising returns within Cameroon. Given the weakness in oil and gas prices there are likely to be good opportunities available and management actively seeks alternative opportunities within Africa which could provide the required levels of return.
2. Field delivery risk	Risk description: The Group's only producing assets are wells La-105 and La-106 in Douala, Cameroon. There is a risk that the production from these wells may be insufficient to meet customer needs due to unexpected production issues. Movement since May 2015: The level of risk has increased. The Group produced and sold 1.7bcf of gas in the current period. As cumulative production increases, the risk of well mechanical deterioration and the possibility that sand production will occur increases. Mitigating actions: The Group monitors the producing wells to ensure that there are no indicators of production problems and undertakes a pre-planned schedule of maintenance to ensure well integrity. Furthermore, the two-well drilling programme is progressing with spudding of the first well expected in June 2016, which, if successful, would mitigate this risk. The eventual development of the Matanda Block is also expected to reduce this risk further.
Financial	**Volatility in commodities, oil in particular, determines the pricing of the Group's condensate by-product, and also alters the price of competitive products. Other financial risks, considered not to be principal risks, include foreign currency risk, liquidity risk, interest rate risk, and credit risk are disclosed in the Consolidated Financial Statements (see Note 26).**
3. Commodity price risk	Risk description: The majority of the Group's revenues come from the sale of gas. The Group faces the ongoing risk of customers substituting cheaper alternative fuels for gas, especially in an environment where the cost of alternative fuels is determined by global oil prices. Movement since May 2015: The risk increased during the period as the Group had to compete with the falling price of alternative fuels, and the price of our condensate fell with the price of Brent Crude. Mitigating actions: The Group has signed five-year gas sales contracts with industrial customers, and a two-year, fixed-price gas sales agreement with ENEO, Cameroon's national electricity generation company. With the exception of ENEO, who have a take-or-pay clause, customers are able to determine the volumes of gas they consume and/or switch to alternative fuels as pricing dictates. The reduction in the price of alternative fuel costs (as a consequence of the drop in oil price) has caused the Group to review the pricing of gas supplied to certain customers to remain competitively priced.

Principal Risks & Uncertainties continued

Risk or uncertainty	Mitigating actions
4. Access to funding	Risk description: Should the Group require additional funding for other projects there is no guarantee that market conditions will permit the raising of the necessary funds by way of debt financing, issue of new equity or farming out of interests. Movement since May 2015: The Group has signed a debt facility post period end for $26 million to support the Logbaba capital expansion programme for 2016. Mitigating actions: The Board reviews and approves an annual budget, and regularly reviews changes to Group cash flow projections. The Board considers different possible sources of funds, including funds generated from sales, debt financing (in addition to the facility signed post period end), partner contributions, convertible loans and raising equity. Management also manages this risk by regularly meeting with shareholders and the investor community and communicates through its website, investor relations and regulatory reporting.
Operational	**Exploration and production activities by their nature involve significant risks. Risks such as delays in executing work programmes, construction and commissioning of production facilities and/or pipeline expansions, technical difficulties, lack of access to key infrastructure, labour disputes, health and safety incidents and other acts of God are inherent to the business.**
5. Cost overruns on drilling programme	Risk description: In 2016 the Group will be drilling two wells into the Logbaba field. The management of cost overruns on the programme is a key risk in ensuring the profitability of the gas field in the future. Movement since May 2015: The drilling programme has now received Board approval and is progressing as planned. Mitigating actions: The Group has contracted SPD Petrofac to provide well design and project management services. In addition to lessons learnt from the previous drilling campaign, the oil and gas services market currently affords significantly discounted rates, and the Group always negotiates to get the best possible deal.
6. Geological and development risks	Risk description: Drilling activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves. Further exploration activities will be required in Cameroon to meet future strategic objectives. Movement since May 2015: Unchanged. Mitigating actions: The Group's activities are in proven gas basins. The Group uses a range of geotechnical techniques to minimise risk prior to drilling and utilises independent reserves auditors to assess reserves and commercial viability. For the 2016 drilling programme one well will twin well La-104 with the other being a step-out into an area intended to prove up the Group's Probable reserves.
7. Title to assets and licence obligations	Risk description: Title to oil and gas assets can be complex and may be disputed. Operations in Cameroon must be carried out in accordance with the terms of the concession contract, field development plan, annual work programmes and budgets which are agreed with SNH. Typically, the law provides that fines may be imposed and operations suspended, amended or terminated if an operator fails to comply with its obligations under such agreements. Movement since May 2015: Unchanged. Mitigating actions: The Group continues to maintain good relationships with both local and central government of Cameroon, mitigating this risk. The Directors and management monitor any threats to the Group's interest in its licences and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests.
8. Reliance on key customers	Risk description: The Group has a degree of reliance on a relatively small number of key customers, particularly ENEO. The loss of one such customer could lead to a significant reduction in revenues. The inability of one such customer to pay for the gas it has utilised could result in significant impact on cash balances. Movement since May 2015: The risk increased during the current period as ENEO became the Group's largest customer. Mitigating actions: The agreement with ENEO includes a take-or-pay component which means that even if the customer does not consume the Group's gas, they are contractually obliged to pay for certain levels of gas. The Group has a letter of credit in place and debtors' insurance to provide protection against loss. The GDC capital expansion programme for 2016 extends the pipeline network to add new customers. Diversifying the customer base remains an important strategic initiative.

Principal Risks & Uncertainties continued

Risk or uncertainty	Mitigating actions
Compliance	**The Group's current business is dependent on the continuing enforceability of the PSCs, farm-in agreements and exploration and development licences. The Group's core operational activities are dependent on securing governmental approvals. Developments in politics, law, regulations and/or general adverse public sentiment could compromise the business.**
9. Political and security risk	Risk description: The Group's principal asset is located in Cameroon and therefore the Group is exposed to country-specific risks such as the political, social, security and economic stability of Cameroon. Movement since May 2015: Unchanged. Boko Haram remains a security concern, however this has been largely localised in the country's Northern borders shared with Nigeria and has not directly impacted the Group's operations, which are located over 900km away in Douala. Apart from this threat, the political situation has remained largely stable. Mitigating actions: Cameroon encourages foreign investment and is politically stable. The Group continues to engage with local and national government which enable the Group to monitor the political and regulatory environment. In addition, the Group maintains an insurance policy to protect against negative impacts of political violence on the Group's operations and business interruption. An external security review has also been performed and the key recommendations have been adopted and others evaluated for implementation.
10. Health, environmental and community relations	Risk description: The Group's operations in Cameroon are located in the metropolitan area of Douala with a population of 2.5 million. Our gas wells are located on the outskirts of the city and our gas pipeline network is being laid throughout the city. The scope and potential impact of the risks are increased by the diversity of our operations. The potential impact of a major event could be significant for our employees, contractors, local communities or the environment and may result in a loss of revenue, production or shareholder value. Movement since May 2015: Unchanged. Mitigating actions: The Board is committed to maintaining high environmental and community standards and Board members review procedures and monitor performance. The Group has engaged independent external consultants to periodically audit the social and environmental impact of operations in Cameroon and the management thereof. The Group maintains insurances to manage the Group's financial exposure to an accident or other adverse event.
11. Tax risk	Risk description: The Group is subject to local and national taxes, which are subject to frequent change. The legislation often lacks clarity and there is the added risk of receiving substantial fines for non-compliance. Movement since May 2015: Unchanged. Mitigating actions: The Group has one producing asset in Cameroon. The fiscal regime in Cameroon has been very stable in recent years and the Company has a provision in the Logbaba Concession Contract, granted by the Cameroonian Government, that it will not be adversely affected by changes in tax legislation. The Group engages local tax specialists to advise on tax matters in the jurisdictions that we operate.

This Strategic Report was approved by the Board of Directors on 29 May 2016 and signed on its behalf by:

Kevin Foo
Executive Chairman

Directors & Other Information

As at 29 May 2016

Directors
Kevin Foo, Executive Chairman
Grant Manheim, Deputy Chairman
Ahmet Dik, Executive Director
Robert Palmer, Finance Director
Iain Patrick, Independent Non-Executive Director
John Bryant, Independent Non-Executive Director

Company Secretary
Leena Nagrecha

Company Number
5139892

Registered Office
Victoria Oil & Gas Plc
1st Floor
Hatfield House
52/54 Stamford Street
London
SE1 9LX

Auditors
Deloitte
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Bankers
Barclays Bank Plc
Level 27, One Churchill Place
London
E14 5HP

Solicitors
Kerman & Co LLP
200 Strand
London
WC2R 1DJ

Nominated Adviser
Strand Hanson Limited
26 Mount Row
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W1K 3SQ

Brokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Registrars
Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Directors' Biographies

Kevin Foo MSc, DIC, Dip Met, MIMMM
Executive Chairman

Mr Foo has had a 40-year career in the resources industry. He has worked in five continents and has been responsible for developing mines in remote locations. He was the founder of Victoria Oil & Gas Plc in 2004 and was responsible for the acquisition of the Logbaba project in Cameroon. He has held CEO and Chairman positions in several AIM-listed companies including Celtic Resources Holdings Plc, Eureka Mining Plc, Bramlin Limited and Bakyrchik Gold Plc. Since September 2013, Mr Foo has assumed the role of Executive Chairman of the Company.

Grant Manheim
Deputy Chairman

Mr Manheim has extensive financial experience in the City of London gained over 38 years at N.M. Rothschild and Sons Limited with 25 years as a main board director. In addition to his financial experience, he also has knowledge of the oil and gas sector having been the Deputy Chairman of the Executive Committee of New Court Natural Resources Plc, a company whose business was the investment in and development of oil and gas properties in the United States.

Ahmet Dik
Executive Director

Mr Dik has been involved in the structuring and delivery of a wide range of oil and gas, minerals, resources and infrastructure projects. He was part of a successful management team involved in putting together a private placement (c. $15 million) in 2010 for a private resources project in Chile. In addition, Mr Dik was part of the senior management team at Dominion Petroleum Ltd in 2007, and involved in the acquisition of its East African assets before listing on AIM. Dominion was subsequently sold on to Ophir Energy Plc. Primarily his work has been with major corporates, Governments and Sovereign Wealth Funds focused in Africa and the Middle East. As an originator of large scale projects, Mr Dik has been involved in setting up corporate structures, raising funds at all levels and listing of companies on a number of stock exchanges.

Robert Palmer FCA
Finance Director

Mr Palmer is a Chartered Accountant. He combines his role as Finance Director with his position as a Senior Partner in The Gallagher Partnership LLP, a business consultancy-based accountancy practice where he specialises in providing financial advice to small- and medium-sized enterprises. He holds a number of directorships in private companies.

John Bryant
Independent Non-Executive Director

Mr Bryant has broad commercial and financial experience in developing and managing new businesses gained over 40 years' experience in the oil, gas and energy services, both in the US and the UK. He is the Non-Executive Chairman of Weatherly International plc, the Senior Independent Director of IGas Energy plc and a Non-Executive Director of China Africa Resources plc, all AIM-listed companies. His current directorships also include other private companies. Mr Bryant has held a number of senior executive positions in companies involved in power generation and distribution, gas distribution, renewable energy and oil and gas services. These have included operations in North America, Europe, Asia and Africa. Mr Bryant holds an MSc in Economics from Reading University and graduated in Economics with a BA from Nottingham University, and is a fellow of the Institute of Directors and a fellow of the Royal Society of Arts.

Iain Patrick
Independent Non-Executive Director

Mr Patrick has 35 years' experience in the international oil and gas industry, working in more than 20 countries worldwide. After graduating with an LL.M in 1980, Mr Patrick worked as an oil industry lawyer before joining Monument Oil and Gas plc in 1988 where he held the position of Commercial Director until the sale of the company in 1999. Iain then co-founded PWX Limited, a consultancy providing business development support to a number of oil and gas companies, and has held senior executive positions and non-executive directorships in several AIM-listed oil and gas companies for over 15 years. Mr Patrick is currently CEO of the oil and gas consultancy, Trinity Energy Limited.

Corporate Governance Statement

The Company is subject to the continuing requirements of Alternative Investment Market ("AIM") Rules and is committed to adhering to corporate governance standards appropriate for a company of this size and nature. The Company is not required to comply with the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council ("the Code") nor issue a statement of compliance with it. The Directors support high standards of corporate governance and are committed to managing the Company in an honest and ethical manner. Where practical and appropriate for a company of this size and nature, the Company may have regards to the Code and the recommendations on corporate governance of the Quoted Companies Alliance.

The Board seeks to ensure that the Company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term.

Board

The Board of Directors consists of the Executive Chairman, three Executive Directors and two Independent Non-Executive Directors. During the current period, Iain Patrick was appointed as an Independent Non-Executive Director on 16 December 2015 and Ahmet Dik joined the Board and was appointed Director and Chief Executive Officer of Gaz du Cameroun S.A. on 27 October 2015. James McBurney resigned as Independent Non-Executive Director on 17 November 2015. Kevin Foo holds the position of Executive Chairman and is responsible for leadership of the Board and for the running of the Group's business, where he is assisted by other Board members in formulating strategy and its delivery once agreed by the Board. The structure of the Board ensures that no one individual dominates the decision-making process. The Directors have significant and relevant resource exploration and production experience together with finance and corporate development skills.

The Board provides effective leadership and overall management of the Group's affairs. The Board approves the Group's strategy and investment plans and regularly reviews operational and financial performance and risk management matters. A schedule of matters reserved for Board decision is maintained. This includes the approval of business plans, the annual budget, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements.

The Board holds six scheduled meetings each year. Additional meetings are held where necessary to consider matters of importance which cannot be held over until the next scheduled meeting. During the current period, the Board held four scheduled meetings and also met a further four times at short notice. In addition, the Board approved matters by a written resolution on one occasion and appointed a committee to approve specific matters in two instances. Details of the attendance of the Directors at these meetings, together with meetings of the audit and remuneration committees are set out below.

The Board delegates certain of its responsibilities to the Board committees, listed below, which have clearly defined terms of reference.

All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

The Company's Articles of Association requires one-third of the Directors to retire by rotation at each Annual General Meeting ("AGM") of the Company and each may be re-elected. Furthermore, every Director must stand for re-election once every three years. The Company's Articles also require any new Director appointed by the Board during the period to retire at the next AGM.

The setting up of a Nominations Committee is under consideration by the Board. At present, any decisions relating to Board nominations are taken on a clearly defined basis by the Board as a whole.

Audit Committee

During the current period, the Audit Committee was chaired by James McBurney until 17 November 2015 when he resigned as a Director of the Company. Grant Manheim and John Bryant, Independent Non-Executive Director, remained as members of the committee during the current period and Iain Patrick, Independent Non-Executive Director, joined the committee as Chairman on 1 March 2016.

The Finance Director and other members of the finance team attend the committee meetings by invitation.

The committee meets at least three times per year. It is responsible for ensuring that the financial activities of the Group are properly monitored, controlled and reported on complying with relevant legal requirements. The committee receives and reviews reports from management and the Group's auditors relating to the Group's report and accounts, the interim results and review of the accounting policies. Meetings are held at least twice a year with the auditors, once at the audit planning stage to consider the scope of the audit and thereafter at the reporting stage, to receive post-audit findings. The ultimate responsibility for reviewing and approving the annual report remains with the Board of Directors. The committee is also responsible for reviewing the relationship with the external auditors, making recommendations to the Board on their appointment and remuneration, monitoring their independence, as well as assessing scope and results of their work, including any non-audit work.

The committee reviews with management the effectiveness of internal controls.

Directors	Board (scheduled)	Board (additional)	Audit Committee	Remuneration Committee
Kevin Foo	4/4	4/4	–	–
Grant Manheim	4/4	4/4	5/5	6/7
Ahmet Dik[a]	1/1	1/2	–	–
Robert Palmer	4/4	4/4	–	6/6
John Bryant	4/4	4/4	5/5	7/7
Iain Patrick[b]	–	–	–	–
James McBurney[c]	3/3	2/2	5/5	6/6

[a] Ahmet Dik joined the Board on 27 October 2015 and attended meetings by invitation during the current period.
[b] Iain Patrick joined the Board on 16 December 2015.
[c] James McBurney resigned from the Board on 17 November 2015.

Corporate Governance Statement continued

Remuneration Committee

The Remuneration Committee was chaired by Grant Manheim until 22 February 2016 when he was replaced as Chairman by John Bryant. Grant Manheim remained as a member of the committee, with Iain Patrick, Independent Non-Executive Director and Kevin Foo, Executive Chairman, appointed as members of the committee effective 22 February 2016. James McBurney ceased to be a member of the committee on 17 November 2015 and Robert Palmer, Finance Director, ceased to be a member of the committee on 22 February 2016.

The committee recommends to the Board the scale and structure of the Executive Directors' remuneration and that of senior management and the basis of their service agreements with due regard to the interests of shareholders. In determining the remuneration of the Executive Directors and senior management, the committee seeks to ensure that the Company will be able to attract and retain executives of the highest calibre. It makes recommendations to the full Board concerning bonus and share awards. No Director participates in discussions or decisions concerning his own remuneration.

The Chairman of the committee will attend the AGM and respond to any shareholder questions on the committee's activities.

Relations with Shareholders

The Directors attach great importance to maintaining good relationships with the shareholders. Extensive information about the Group's activities are included in the Annual Report and the Interim Report. The Group also issues quarterly updates to shareholders.

Market sensitive information is regularly released to all shareholders in accordance with London Stock Exchange rules for AIM-listed companies. The Group is active in communicating with both its institutional and private shareholders. The AGM provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company presents at conferences and maintains a corporate website where information on the Company is regularly updated, including Annual and Interim Reports and all announcements.

Internal Controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures that include, inter alia, financial, operational, health and safety, compliance matters and risk management (as detailed in the Strategic Report) are reviewed on an ongoing basis. The Group's internal control procedures include Board approval for all significant projects, including corporate transactions and major capital projects. The Board receives and reviews regular reports covering both the technical progress of projects and the Group's financial affairs to facilitate its control. The Group has in place internal control and risk management systems in relation to the Group's financial reporting process and the Group's process for preparing consolidated accounts, which the Board considers adequate in view of the size and nature of the Group's operations. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRSs"). The Audit Committee reviews draft Annual and Interim Reports before recommending them for approval to the Board. The Audit Committee discusses with the Executive Chairman, Finance Director and external auditors the significant accounting policies, estimates and judgments applied in preparing these reports. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for a separate internal audit function but, bearing in mind the present size and composition of the Group, does not consider it necessary at the current time.

Directors' Report

Principal Activities, Business Review and Future Developments

The principal activities of the Group are gas exploration, production and distribution in Cameroon. During the current period, the Group continued the sale of gas and condensate to customers in Cameroon and development of the Group's strategy to increase gas sales in Cameroon. The main activity has been the ongoing development of the Logbaba gas and condensate field to supply gas to our customers in Douala, Cameroon, and the expansion of the gas pipeline distribution network to reach new customers. In 2016, the Group plans to expand future reserves through a drilling programme at Logbaba, the acquisition of a participating interest in Matanda, and continuing to look for other opportunities in Africa.

The Group has an exploration project in Russia, the 100%-owned West Medvezhye field, which is fully impaired. The Group continues to pursue ways to derive value from the asset through farm out, joint venture or sale.

The Group operates through overseas branches and subsidiary undertakings as appropriate to the fiscal environment.

Subsidiary undertakings of the Group are set out in Note 30. The Logbaba operations are funded by operating cash flows, with certain capital projects being funded by debt or funds held centrally by the Group.

A detailed review of the significant developments and operating activities of the Group, as well as the business environment, future prospects and the main trends and factors that are likely to affect the future development, performance and position of the Group's business are contained in the Strategic Report.

Directors

The following Directors held office during the current period:

Executive Directors

Kevin Foo
Grant Manheim
Robert Palmer
Ahmet Dik (appointed 27 October 2015)

Independent Non-Executive Directors

James McBurney (resigned 17 November 2015)
John Bryant
Iain Patrick (appointed 16 December 2015)

Rotation and election of Directors

In accordance with Article 102.1 of the Company's Articles of Association, Robert Palmer will retire by rotation and not stand for re-election. Iain Patrick, who was appointed by the Board during the period, will retire in accordance with Article 106 and stand for election.

Biographical details of the Directors as at the date of the Report and Accounts are available in the section Director's Biographies.

Dividends

The Directors do not propose that a dividend be paid (prior period: Nil).

Directors' Indemnities

The Company maintained directors' and officers' liability insurance during the current period and it remains in force at the date of this report.

Auditors

Each person who is a Director at the date of approval of this report and accounts confirms that:

- So far as the Director is aware, there is no information of which the Company's auditors are unaware; and
- The Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to re-appoint the auditors, Deloitte, will be proposed at the Annual General Meeting.

Substantial Shareholders

At 31 December 2015, the Company had received notification from the following shareholders of interests in excess of 3% of the Company's issued Ordinary Shares with voting rights:

Shareholder	Number of shares	Percentage of issued share capital
The Capital Group Companies, Inc.	6,966,560	6.4%
Forest Nominees Limited	3,614,992	3.3%

Share Capital

Details of changes to share capital in the current period are set out in Note 23.

Information set out in the Strategic Report

The Directors have chosen to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- Results for the current period
- Principal risks and uncertainties
- Likely future developments

Going Concern

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The validity of the going concern concept is dependent on funding being available for the working capital requirements of the Group in order to finance the continuing development of its existing projects. Sufficient funds are available in the short term to fund the working capital requirements of the Group. The Directors believe that this will enable the Group to continue in operational existence for the foreseeable future and to continue to meet obligations as they fall due. Further information in respect of going concern considerations is set out in Note 3.

Directors' Report continued

Annual General Meeting

The AGM of the Company will be held in London on 29 June 2016. In addition to the usual business to be dealt with at the AGM, the Notice contains special business relating to the renewal of authority for the Board to allot shares and the dis-application of statutory pre-emption rights on equity issues for cash. The Notice of the Annual General Meeting and Proxy Form are available on the Company's website www.victoriaoilandgas.com. Shareholders should complete and return the Proxy Form either by e-communications or by post.

By Order of the Board,

Leena Nagrecha
Company Secretary
29 May 2016

Directors' Remuneration Report

As an AIM-listed company, VOG is not obliged to implement the remuneration reporting requirement for premium listed companies set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, the Remuneration Committee ("the Committee") has chosen to disclose the following information in the interests of greater transparency:

- An overview of the remuneration policy for the Group's executives endorsed by the Committee following a review of the existing remuneration arrangements; and
- Remuneration arrangements including payments and awards made to the Directors for the current period.

Remuneration Committee

The remit of the Committee is provided in the Corporate Governance section.

John Bryant, Independent Non-Executive Director, replaced Grant Manheim as Chairman on 22 February 2016. Grant Manheim remained as a member of the Committee, with Iain Patrick, Independent Non-Executive Director and Kevin Foo appointed as members of the Committee effective 22 February 2016. James McBurney ceased to be a member of the Committee on 17 November 2015 and Robert Palmer on 22 February 2016. The Executive Chairman, Kevin Foo, attended meetings by invitation during the period prior to his appointment as a member of the Committee.

The Committee has met seven times during the current period. In July 2015, the Committee initiated a review of the executive remuneration arrangements to ensure these remain competitive and to enable the Company to recruit senior executives of the right calibre. Further details of the changes to the remuneration policy agreed by the Committee following this review are reflected in this Report.

The Committee has engaged the services of PwC to provide wholly independent advice on executive remuneration and to assist the Company in conducting this review. There were no other services provided by PwC to the Group during the current period.

Remuneration Policy

The Company's policy is to maintain levels of remuneration sufficient to recruit and retain senior executives of the required calibre who can deliver growth in shareholder value. The Company seeks to strike an appropriate balance between fixed and performance-related reward, forming a clear link between pay and performance. The performance targets will be aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between executives and shareholders.

Executive remuneration currently consists of salary and annual bonus and does not offer any benefits or a long-term incentive plan.

Following the review of the executive remuneration arrangements, and on recommendation of the Committee, the Board has approved the introduction of a new annual bonus plan for the Executive Directors to operate with effect from 1 January 2016. It is also proposed to introduce certain benefits and a long-term incentive plan for the Executive Directors.

See below for further details of the proposed changes to the policy.

These changes are designed to bring the remuneration policy in line with market practice and ensure greater alignment between the reward strategy and business strategy.

The Committee will continue to review the Company's remuneration policy on a regular basis and make amendments, if necessary, to ensure it remains fit for purpose for the Company, driving high levels of executive performance and remains competitive in the market.

Salary

The purpose of the base salary is to:

- reflect market rates to help recruit and retain key individuals;
- reflect the individual's experience, role and contribution within the Company; and
- ensure fair reward for carrying out their duties.

The Committee reviews base salaries regularly to ensure that Executive Directors pay remains appropriate and competitively aligned with external market practices.

Bonus

New Annual Bonus Plan

As part of the review of executive arrangements the Company has introduced a new annual bonus plan for the Executive Directors and senior executives. The maximum potential bonus entitlement for Executive Directors under the plan is up to 100% of base salary. The percentage of maximum bonus entitlement will be based on the achievement of challenging corporate, strategic and individual targets.

The performance targets for the year ending 31 December 2016 include the following:

- Relative Total Shareholder Return performance relative to the FTSE all share oil and gas index
- Gas production targets
- Reserves growth targets
- Operational efficiency targets (reduction of Group and operating costs)
- Secure additional operating licences in Cameroon
- Management of capital funding for required activities

In order to align executives' interests with those of shareholders and manage cash costs, a proportion of the bonus will be paid in cash and a proportion in shares through the plan. The Committee will determine on an annual basis the level of deferral of the bonus payment into the Company's shares, up to a maximum of 50% of the bonus earned.

The new annual bonus plan does not contain any clawback provisions.

Benefits

In order to retain and attract the current and future Group Executive Directors and following the review, the Committee is proposing to introduce a competitive benefits package and pensions arrangement.The details of these arrangements will be finalised and will be disclosed in the Annual Report for the year ending 31 December 2016.

Long-Term Incentive

As a key component of the new remuneration policy, the Committee intends to introduce a long-term incentive plan. This is designed to align the interests of Executive Directors with those of shareholders and form a significant part of their performance-related pay. It is intended that awards in the form of nil cost options are granted to Executive Directors on a rolling annual basis with vesting subject to the achievement of stretching performance targets.

Directors' Remuneration Report continued

Current Period Ended 31 December 2015

Directors' service contracts

Executive Directors

Kevin Foo, Grant Manheim and Robert Palmer were employed under rolling contracts with notice periods of twelve months or less from the Company or Executive.

Since his appointment, Ahmet Dik has continued to provide services through a consultancy contract with GDC, which has a two month notice period.

Non-Executive Directors

The Non-Executive Directors are appointed for an initial term of three years, with a notice period of one month from the Company or the Non-Executive Director. As at 31 December 2015, the unexpired terms of the Non-Executive Directors letters of appointment were:

	Service Agreement Start Date	Service Agreement End Date	Unexpired Term at 31 December 2015
John Bryant	1 December 2014	1 December 2017	1 year 11 months
Iain Patrick	16 December 2015	16 December 2018	3 years

A copy of the Service Agreement for each Director is available for inspection at the Company's Registered Office.

Directors' remuneration (audited)

Directors' remuneration in aggregate for the current period ended 31 December 2015 was as follows:

	Salaries and fees $	Cash bonus $	Benefits in kind $	Share-based payment $	**Total $**
7-months to 31 December 2015					
Executive Directors					
Kevin Foo	268,549	151,699	5,188[a]	963,699[b]	1,389,135
Grant Manheim	100,258	–	–	–	100,258
Ahmet Dik[c]	107,965	–	–	–	107,965
Robert Palmer[d]	108,184	42,476	–	–	150,660
Non-Executive Directors					
James McBurney[e]	117,586[f]	–	–	–	117,586
John Bryant	71,613	–	–	–	71,613
Iain Patrick[g]	4,974	–	–	–	4,974
	779,129	**194,175**	**5,188**	**963,699**	**1,942,191**
12-months to 31 May 2015					
Executive Directors					
Kevin Foo	475,791	234,192	5,564[a]	–	715,547
Grant Manheim	177,628	43,716	–	–	221,344
Robert Palmer[d]	190,963	–	–	–	190,963
Austen Titford[h]	771,170[i]	–	–	638,320[j]	1,409,490
Non-Executive Directors					
James McBurney[k]	126,878	–	–	–	126,878
John Bryant[l]	61,103	–	–	–	61,103
	1,803,533	277,908	5,564	638,320	2,725,325

[a] Relates to travel costs.
[b] Relates to the option exercised to purchase 1,506,812 shares from the ESOP Trust.
[c] Appointed as Director on 27 October 2015. Mr Dik was not remunerated for his services as a Director during the current period. Fees paid represents remuneration for his services as CEO of GDC from the date of his appointment as a Director.
[d] Paid to The Gallagher Partnership LLP.
[e] Resigned as Director on 17 November 2015.
[f] Includes settlement payment.
[g] Appointed as Director on 16 December 2015.
[h] Resigned as Director on 16 July 2014.
[i] Includes settlement payment.
[j] Relates to the option exercised to purchase 612,500 shares from the ESOP Trust, which occurred post-resignation.
[k] Appointed as Director on 2 June 2014.
[l] Appointed as Director on 1 December 2014.

Directors' Remuneration Report continued

Salary
The Executive Directors did not receive any salary increases during the period ended 31 December 2015.

Bonus
In recognition of contribution made during the current period to progress a number of operational milestones, the Committee approved bonus payments to certain Executive Directors as set out in the table above.

Existing Employee Share Option Plan ("ESOP")
The Company has a discretionary share incentive scheme whereby fully paid shares can be awarded by the trustees of the ESOP as a long-term incentive for the Directors, senior managers and staff. No awards have been under the scheme since March 2013. The trustees of the ESOP did not subscribe for any shares during the current period (prior period: no subscription). The Trust transferred 1,506,812 shares to HJ Resources Ltd during the current period following exercise of share options (prior period: 612,500 shares to a former Director).

Directors' Interests in Share Capital of the Company
The interests of Directors who held office at 31 December 2015 are set out in the table below:

	Ordinary Shares held		Ordinary Share Options held under ESOP			
	31 May 2015	31 December 2015	31 May 2015	Exercised during the current period	31 December 2015	Exercise price
Executive Directors						
Kevin Foo	725,826[3]	2,232,638[1]	2,006,812[2]	1,506,812[1]	500,000[4]	0.5 pence
Grant Manheim	42,932	42,932[3]	330,000	–	330,000[2,5]	0.5 pence
Robert Palmer	36,691	36,691[3]	469,312	–	469,312[2,6]	0.5 pence
Ahmet Dik	–	227,951	–	–	–	–
Non-Executive Directors						
John Bryant	–	–	–	–	–	–
Iain Patrick	n/a	–	n/a	–	–	–

1 1,506,812 options were held by HJ Resources Ltd, a discretionary trust of which Kevin Foo and certain members of his family are potential beneficiaries, and following exercise of these options, 1,506,812 shares are held by HJ Resources Ltd.
2 As a result of the capital reorganisation implemented on 27 November 2014, options are held for a corresponding number of deferred shares with an exercise price of 19.5 pence. As set out in the circular to the shareholders dated 31 October 2014, the deferred shares have very limited rights and are therefore of negligible value.
3 Interest held in corresponding number of deferred shares at 31 May 2015 and 31 December 2015.
4 Expiry date 8 March 2023.
5 Expiry dates between 20 November 2019 and 8 March 2023.
6 Expiry dates between 26 October 2016 and 8 March 2023.

John Bryant
Remuneration Committee Chairman
29 May 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and the Group and parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial period. Under that law, the Directors are required to prepare the Group Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the parent Company Financial Statements in accordance with UK Generally Accepted Accounting Standards, adopting the exclusions permitted under Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing the financial statements for the Group and the Company, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable and prudent;
- provide additional disclosures when compliance with the specific accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company taken as a whole; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Kevin A. Foo
Executive Chairman
29 May 2016

Robert Palmer
Finance Director
29 May 2016

Independent Auditors' Report

To the members of Victoria Oil & Gas Plc

We have audited the financial statements of Victoria Oil & Gas Plc for the 7 month period ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and the related Notes 1 to 32 in relation to the Consolidated Financial Statements and Notes A to K in relation to the Company Financial Statements. The financial reporting framework that has been applied in the preparation of the Consolidated Financial Statements is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's profit for the period then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Realisation of Property, Plant & Equipment, Investments in Subsidiaries and Associates and Recoverability of Amounts due from Subsidiaries

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosures made in Note 15 to the Group's Consolidated Financial Statements concerning the valuation of property, plant and equipment and Notes B and C to the Company Financial Statements concerning the investment in subsidiaries and associates and the recoverability of amounts due from subsidiaries. The realisation of property, plant and equipment of $111.4 million included in the Consolidated Balance Sheet, investments in subsidiaries of $12.4 million, investments in associates of $4.5 million and amounts due from subsidiaries of $98.1 million included in the Company Balance Sheet is dependent on the continued successful development of economic reserves. The financial statements do not include any adjustments relating to these uncertainties and the ultimate outcome cannot, at present, be determined.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ciaran O'Brien
(Senior Statutory Auditor)
for and on behalf of Deloitte
Chartered Accountants and Statutory Auditor
Deloitte & Touche House, Dublin, Ireland

29 May 2016

Consolidated Income Statement

For the 7-month period ended 31 December 2015

	Notes	**For the 7-month period ended 31 December 2015 $'000**	For the 12-month period ended 31 May 2015 $'000
Continuing operations			
Revenue		**21,379**	27,931
Cost of sales		**(14,010)**	(18,833)
Production royalties	28	**(3,785)**	(4,016)
Other cost of sales		**(10,225)**	(14,817)
Gross profit		**7,369**	9,098
Sales and marketing expenses		**(121)**	(206)
Administrative expenses	8	**(7,092)**	(12,341)
Other (losses)/gains	6	**(318)**	1,453
Share of profit of associate	16	**1,203**	1,098
Impairment of exploration and evaluation assets	4	**–**	(49,775)
Operating profit/(loss)		**1,041**	(50,673)
Finance revenue	7	**1,216**	19
Finance costs	7	**(635)**	(1,527)
Profit/(loss) before tax		**1,622**	(52,181)
Tax	9	**(1,465)**	1,373
Profit/(loss) for the period – attributable to shareholders of the parent		**157**	(50,808)

	Notes	**Cents**	Cents
Earnings/(loss) per share – basic	13	**0.15**	(48.28)
Earnings/(loss) per share – diluted	13	**0.14**	(48.28)

Consolidated Statement of Comprehensive Income

For the 7-month period ended 31 December 2015

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Profit/(loss) for the period	**157**	(50,808)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(7)**	(7,651)
Total comprehensive income/(loss) for the period – attributable to shareholders of the parent	**150**	(58,459)

Consolidated Balance Sheet

At 31 December 2015

	Notes	31 December 2015 $'000	31 May 2015 $'000
Assets:			
Non-current assets			
Intangible assets	14	**692**	91
Property, plant and equipment	15	**111,434**	121,353
Investment in associate	16	**5,489**	5,398
Deferred tax assets	9	**–**	3,627
		117,615	130,469
Current assets			
Inventories		**5**	21
Trade and other receivables	17	**14,470**	11,325
Cash and cash equivalents	18	**13,230**	15,963
Deferred tax assets	9	**2,217**	–
		29,922	27,309
Total assets		**147,537**	157,778
Liabilities:			
Current liabilities			
Trade and other payables	19	**3,467**	7,803
Provisions	20	**1,000**	–
Borrowings	21	**4,626**	6,925
		9,093	14,728
Net current assets		**20,829**	12,581
Non-current liabilities			
Borrowings	21	**2,607**	3,945
Deferred tax liabilities	9	**4,490**	4,914
Provisions	20	**5,963**	10,611
		13,060	19,470
Net assets		**125,384**	123,580
Equity:			
Called-up share capital	23	**34,246**	34,240
Share premium		**230,194**	229,556
ESOP Trust reserve	24	**(1,015)**	(1,061)
Translation reserve		**(17,721)**	(17,714)
Other reserves	25	**315**	3,321
Retained earnings – deficit		**(120,635)**	(124,762)
Total equity		**125,384**	123,580

The financial statements of Victoria Oil & Gas Plc, registered number 5139892, were approved by the Board of Directors on 29 May 2016.

Kevin Foo
Executive Chairman

Robert Palmer
Finance Director

Consolidated Statement of Changes in Equity

For the 7-month period ended 31 December 2015

	Share capital $'000	Share premium $'000	ESOP Trust reserve $'000	Translation reserve $'000	Other reserves $'000	Retained earnings – deficit $'000	Total $'000
For the 12-month period ended 31 May 2015							
At 31 May 2014	34,240	229,556	(1,165)	(10,063)	4,197	(75,468)	181,297
Shares granted to ESOP members	–	–	5	–	–	638	643
Effects of movement in foreign exchange	–	–	99	–	–	–	99
Transfer expired warrants to retained earnings	–	–	–	–	(876)	876	–
Total comprehensive loss for the period	–	–	–	(7,651)	–	(50,808)	(58,459)
At 31 May 2015	34,240	229,556	(1,061)	(17,714)	3,321	(124,762)	123,580
For the 7-month period ended 31 December 2015							
At 31 May 2015	**34,240**	**229,556**	**(1,061)**	**(17,714)**	**3,321**	**(124,762)**	**123,580**
Shares issued	**6**	**638**	**–**	**–**	**–**	**–**	**644**
Shares granted to ESOP members	**–**	**–**	**11**	**–**	**–**	**964**	**975**
Effects of movement in foreign exchange	**–**	**–**	**35**	**–**	**–**	**–**	**35**
Transfers to retained earnings	**–**	**–**	**–**	**–**	**(3,006)**	**3,006**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**(7)**	**–**	**157**	**150**
At 31 December 2015	**34,246**	**230,194**	**(1,015)**	**(17,721)**	**315**	**(120,635)**	**125,384**

Share premium reserve

The share premium reserve is comprised of the excess of monies received in respect of share capital over the nominal value of shares issued, less direct and incremental share issue costs.

ESOP Trust reserve

The ESOP Trust reserve comprises of shares in the Company held by Victoria Oil & Gas ESOP Trust.

Translation reserve

The translation reserve represents the foreign exchange gain/loss on translation of financial statements of foreign subsidiaries.

Other reserves

The other reserves includes the share-based payment reserve. Transfers to retained earnings for the period ended 31 December 2015 include $2.8 million relating to an expired convertible option on a loan note issued in 2008 and $0.2 million relating to expired warrants.

Retained earnings – deficit

Retained earnings – deficit comprises accumulated losses in the current and prior periods.

Consolidated Cash Flow Statement

For the 7-month period ended 31 December 2015

	Note	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Cash flows from operating activities			
Profit/(loss) for the period		**157**	(50,808)
Adjustments for non-cash and other items:			
Tax		**1,465**	(1,373)
Share of profit in associate		**(1,203)**	(1,098)
Finance revenue		**(1,216)**	(19)
Finance costs		**635**	1,527
Depreciation and amortisation		**7,505**	9,282
Other losses/(gains)		**318**	(1,453)
Impairment of exploration and evaluation assets		**–**	49,775
Shares vested by ESOP Trust		**964**	638
Share-based payments		**692**	–
		9,317	6,471
Movements in working capital			
(Increase)/decrease in trade and other receivables		**(3,205)**	6,072
Decrease in inventories		**16**	17
Decrease in trade and other payables and provisions		**(4,008)**	(3,161)
Net movements in working capital		**(7,197)**	2,928
Tax paid		**(479)**	(643)
Net cash generated from operating activities		**1,641**	8,756
Cash flows from investing activities			
Payments for intangible assets		**(609)**	(276)
Payments for property, plant and equipment		**(1,082)**	(8,633)
Proceeds from disposal of property, plant and equipment		**382**	–
Loan repayments received		**–**	1,836
Dividends received from associate		**1,112**	202
Interest received		**–**	19
Net cash used in investing activities		**(197)**	(6,852)
Cash flows from financing activities			
Repayment of borrowings		**(3,864)**	(1,816)
Finance costs paid		**(98)**	(626)
Net cash used in financing activities		**(3,962)**	(2,442)
Net decrease in cash and cash equivalents		**(2,518)**	(538)
Cash and cash equivalents – beginning of period		**15,963**	17,018
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(215)**	(517)
Cash and cash equivalents – end of period	18	**13,230**	15,963

Notes to the Consolidated Financial Statements

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are summarised below.

(i) Statement of Compliance

Victoria Oil & Gas Plc ("the Company") is a company incorporated in the United Kingdom and listed on the Alternative Investment Market stock exchange ("AIM"). The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries ("the Group") for the seven-month period ended 31 December 2015. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards adopted for use by the European Union ("IFRSs"). They have also been prepared in accordance with the Companies Act 2006.

The Company has elected to prepare its parent company's financial statements in accordance with UK Generally Accepted Accounting Standards adopting Financial Reporting Standard 101 Reduced Disclosure Framework. These are presented on pages 68 to 72.

(ii) Basis of Preparation

The Consolidated Financial Statements are prepared under the going concern basis and using the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. The Consolidated Financial Statements are presented in US Dollars, rounded to the nearest thousand ($'000) except where otherwise indicated.

On 10 November 2015 the Company changed its accounting reference date from 31 May to 31 December and accordingly the Group is presenting its Consolidated Financial Statements for the seven-month period ended 31 December 2015 ("the current period"). The comparative disclosure is for the twelve-month period ended 31 May 2015 ("prior period").

(iii) Basis of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Income Statement and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the Income Statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the Income Statement as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the Income Statement.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Interests in joint operations

The Group's operations in Cameroon are conducted through a joint operation. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, such as is the case between Gaz du Cameroun S.A. ("GDC") and RSM Productions Corporation ("RSM"). Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities jointly incurred;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

In these Consolidated Financial Statements, the Group has recognised its interest in the joint operation in Logbaba, Cameroon as described above.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's Consolidated Financial Statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(iv) Revenue

Sales revenue

Sales revenue comprises the fair value of consideration received or receivable for the sale of gas and condensate and related incidental services in the ordinary course of the Group's activities. Revenue is stated at the invoice value net of VAT.

Revenue from the sale of gas and condensate is recognised when the significant risks and rewards of ownership have been transferred to a third-party purchaser. Transfer of ownership occurs once the gas and condensate has been delivered as per the terms of the sales contract.

Interest income

Interest income is accounted for on an accrual basis by reference to the principal amount and the effective interest rate applicable.

(v) Production Royalties

Royalty expenses are recognised on an accrual basis at the time of sale of the hydrocarbons.

(vi) Foreign Currencies

The presentation currency of the Group financial statements is US Dollars and the functional currency and the presentation currency of the Company is US Dollars. The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency).

The Group's expenses, which are primarily for development and operation of the Logbaba gas and condensate field, are incurred principally in Central African Francs and US Dollars but also Sterling, Euros, Russian Roubles and Kazakhstan Tenge. For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in US Dollars, the presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Income Statement for the period, other than when a monetary item forms part of a net investment in a foreign operation, then exchange differences on that item are recognised in equity. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised directly in equity.

The assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange ruling at the Balance Sheet date and their Income Statements are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period in which case the exchange rates at the date of transaction are used. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(vii) Intangible Assets

Exploration and evaluation assets

Expenditure incurred in respect of research of potential hydrocarbon exploration, prior to the Group acquiring an exploration licence, is expensed in the Income Statement.

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration and evaluation assets include the cost of acquiring rights to explore. Rights and costs incurred in relation to evaluating the technical feasibility and commercial viability of extracting a hydrocarbon resource are capitalised as part of exploration and evaluation assets. Exploration and evaluation costs include an allocation of administration and salary costs, including share-based payments, as determined by management.

Exploration and evaluation costs are capitalised until technical feasibility and commercial viability of extraction of reserves are demonstrable. At that point, all costs which have been capitalised to date and included in exploration and evaluation assets are assessed for impairment. All impairment losses are recognised immediately in the Income Statement. The remaining unimpaired costs are reclassified to Oil and Gas interests within Property, Plant and Equipment.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are not depreciated, but are assessed for impairment when facts and circumstances suggest

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

that the carrying amount may exceed its recoverable amount. The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

a) the period for which the Group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
c) exploration for and evaluation of hydrocarbon resources in the specific area have not led to the discovery of commercially viable quantities of hydrocarbon resources and the entity has decided to discontinue such activities in the specific area; and
d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Software

Software is stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged so as to write off the cost of software over its useful life using the straight line method.

(viii) Property, Plant and Equipment

Components

Where an asset has a significant component or components, on initial recognition, the cost is allocated between the significant components, and each significant component is depreciated separately, based on its expected useful life. Components that are not individually significant are grouped together and are depreciated as a group based on its expected life.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation of an asset begins when it is available for use, which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation is charged so as to write off the cost of plant and equipment over its useful life using the straight line method or unit-of-production method, whichever is considered most appropriate.

Oil and gas interests

Costs less assessed impairment losses are transferred to property, plant and equipment assets when technical feasibility and commercial viability of extraction of reserves are demonstrated.

Depreciation and depletion of costs is provided so as to write off the cost of the assets over their useful lives using the straight line method or the unit-of-production method, whichever is considered most appropriate. Calculations under the unit-of-production method are based on proved developed reserves. Changes in estimates affecting unit-of-production calculations for depreciation and decommissioning provisions are accounted for prospectively. Expected decommissioning costs of a property are provided on the basis of net present value of the liability. An equivalent amount is added to the oil and gas asset and charged to the Income Statement on a unit-of-production basis.

Assets under construction

Assets under construction are stated at cost less impairment losses. They are not depreciated until construction is complete and the assets are ready for use.

(ix) Inventory

Inventories consist of gas and condensate stocks. Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis.

(x) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the Income Statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 1(xi) Borrowing Costs). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(xi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

(xii) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount, taking into account the risks and uncertainties surrounding the obligation.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Non-current provisions are discounted to present value where the effect is material. The amortisation or unwinding of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period. The amortisation of the discount is shown as a finance cost, rather than as an operating cost.

Decommissioning and rehabilitation ("D&R") provision

D&R costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas.

The amount recognised as a D&R provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date. D&R costs are a normal consequence of exploration, development and production activities and the majority of such expenditure is incurred at the end of the life of the field. Although the ultimate cost to be incurred is uncertain, the provision has been estimated in accordance with management's expectation of the D&R costs and of the period when those costs are to be incurred.

The initial D&R provision, together with other movements in the provision, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates is included within exploration and evaluation assets or property, plant and equipment as appropriate. These costs are then depreciated over the lives of the assets to which they relate. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each Balance Sheet date and the cost is charged to the Income Statement.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xiii) Financial Instruments

Financial instruments are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each current period end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurements, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the Income Statement when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

The Group assesses, at each Balance Sheet date, whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the assets is reduced through use of an impairment account. The amount of the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Income Statement.

Trade receivables

Trade receivables are measured at initial recognition at fair value, which is usually invoice value, and are subsequently measured at amortised cost using the effective interest rate method. In relation to trade receivables, an allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an impairment account. Impaired debts are de-recognised when they are assessed as uncollectible.

VAT recoverable

VAT recoverable is recognised to the extent permitted under current legislation.

Cash and cash equivalents

Cash and cash equivalents is comprised of short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities depending on the substance of the contractual arrangements entered into.

Trade payables

Trade payables classified as financial liabilities are initially measured at fair value, which is usually invoice value, and are subsequently measured at amortised cost using the effective interest rate method.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the value of proceeds received.

(xiv) Tax

The tax expense represents the sum of the tax paid or payable and deferred tax.

The current tax payable is based on taxable profit for the current period, or, in the case of the Group's operations in Cameroon, taxable profit or revenue (see Note 9). Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted in the respective jurisdiction at the Balance Sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each Balance Sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(xv) Share-Based Payments

When the Group issues equity-settled share-based payments to suppliers or employees, they are measured at the fair value at the date of grant. Depending on the nature of the cost, the fair value at the grant date is expensed or capitalised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Where the value of the goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of an appropriate valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(xvi) Employee Share Ownership Plan ("ESOP")

The Victoria Oil & Gas ESOP Trust was established on 22 February 2006 to hold ordinary shares purchased to satisfy share scheme awards made to the employees of the Group. Shares are transferred to the members of the scheme on grant date which is also the relevant vesting date.

When the Trust purchases shares from the Company, the Company recognises an increase in Share Capital. From the perspective of the Consolidated Financial Statements, the shares of the Company held by the Trust are treasury shares and are deducted from equity in accordance with IAS 32 Financial Instruments: Presentation, until the shares are transferred by the Trust to members.

If the transfer to members is a cost of the Company, the Company recognises an expense in its accounts. If the cost relates to a subsidiary, upon transfer of the shares to members, the Company recognises an increase in intercompany receivables and the subsidiary recognises the expense, or, if capital, the subsidiary recognises the increase in its assets. The corresponding credits are to the Share-Based Payment Reserve in the Company, and, as the grant date is also the relevant vesting date, the credits are immediately transferred to Retained Earnings/Accumulated Deficit.

(xvii) Warrants

The Company settles certain transaction costs by the issue of warrants. Each warrant entitles the holder to purchase an ordinary share in the Company at a specific price and within a certain time frame. The warrants are fair valued using an appropriate pricing model. Where the transaction relates to equity issue costs, the fair value of the warrants is credited to Share-Based Payment Reserve with a corresponding debit to Share Premium. For all other transactions, the fair value of the warrants is credited to Share-Based Payment Reserve with a corresponding debit to the Income Statement. If warrants remain unexercised at expiry, the value of the expired warrants is

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

transferred from the Share-Based Payment Reserve to Retained Earnings/Accumulated Deficit. For information on warrants outstanding and pricing assumptions (see Note 27).

(xviii) Critical Accounting Judgements

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

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 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 in the current period were 24.6bcf (prior period: 24.6bcf) in the Logbaba field. The unit-of-production depreciation charged to the Income Statement for the current period, which was calculated based on these reserves, was $6.7 million (prior period: $7.6 million). If the reserves were to vary by plus 10%, the unit-of-production depreciation for the current period would have decreased by $0.6 million and if they were to vary by minus 10% the unit-of-production depreciation for the current period would have increased by $0.7 million.

Deferred tax assets

The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. In the event that all tax losses could be utilised, a deferred tax asset of $14.8 million (prior period: $15.4 million) would be recognised in the financial statements. A deferred tax asset of $2.2 million has been recognised in the current period in relation to the Group's operations in Cameroon as it is considered likely that the operations will generate future taxable profit against which the unused tax losses will be able to be applied (prior period: $3.6 million). No deferred tax asset has been recognised in the current period in relation to the Group's other operations due to the unpredictability of future profit streams in the companies that have unutilised tax losses.

(xix) Key Sources of Estimation Uncertainty

The preparation of 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 discussed below.

Operating in Cameroon, Russia and Kazakhstan

The Group's activities are conducted through its investments and subsidiaries operating in the oil and gas industry. These operations are subject to political, economic and regulatory uncertainties prevailing in these countries. The legislation regarding taxation and foreign exchange transactions is constantly evolving and many new laws and regulations are not always clearly written and their interpretation is subject to the opinions of local inspectors. It is not possible to quantify the potential impact of changes in the above on these financial statements as there are too many possible variables and outcomes, but management believe that the Group has adequately recorded its assets and liabilities in the context of these uncertainties.

Provisions

Provisions for the current period were $7.0 million (prior period: $10.6 million). The provisions are based on present obligations as a result of past events, probable outflows and the ability to reliably measure. The laws and regulations concerning environmental assessments and site rehabilitation continue to evolve and, accordingly, the Group may be liable to substantial decommissioning and rehabilitation costs in the future relating to past and current operations. Management has applied their knowledge at the Balance Sheet date in measuring provisions, however the actual outcomes could vary from these measurements (see Note 20).

Impairment of assets

The Group has the majority of its assets in Cameroon, the United Kingdom and Russia. These assets are tested for impairment when there are indicators that the carrying value of the assets exceeds the recoverable value. During the prior period the Group fully impaired the Russian asset (see Note 4). There has been no change in circumstances during the current period that would cause management to revise their opinion and the asset remains fully impaired.

The Group's market capitalisation at 31 December 2015 was significantly lower than the carrying value of the Group's assets, which could be an indication of impairment of the Group's assets in Cameroon. Management considers this to be a result of negative market sentiment towards the oil and gas sector at present. The Group's impairment valuation and analysis of the Logbaba Project, which is based over the life of the project, supports the asset carrying values and accordingly no impairment has been recorded over the Logbaba assets.

Facts and circumstances may change with regard to the assets in these countries which may have a significant impact on the valuation of the carrying value of the respective assets.

The Directors do not expect the key sources of estimation uncertainty to be resolved in the next twelve months.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current period, the Group adopted the standard changes and amendments contained in the Annual Improvements 2010-2012 Cycle, Annual Improvements 2011-2013 Cycle, and IFRIC 21 Levies, none of which have had a material impact on the Group.

The Group did not adopt any other new IFRSs or Interpretations in the current period that had a material impact on the Group's financial statements.

Standards and Interpretations in issue but not yet adopted

At the date of approval of these financial statements, the following Standards and Interpretations, which may have an impact, but have not been applied in these financial statements, were in issue but not yet mandatorily effective (and in some cases have not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IFRS 10 and IAS 28 on investment entities applying the consolidation exemption
- Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets
- Amendments to IFRS 11 Joint Arrangements on acquisition of an interest in a joint operation
- Amendments to IAS 1 Presentation of Financial Statements on the disclosure initiative
- Amendments to IAS 7 Statement of Cash Flows on the disclosure initiative
- Amendments to IAS 12 Income taxes on recognition of deferred tax assets on unrealised losses
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets on depreciation and amortisation
- Amendments to IAS 27 Separate Financial Statements on the equity method

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group. None are expected to have a material impact.

3. GOING CONCERN

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The Income Statement reports a profit of $0.2 million for the current period (prior period: loss of $50.8 million of which $49.8 million related to the impairment of the Russian asset, which was a non-recurring item (see Note 4).

Revenue for the current period was $21.4 million (prior period: $27.9 million). The current period has seven months of revenue compared to twelve in the prior period, reflecting the increased contribution resulting from the ENEO Cameroon S.A. ("ENEO") contract signed during the prior period. ENEO is a power utility company in Cameroon to which the Group is contracted to supply gas to the Logbaba and Bassa power stations. The ENEO contract has a take-or-pay arrangement which specifies much higher invoicing from January to June (the dry season in Cameroon). The initial contract with ENEO will expire in April 2017. ENEO has pledged a security bond which the Group may call upon if ENEO fails to pay invoices on time.

EBITDA for the current period of $8.5 million (prior period: $8.4 million) reflects the improving results being generated by GDC. During the current period the Group generated cash from operating activities of $9.3 million (prior period $6.5 million). The cash generated has been utilised to reduce working capital and debt levels. The Group ended the current period with cash of $13.2 million (prior period: $16.0 million) and in a net cash position of $6.0 million (prior period: $5.1 million).

The Directors have reviewed forecasts in respect of the operating activities and planned work programmes of the Group's Cameroonian and Russian assets. The funds and facilities available, after allowing for funds required for administration and development costs, are expected to cover the cost of these activities. The Group secured a $26.0 million credit facility with BGFIBank Cameroon S.A. ("BGFI") subsequent to the period end (see Note 31), which is intended to support the exploration and development expenditure, and capital programme for 2016. Whilst managing the exploration and development programme remains critical for 2016, the Directors are of the view that the forecast operational performance, cash resources on hand, and credit facility are sufficient to fund its participating interest in operations for the twelve-month period from the date of approval of these financial statements.

On this basis, the Directors have concluded that the Group has adequate resources available to maintain the Group's operations and to continue in operational existence for the foreseeable future.

Given the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these 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 Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

4. IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

During the prior period the Directors assessed the Group's Russian exploration and evaluation asset, West Medvezhye, for impairment. The Directors considered that the political issues in Russia, combined with the weakness in the world oil price, made deriving value from the asset increasingly difficult, and they took the view that it would be prudent to fully provide against the asset.

Because of the level of uncertainty regarding monetisation of the asset, it was difficult for the Directors to form a view on the value that the asset should be held at in the accounts, and as a result the decision was taken to completely write down the asset. There has been no change in circumstances during the current period that would cause the Directors to revise their opinion and the asset remains fully impaired.

The impairment of the carrying value of the West Medvezhye asset was as follows:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Intangible assets	**–**	49,702
Property, plant and equipment	**–**	52
Current assets	**–**	21
	–	49,775

5. 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 described in Note 1.

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

7-months to 31 December 2015	**Cameroon $'000**	**Russia and Kazakhstan $'000**	**Corporate $'000**	**Total $'000**
Revenue	**21,379**	**–**	**–**	**21,379**
Segment result	**3,873**	**(479)**	**(2,353)**	**1,041**
Finance revenue	**1,216**	**–**	**–**	**1,216**
Finance costs	**(519)**	**(18)**	**(98)**	**(635)**
Profit/(loss) before tax	**4,570**	**(497)**	**(2,451)**	**1,622**
Tax	**(1,465)**	**–**	**–**	**(1,465)**
Profit/(loss) for the period	**3,105**	**(497)**	**(2,451)**	**157**
Total assets	**132,238**	**144**	**15,155**	**147,537**
Total liabilities	**(18,675)**	**(203)**	**(3,275)**	**(22,153)**
Other segment information				
Capital expenditure:				
Intangible assets	**609**	**–**	**–**	**609**
Property, plant and equipment	**1,076**	**–**	**6**	**1,082**
Depreciation and amortisation	**7,502**	**–**	**3**	**7,505**

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

5. SEGMENTAL ANALYSIS CONTINUED

12-months to 31 May 2015	Cameroon $'000	Russia and Kazakhstan $'000	Corporate $'000	Total $'000
Revenue	27,931	–	–	27,931
Segment result	5,089	(51,253)	(4,509)	(50,673)
Finance revenue	–	–	19	19
Finance costs	(1,203)	(21)	(303)	(1,527)
Profit/(loss) before taxation	3,886	(51,274)	(4,793)	(52,181)
Tax	1,522	–	(149)	1,373
Profit/(loss) for the year	5,408	(51,274)	(4,942)	(50,808)
Total assets	138,234	142	19,402	157,778
Total liabilities	(27,615)	(261)	(6,322)	(34,198)
Other segment information				
Capital expenditure:				
Intangible assets	69	207	–	276
Property, plant and equipment	8,627	–	6	8,633
Depreciation and amortisation	9,275	–	7	9,282
Impairment of exploration and evaluation assets	–	49,775	–	49,775

Information about major customers

For the purposes of IFRS, a group of entities known to a reporting entity to be under common control shall be considered a single customer. Under this measure, revenues of $21.4 million (prior period: $27.9 million) related to sales of gas and condensate and related incidental services to 22 customers. Two customers each contributed 10% or more to the Group's revenue during the current period, contributing $9.4 million and $2.3 million respectively (prior period: three customers contributed 10% or more, contributing $5.6 million, $5.1 million, and $4.6 million respectively).

6. OTHER (LOSSES)/GAINS

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Foreign exchange (losses)/gains	**(267)**	733
Discount on settlement of debts	**44**	722
Loss on disposal of non-current assets	**(95)**	(2)
	(318)	1,453

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

7. FINANCE REVENUE AND COST

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Finance Revenue		
Interest income	–	19
Reversal provisions (see Note 20)	1,216	–
	1,216	19
Finance cost		
Loan interest	339	841
Unwinding of discount on provisions	291	662
Interest on obligations under finance leases	5	24
	635	1,527

8. PROFIT/(LOSS) BEFORE TAX

The profit/(loss) before tax is stated after charging:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Directors' remuneration (see Note 11)	1,942	2,725
The analysis of auditors' remuneration is as follows:		
Fees for audit services	242	235
Fees for other services	–	25
	242	260
Administrative expenses comprise:		
Wages and salaries	3,172	5,202
Professional fees	2,741	3,559
Office and other administrative expenditure	1,061	2,011
Travel	206	354
Rent	237	373
Depreciation and amortisation	131	147
Other	(456)	695
	7,092	12,341

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

9. TAX

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Current tax	**479**	643
Deferred tax	**986**	(2,016)
Tax charge/(credit)	**1,465**	(1,373)

The Group has two principal tax jurisdictions: the United Kingdom and The Republic of Cameroon.

United Kingdom

The main rate of UK corporation tax is 20% effective from 1 April 2015 (substantively enacted on 2 July 2013).

Cameroon

From 1 January 2015, income tax in Cameroon is charged at 33% on taxable profits or 2.2% of turnover, whichever is higher (previously 38.5% on taxable profits or 1.1% of turnover, whichever was higher). The operations in Cameroon have unused tax losses in excess of taxable income, however, as revenue is being earned, the 2.2% tax rate applies and is reflected as current tax. The effect of this is shown below as 'tax paid on revenue'.

The corporation tax rates in the other countries in which the Group operates did not change during the current period.

The effective tax rate used in the tax rate reconciliation below is a weighted average of the tax rates in each of the tax jurisdictions in which the Group operates.

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Profit/(loss) on ordinary activities before tax	**1,622**	(52,181)
Tax calculated at 18.1% (prior period: 21%)	**294**	(10,958)
Less the effects of:		
Impairment losses that are not deductible for tax	**–**	10,453
Share of profit in associate	**(218)**	(188)
Income that is exempt from taxations	**(220)**	(21)
Expenses not deductible for tax	**101**	352
Unutilised tax losses	**1,168**	1,479
Deferred tax resulting from change in tax rate	**–**	(943)
Recovery of exploration cost	**(1,549)**	(2,190)
Tax paid by Company on recharges to subsidiary	**–**	149
Deferred tax resulting from change in estimate	**1,410**	–
Tax paid on revenue	**479**	494
Total tax charge/(credit)	**1,465**	(1,373)

	31 December 2015 $'000	31 May 2015 $'000
Deferred tax balances		
Deferred tax assets – non-current assets	**–**	3,627
Deferred tax assets – current assets	**2,217**	–
Deferred tax liabilities	**(4,490)**	(4,914)
	(2,273)	(1,287)

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

9. TAX CONTINUED

The deferred tax balances are analysed as follows:

	Tax losses $'000	Other temporary differences $'000	Total $'000
7-months to 31 December 2015			
Opening balance	**3,627**	**(4,914)**	**(1,287)**
(Credit)/charge to Income Statement	**(1,410)**	**424**	**(986)**
Closing balance	**2,217**	**(4,490)**	**(2,273)**
12-months to 31 May 2015			
Opening balance	3,296	(6,599)	(3,303)
Charge to Income Statement	331	1,685	2,016
Closing balance	3,627	(4,914)	(1,287)

At the Balance Sheet date, the Group has aggregate unused tax losses of $70.7 million (prior period: $66.6 million) available for offset against future profit.

Of unused tax losses, $11.1 million relates to the Group's operation in Cameroon, which is now generating revenue. A deferred tax asset of $2.2 million has been recognised in relation to the tax losses in Cameroon (prior period: $3.6 million), as based on the Group's forecasts it is probable that near-term future taxable profits will be available against which the losses will be able to be utilised. The actual tax results in future periods may differ from the estimate made at the time the deferred taxes are recognised.

No deferred tax asset has been recognised in the current and the prior period in relation to the Group's other operations due to the unpredictability of future profit streams in the companies that have accrued tax losses. Accordingly, at the period-end, deferred tax assets amounting to $12.2 million (prior period: $11.8 million) have not been recognised.

The deferred tax liability arose on the acquisition of GDC (formerly Rodeo Development Limited) by Bramlin Limited prior to Bramlin Limited becoming part of the Group, and relates to property, plant and equipment in Cameroon. During the current period the deferred tax liability was released in line with the amortisation of the related acquired assets.

10. EMPLOYEE INFORMATION

The average number of persons employed by the Group during the period was:

	For the 7-month period ended 31 December 2015 Number	For the 12-month period ended 31 May 2015 Number
Directors	**6**	5
Technical	**75**	75
Management and administration	**90**	90
	171	170

Staff costs for the above persons were:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Wages and salaries*	**3,037**	6,752
Social security costs	**135**	410
	3,172	7,162

* Wages and salaries costs includes $1.0 million relating to the exercise of an option to acquire shares from the ESOP Trust (prior period: $0.6 million).

Included in wages and salaries is $2.0 million of staff costs which were capitalised within property, plant and equipment during the prior period (current period: Nil).

Notes to the Consolidated Financial Statements continued
For the 7-month period ended 31 December 2015

11. DIRECTORS' REMUNERATION

Remuneration in respect of the Directors was as follows:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Directors's emoluments	**1,942**	2,725

Further details of individual Directors' remuneration are shown in the Directors' Remuneration Report.

12. KEY MANAGEMENT COMPENSATION

The compensation of the Directors and the eight (prior period: seven) other key management personnel (as defined within IAS 24 Related Party Disclosures) was as follows:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Wages and salaries	**894**	1,950
Employee bonuses	**152**	307
Share-based payments	**964**	638
Professional fees paid to consultants in key management positions	**1,026**	1,548
Cash bonuses paid to consultants in key management positions	**42**	279
Share bonuses paid to consultants in key management positions	**–**	237
Other non-cash benefits	**122**	154
	3,200	5,113

The compensation figures reflect only the Group's participating interest in the Logbaba gas and condensate project, where applicable. The prior period compensation figures have been restated to reflect this basis.

The Company does not provide a pension scheme or other post-employment benefits to any employees, including Directors.

13. EARNINGS/(LOSS) PER SHARE

Basic earnings or 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 those 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.

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

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Profit/(loss) for the period	**157**	(50,808)
	Number	Number
Weighted number of ordinary shares for the purpose of basic earnings per share	**106,588,728**	105,236,040
Dilutive potential of share options	**2,565,334**	–
Weighted number of ordinary shares for the purpose of basic and diluted earnings per share	**109,154,062**	105,236,040
	Cents	Cents
Earnings/(loss) per share – basic	**0.15**	(48.28)
Earnings/(loss) per share – diluted	**0.14**	(48.28)

Basic and diluted loss per share are the same in the prior period, as the effect of any potential shares is anti-dilutive and is therefore excluded.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

14. INTANGIBLE ASSETS

	Exploration and evaluation assets $'000	Software $'000	Total $'000
7-months to 31 December 2015			
Cost			
Opening balance	**83,304**	**37**	**83,341**
Additions	**602**	**7**	**609**
Effects of movement in foreign exchange	**(12,395)**	**–**	**(12,395)**
Closing balance	**71,511**	**44**	**71,555**
Accumulated amortisation and impairment			
Opening balance	**83,235**	**15**	**83,250**
Charge for the period	**–**	**8**	**8**
Effects of movement in foreign exchange	**(12,395)**	**–**	**(12,395)**
Closing balance	**70,840**	**23**	**70,863**
Carrying amount 31 December 2015	**671**	**21**	**692**
12-months to 31 May 2015			
Cost			
Opening balance	91,613	62	91,675
Transfer to property, plant and equipment	(299)	–	(299)
Additions	276	–	276
Disposals	–	(25)	(25)
Effects of movement in foreign exchange	(8,286)	–	(8,286)
Closing balance	83,304	37	83,341
Accumulated amortisation and impairment			
Opening balance	33,850	28	33,878
Transfer to property, plant and equipment	(27)	–	(27)
Disposals	–	(25)	(25)
Provision for impairment (see Note 4)	49,702	–	49,702
Charge for the year	–	12	12
Effects of movement in foreign exchange	(290)	–	(290)
Closing balance	83,235	15	83,250
Carrying amount 31 May 2015	69	22	91

Having reviewed the exploration and evaluation expenditure, the Directors are confident that the capitalised value of the asset is recoverable and are satisfied that the recoverable value of the asset is not less than its carrying value at 31 December 2015.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

15. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $'000	Oil and gas interest $'000	Assets under construction $'000	Total $'000
7-months to 31 December 2015				
Cost				
Opening balance	**37,583**	**102,102**	**661**	**140,346**
Reclassification of opening balance	**–**	**2,028**	**–**	**2,028**
Transfer to plant and equipment	**–**	**–**	**(1,060)**	**(1,060)**
Transfer from assets under construction	**1,060**	**–**	**–**	**1,060**
Additions	**183**	**500**	**399**	**1,082**
Disposals	**(574)**	**–**	**–**	**(574)**
Reversal of capitalised costs	**–**	**(3,027)**	**–**	**(3,027)**
Closing balance	**38,252**	**101,603**	**–**	**139,855**
Depreciation				
Opening balance	**2,720**	**16,273**	**–**	**18,993**
Reclassification of opening balance	**–**	**2,028**	**–**	**2,028**
Disposals	**(97)**	**–**	**–**	**(97)**
Charge for the period	**524**	**6,973**	**–**	**7,497**
Closing balance	**3,147**	**25,274**	**–**	**28,421**
Carrying amount 31 December 2015	**35,105**	**76,329**	**–**	**111,434**

	Plant and equipment $'000	Oil and gas interest $'000	Assets under construction $'000	Total $'000
12-months to 31 May 2015				
Cost				
Opening balance	29,974	98,579	2,865	131,418
Additions	974	3,224	4,435	8,633
Transfer to plant and equipment	–	–	(6,639)	(6,639)
Transfer from assets under construction	6,639	–	–	6,639
Transfer from exploration and evaluation assets	–	299	–	299
Disposals	(4)	–	–	(4)
Closing balance	37,583	102,102	661	140,346
Depreciation				
Opening balance	1,645	8,001	–	9,646
Transfer from exploration and evaluation assets	–	27	–	27
Disposals	(2)	–	–	(2)
Charge for the period	1,077	8,193	–	9,270
Provision for impairment	–	52	–	52
Closing balance	2,720	16,273	–	18,993
Carrying amount 31 May 2015	34,863	85,829	661	121,353

Assets under construction in the prior period comprised of expenditure on the uncompleted sections of the pipeline network and surface infrastructure on the Logbaba gas and condensate project in Cameroon. These were completed and transferred to plant and equipment in the current period.

Reversal of capitalised costs relates to the reduction of the reserve bonus provision (see Note 20).

The realisation of property, plant and equipment of $111.4 million is dependent on the continued successful development of economic reserves.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation rates applied by the Group are as follows:

	31 December 2015	31 May 2015
Plant and equipment		
– Process plant	**10 years**	10 years
– Pipeline network (unit of production amortisation based on pipeline capacity)	**3.5%**	2.2%
– Other plant and equipment	**4-10 years**	4-10 years
Oil and gas interests		
– Logbaba wells 105 and 106 (unit of production based on 1P reserves)	**20.6%**	13.1%

16. INVESTMENT IN ASSOCIATE

The Company has a 35% interest in Cameroon Holdings Limited ("CHL"). See Note 29 for further information regarding CHL. The Company acquired the investment in CHL as a mechanism to buy back part of the royalty payable on the Logbaba revenue stream. 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:

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Opening balance	**5,398**	–
Transfer from unlisted investment	**–**	4,502
Share of profit of associate	**1,203**	1,098
Dividends received	**(1,112)**	(202)
Investment in associate	**5,489**	5,398

Summarised financial information for CHL is set out below.

Assets and liabilities		
Current assets	**431**	158
Non-current assets	**4,140**	4,280
Current liabilities	**(274)**	(264)
Elements of comprehensive income		
Revenue	**3,483**	3,360
Profit from continuous operations	**3,438**	3,137
Dividends declared	**(3,178)**	(577)

The shares of CHL are not actively traded and their fair value cannot be reliably measured. CHL's only source of income is the GDC royalty which it receives. The royalty income is dependent on the Group's share of revenue generated from the Logbaba gas and condensate project, and is therefore subject to the same risks as the Group on the Logbaba gas and condensate project. As a result there is a broad range of values that could be ascribed to the investment. In the absence of any impairment indicators, the investment is carried in the Consolidated Balance Sheet at cost with adjustments to recognise the Group's share of profit of CHL.

Please see Note 29 for details of the transactions between the Group and CHL during the period.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

17. TRADE AND OTHER RECEIVABLES

	31 December 2015 $'000	31 May 2015 $'000
Amounts due within one year:		
Trade receivables	**6,249**	7,059
VAT recoverable	**115**	100
Prepayments	**826**	583
Other receivables	**7,280**	3,583
	14,470	11,325

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the period.

Trade Receivables

The credit period on sales of gas and condensate is typically 30 days. The Group's largest customer has credit terms of 14 days. Management may impose an interest charge on overdue receivables at the rate stipulated in the respective sales agreement.

Management review all receivables that are past their credit terms and assess whether any amounts are irrecoverable, which is determined with reference to information from an external credit rating agency on the current financial conditions of the customer and their past payment record.

Trade receivables disclosed above include amounts that are past due at the end of the current period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of Trade Receivables that are Past Due but not Impaired

	31 December 2015 $'000	31 May 2015 $'000
31-60 days	**485**	453
61-90 days	**201**	143
91-121 days	**206**	74
121+ days	**99**	220
Total	**991**	890

Trade receivable days for the current period was 107 days (prior period: 92 days).

Movement in the Allowance for Doubtful Debts (Trade Receivables)

	31 December 2015 $'000	31 May 2015 $'000
Balance at beginning of the period	**173**	11
Additional allowance for the period	**78**	162
Balance at end of the period	**251**	173

Management assess receivables that are outstanding on a customer by customer basis to determine whether the amounts are recoverable.

Prepayments

Includes restricted cash held in Cameroon of $0.4 million (prior period: Nil), pending the outcome of legal proceedings.

Other Receivables

Other receivables consist of a receivable from RSM, costs which are reimbursable from gas sales customers and other receivables.

Receivable from RSM: $5.9 million due from RSM (prior period $2.2 million). This relates to RSM's funding obligation for its 40% participating interest in the Logbaba Concession. As at the date of signing these Consolidated Financial Statements, RSM has repaid $3.3 million of the amounts outstanding to the Group. RSM receives 40% of revenue from the Logbaba Concession from May 2016, out of which any unpaid receivables may be recovered.

Reimbursable costs from gas customers: The costs were incurred for equipment purchases and works at customer premises in order to ensure the customer was able to use the gas sold to it by the Group. In order to hasten the customer connection process, the Group funded such conversions for certain customers and issued customers with payment plans for settlement of the debts. Amount outstanding at the end of the current period was $0.1 million, net of allowances for doubtful debts (prior period: $0.4 million).

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

18. CASH AND CASH EQUIVALENTS

	31 December 2015 $'000	31 May 2015 $'000
	13,230	15,963

Funds are held in US Dollars, Sterling, Central African Francs, Russian Roubles, Kazakh Tenge and Euros in order to enable the Group to trade and settle its debts in the currency in which they occur and in order to mitigate the Group's exposure to short-term foreign exchange fluctuations. All cash held is available on demand.

The carrying amount of these assets approximates their fair value, and is held in the following denominations:

	31 December 2015 $'000	31 May 2015 $'000
US Dollar	**7,948**	12,976
Sterling	**645**	98
Euro	**19**	117
Central African Franc	**4,509**	2,630
Russian Rouble	**64**	37
Kazakh Tenge	**45**	105
	13,230	15,963

19. TRADE AND OTHER PAYABLES

	31 December 2015 $'000	31 May 2015 $'000
Amounts due within one year:		
Trade payables	**598**	1,975
Taxes and social security costs	**362**	1,332
Accruals	**2,505**	4,116
Other creditors	**2**	380
	3,467	7,803

It is the Group's normal practice to agree terms of transactions with suppliers, including payment terms which are typically 30 days from receipt of invoice. Trade creditor days for the Group for the current period were 21 days (prior period: 25 days), based on the ratio of Group trade creditors at period-end to the amounts invoiced during the current period by trade creditors.

Accruals includes $0.7 million due to CHL under a royalty agreement (prior period: $1.3 million). See Note 28 for details of the royalty obligation.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

20. PROVISIONS

	31 December 2015 $'000	31 May 2015 $'000
Decommissioning and rehabilitation provision	**2,032**	1,738
Reserve bonus provision	**4,241**	8,200
Production bonus provision	**690**	673
	6,963	10,611
Disclosed as:		
Current liabilities	**1,000**	–
Non-current liabilities	**5,963**	10,611
	6,963	10,611

Non-current provisions represent the present value, as at the Balance Sheet date, of the amounts payable each period discounted at a rate that reflects both the time value of the money and the risks inherent in the liability. The Directors have used a discount rate of 7.0% per annum (prior period: 7.0% per annum, with the exception of the discount rate used for decommissioning and rehabilitation below).

Provision for Decommissioning and Rehabilitation ("D&R") Costs

The D&R provision represents an internal estimate of the present value of D&R costs relating to the Logbaba gas and condensate project and the West Medvezhye project based on an estimate of the D&R costs and the period when those costs are likely to be incurred. The provision in respect to the well locations on the West Medvezhye field is expected to be incurred by the end of 2017 and in respect to the wells and plant for the Logbaba gas and condensate project by the end of 2020 and 2022 respectively. Logbaba pipeline D&R is expected to be incurred over the next 20 years.

Assumptions have been made based on the current economic environment. Anticipated D&R in current terms are escalated to the date at which they are expected to be incurred. The inflation assumption is 5.0% per annum (prior period: 5.0% per annum). The discount rate used to determine the present value of the obligation was 7.0% per annum (prior period: 8.4% per annum). The Directors believe these assumptions are a reasonable basis upon which to estimate the future liability. These estimates and assumptions are reviewed at least bi-annually to take into account any material changes. However, actual D&R costs will ultimately depend upon future market prices of the necessary D&R works at the relevant time.

	31 December 2015 $'000	31 May 2015 $'000
Opening balance	**1,738**	1,737
Additional provision in period	**384**	–
Effect of movement in foreign exchange	**(80)**	(125)
Effect of change of discounting rate (see Note 7)	**(142)**	–
Unwinding of discount charged to the Income Statement	**132**	126
	2,032	1,738

Reserve Bonus Provision

The Group is liable to pay a bonus determined four years after commencement of hydrocarbon production by reference to the reserves of the field, as assessed at that time. The Directors have previously provided $10.0 million, being the bonus payable based on the expected reserves four years from first production.

During the current period the counterparty has initiated arbitration proceedings over the timing of the reserve bonus payments. Based on proceedings to date and legal advice, management are of the opinion that the reserve bonus provision should be $5.0 million, not $10.0 million, and the provision has thus been adjusted accordingly. A portion of the reserve bonus provision ($1.0 million) is reflected as a current liability reflecting the Directors' judgement of the date of first production. The provision represents the present value, as at the Balance Sheet date, of the amounts payable each period discounted at a rate that reflects both the time value of the money and the risks inherent in the liability.

A contingent liability of $5.0 million exists should the arbitration ruling favour the counterparty, of which $1.0 million would be a current liability.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

20. PROVISIONS CONTINUED

	31 December 2015 $'000	31 May 2015 $'000
Opening balance	**8,200**	7,664
Reversal of amount capitalised (see Note 15)	**(3,027)**	–
Unwound discount previously charged (see Note 7)	**(1,074)**	–
Unwinding of discount charged to the Income Statement	**142**	536
	4,241	8,200

Production Bonus Provision

Under the Logbaba Concession Contract, bonuses are payable to the Government of Cameroon when certain levels of production are achieved. The amounts payable are:

- $0.5 million when the average gas production from the Concession area is greater than or equal to 500,000 cubic metres per day for a period of 60 consecutive days or, alternatively, when the cumulative gas production reaches 365,000,000 cubic metres, whichever occurs first, and
- $1.0 million when the average gas production from the Concession area is greater than or equal to 1,000,000 cubic metres per day for a period of 60 consecutive days or, alternatively, when the cumulative gas production reaches 730,000,000 cubic metres, whichever occurs first.

In the prior period the production levels indicated that these production targets will be achieved, and therefore a provision of $0.7 million was recognised. The provision represents the present value, as at the Balance Sheet date, of the amounts payable discounted at a rate that reflects both the time value of the money and the risks inherent in the liability.

21. BORROWINGS

	31 December 2015 $'000	31 May 2015 $'000
Amounts due within one year:		
Loans	**4,604**	6,859
Finance lease liabilities	**22**	66
	4,626	6,925
Amounts in more than one year but less than five years:		
Loans	**2,607**	3,941
Finance lease liabilities	**–**	4
	2,607	3,945
Total borrowings	**7,233**	10,870

BGFIBank ("BGFI")

In January 2014, the Group signed a loan agreement with BGFI. The principal loan facility of XAF4.0 billion (equivalent to $8.3 million at date of signing) was fully drawn to fund pipeline extensions, customer connection work, and installation of Gensets at customer premises. The loan was for an initial term of six months, renewable once on the same terms for a further six-month period, with interest payable at the Cameroonian bank base rate less 1.75% p.a. (currently a net rate of 7.25% p.a.). Following the second six-month period, the loan converted into a three-year term-loan with the same interest rate, repayable in 36 monthly instalments. The loan is secured by a pledge over the revenue stream of two customers. The outstanding balance at 31 December 2015 was $4.8 million (31 May 2015: $6.0 million).

Noor Petroleum

The Group has a loan facility with United Arab Emirates based Noor Petroleum Limited. The facility is unsecured, incurs interest at 6.5% per annum, payable twice yearly and is repayable on demand. During the current period an amount of $2.4 million was repaid against the facility. The balance owing on the loan as at 31 December 2015 was $2.4 million (31 May 2015: $4.7 million). The Directors do not consider this balance to be materially different from fair value.

Finance Lease Liabilities

Finance lease liabilities are carried at amortised cost. These borrowings are secured by the assets leased.

The Directors do not consider the borrowings balances to be materially different from their fair values.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

22. NET CASH

	31 December 2015 $'000	31 May 2015 $'000
Cash and cash equivalents	**13,230**	15,963
Borrowings: Current liabilities	**(4,626)**	(6,925)
Borrowings: Non-current liabilities	**(2,607)**	(3,945)
	5,997	5,093

23. CALLED-UP SHARE CAPITAL

Allotted Called-Up and Fully Paid:

	31 December 2015		31 May 2015	
	Number	$'000	Number	$'000
Ordinary shares of 0.5p each:	**109,495,262**	**862**	108,713,809	856
Deferred shares of 19.5p each:	**108,713,809**	**33,384**	108,713,809	33,384
		34,246		34,240

During the current period 781,453 ordinary shares were issued to key management and suppliers as compensation for services rendered. Shares issued are translated at the exchange rate prevailing at the date of issue.

The Company's ordinary shares have voting rights and are listed on AIM and the deferred shares have no voting rights.

The Directors of the Company continue to be limited as to the number of shares they can allot at any time and remain subject to the allotment authority granted by the shareholders pursuant to section 551 of the Companies Act 2006.

Shares held by ESOP Trust

At 31 December 2015, there were 1,361,813 ordinary shares and 3,481,125 deferred shares held by the ESOP Trust (31 May 2015: 2,868,625 ordinary shares and 3,481,125 deferred shares).

24. ESOP TRUST RESERVE

The Victoria Oil & Gas ESOP Trust is consolidated in these accounts as if it were a subsidiary undertaking in accordance with SIC 12. The ESOP Trust Reserve eliminates the cost of the shares in the Company held by the ESOP Trust, by treating these as treasury shares.

The balance of the reserve is analysed separately in the Consolidated Statement of Changes in Equity.

25. OTHER RESERVE

	31 December 2015 $'000	31 May 2015 $'000
Opening balance	**3,321**	4,197
Share-based payments	**964**	638
Transfer of vested shares to retained earnings	**(964)**	(638)
Transfer of expired warrants to retained earnings	**(154)**	(876)
Transfer of expired convertible loan options to retained earnings	**(2,852)**	–
	315	3,321

An amount of $2.9 million in respect of an embedded derivative, being an expired convertible loan note was transferred from other reserves to retained earnings during the period. In addition, amounts attributable to warrants that expired during the period were transferred to retained earnings. Further details of share-based payments during the period are given in Note 27.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

26. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash balances and various items such as trade receivables and trade payables which arise directly from trading operations.

It is the Group's policy that no trading in derivatives shall be undertaken. The Group has formerly issued hybrid financial instruments, containing embedded derivatives, which formed part of the Group's funding arrangements. There are presently no hybrid instruments or embedded derivatives in issue. Should the Group elect to raise funding with an instrument containing an embedded derivative, the Board will consider the associated risks at that time.

The main financial risks arising from the Group's financial instruments are as follows:

Credit Risk

Credit risk is the risk that the Group's counterparties will cause the Group financial loss by failing to honour their obligations. The Group's receivables relate primarily to cash and cash equivalents, trade and other receivables, prepayments, and reimbursable customer conversion costs. The Group manages credit risk by pre-assessing the creditworthiness of counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Directors from time to time.

Trade receivables consist of 22 customers from the Logbaba project in Douala, Cameroon with operations in various industries including electricity generators, food processors, breweries, foundries, cement producers and chemical companies, and the refinery in Limbe, to which the Group sells the condensate produced from the project.

Trade receivables neither past due nor impaired are comprised of:

- 15% amounts due from subsidiaries of multinational companies with State participation;
- 36% amounts due from subsidiaries of multinational companies;
- 19% amounts due from Cameroonian companies with State participation; and
- 30% amounts due from other Cameroonian companies.

The Group rates the credit quality of the first three groups as high (making up 70% of trade receivables). The credit quality of other local Cameroonian companies is lower, but the Group mitigates this risk by implementing the safeguards outlined above, in Note 17, and in the Strategic Report.

The Group has policies in place to ensure that sales are made to customers with adequate creditworthiness and where appropriate credit insurance cover is purchased. After the initial evaluation and acceptance the Group subsequently monitors customer credit quality and imposes credit limits to limit its exposure on all accounts receivable.

The credit risk on liquid funds is limited because the Group holds the majority of its funds with banks with investment grade credit ratings.

There is no difference between the carrying amount of trade and other receivables and the maximum credit risk exposure.

Liquidity Risk

The Group's liquidity exposure is confined to meeting obligations under short-term trade payables agreements and under longer term borrowing arrangements. The needs are monitored by regular forecasting of operational cash flows and financial commitments. The exposure is considered significant. The risk is managed by managing the level of commitments at any point in time and agreeing extended payment terms with suppliers.

The Group's commitments have been fully met during the current period from cash flows generated from sales revenue from the Logbaba gas and condensate project. The Group does not have any derivative financial liabilities at the end of the current period. The Group's contractual maturity for its non-current financial liabilities is more than one year but not more than five years.

After the Balance Sheet date the Group secured a debt facility to provide liquidity for the planned exploration and development activity in 2016 to the extent that these requirements are not met by funds generated internally from operations and partner contributions. Controls over expenditure are carefully managed.

The Directors are confident of financing future exploration and development operations from internally generated funds, existing facilities and, should it be required, access to additional debt or equity.

Foreign Currency Risk

Although the Company is based in the UK, overseas operations are funded primarily in US Dollars which is converted to local currency to fund operations. The Group holds surplus cash in US Dollars, Sterling, Euros and Central African Francs, and buys other currencies as required, at the most advantageous rates available, to meet short-term creditor obligations and fund other expenditure.

The Group is exposed at any point in time to exchange rate fluctuations.

The Group seeks to minimise its exposure to currency risk by holding surplus cash in US Dollars.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

26. FINANCIAL RISK MANAGEMENT CONTINUED

The functional currency of the majority of the Group's operations is US Dollars, and the reporting currency is US Dollars. The carrying amounts of the Group's significant foreign currency denominated monetary assets and liabilities at the reporting dates are as follows:

	Monetary Assets		Monetary Liabilities	
	31 December 2015 $'000	31 May 2015 $'000	**31 December 2015 $'000**	31 May 2015 $'000
Central African Franc	**11,988**	10,894	**8,305**	8,416
Sterling	**953**	636	**633**	1,712
Euro	**19**	216	**212**	371
Russian Rouble	**58**	37	**203**	270
Kazakh Tenge	**51**	105	**–**	2
	13,069	11,888	**9,353**	10,771
US Dollar	**14,631**	15,400	**8,310**	18,513
	27,700	27,288	**17,663**	29,284

The Group does not utilise swaps or forward contracts to manage its currency exposures.

Foreign currency sensitivity analysis

If the US Dollar had gained/lost 5% against all currencies significant to the Group at 31 December 2015, the loss would have been less than $0.1 million lower/higher (prior period: less than $0.1 million lower/higher) and the net equity would have been less than $0.1 million higher/lower (prior period: less than $0.1 million higher/lower). Accordingly, the impact on the Company's Income Statement and net equity would be immaterial.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market. This risk principally relates to sale of gas and condensate and is included in the analysis of financial risk factors in the Strategic Report. For sales of gas, the risk is substantially reduced by entering into five-year, fixed-price gas contracts with the majority of gas sales customers, and a two-year, fixed-price agreement with ENEO. The contracted condensate sales price in the current period was a discount of $1.50 per barrel to Brent Crude. For the current period, it is estimated that a general weakening of one percentage point in Brent would decrease the Group's profit before tax by less than $0.1 million (prior period: less than $0.1 million).

Interest Rate Risk

The Group is exposed to interest rate risk. Where possible the Group borrows at fixed interest rates. The Group is currently in a net cash position (i.e. cash equivalents exceed borrowings), which affords the Group the potential of settling debt should variable interest rates become unfavourable. At 31 December 2015, the Group had the following outstanding borrowings:

- $4.8 million from BGFI with interest payable at the Cameroonian bank base rate of 9% per annum less 1.75% (a net rate of 7.25% per annum); and
- $2.4 million from Noor Petroleum with interest payable at a fixed rate of 6.5% per annum.

See Note 21 for more information regarding these loans. A change in the Cameroonian bank base rate of 1% would affect the Group's profit before tax by less than $0.1 million. The Noor Petroleum loan has a fixed rate and would have no impact from a change in base rates.

Capital Management

The objective of managing capital is to maximise shareholder value. The capital structure of the Group consists of equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings.

The Group meets its capital management objectives by reviewing the capital structure from time to time during the current period in relation to its future capital expenditure requirements based on forecasts prepared by management. When required, the Board decides on the mix and level of capital to raise in order to enable it to achieve the Group strategy. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The Board considers the level of debt taking into consideration the status of projects in the development cycle and their ability to service any debt. A measure to monitor capital is the gearing ratio, that is, the ratio of net debt to equity. The Group is in a net cash position for both the current and prior periods (see Note 22).

The Board has satisfied itself that the Group will have sufficient operational capacity to service the new facility entered into after the Balance Sheet date.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

26. FINANCIAL RISK MANAGEMENT CONTINUED

Categories of Financial Instruments

	For the 7-month period ended 31 December 2015 $'000	For the 12-month period ended 31 May 2015 $'000
Financial assets		
Cash and cash equivalents	**13,230**	15,963
Loans and receivables	**14,470**	11,325
Financial liabilities		
Loans and payables	**10,700**	18,673

The Directors consider that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values. All of the above financial assets are unimpaired.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each material class of financial asset, financial liability and equity instrument are disclosed in Note 1.

27. SHARE-BASED PAYMENTS

Warrants to subscribe for Ordinary Shares

No warrants were issued or exercised during the current and prior periods. During the current period 131,250 warrants expired with an average exercise price of 120 pence Sterling.

The total number of warrants exercisable at the period end is 750,000 (prior period: 881,250) at a weighted average exercise price of 64 pence Sterling (prior period: 72 pence Sterling). The outstanding warrants expired after the Balance Sheet date without being exercised.

Shares Granted Through ESOP Trust

During the current period the ESOP Trust, which is consolidated as part of the Group, transferred 1,506,813 shares to HJ Resources Limited, a related party (see Note 29). In the prior period 612,500 shares were transferred to a former Director. The fair value of the award was calculated by reference to market value at date of grant. An expense equal to the fair value of the equity instruments granted of $1.0 million (prior period: $0.6 million) was charged to the Income Statement. The corresponding credit was to the Share-Based Payment Reserve, and was transferred to Accumulated Deficit when the shares were issued. The weighted average price of shares issued was 42.5 pence Sterling (prior period: 67.2 pence Sterling).

Share options

No share options were granted during the current or prior periods.

	31 December 2015 Number of options 000s	31 May 2015 Number of options 000s
Opening balance	**2,856**	3,469
Exercised	**(1,507)**	(613)
Expired	**(50)**	–
Closing balance	**1,299**	2,856

Share options are granted with a strike price of 0.5 pence Sterling, vest immediately and have a 10 year expiry term. The weighted average remaining life of the outstanding options at 31 December 2015 was 5.8 years (prior period: 6.0 years).

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

28. ROYALTY OBLIGATIONS AND CONTINGENT LIABILITIES

Royalty Obligations

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

- 8% of gas production to the State of Cameroon 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 State of Cameroon as Petroleum Costs exceed gas revenue. The Group's interpretation of what constitutes Petroleum Costs has not been formally agreed to by the State of Cameroon. Should the Group's interpretation prove incorrect and the 8% royalty be payable on all gas production without recovery of Petroleum Costs, the Group's liability at 31 December 2015 would be $3.2 million (prior period: $2.2 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. See Note 16 and Note 29 for further information on CHL. The royalty expense relating to CHL in the current period was $3.2 million (prior period: $2.9 million);
- 2.5% of the Group's working interest in sales of hydrocarbons, which arose under commercial contracts for services. The royalty expense recorded in the current period was $0.3 million (prior period: $0.4 million);
- 1.2% of the value of oil and gas produced, net of certain deductions, which was assumed on acquisition of Bramlin Limited. The royalty expense recorded in the current period was $0.2 million (prior period: $0.3 million); and
- 0.8% of total production to RSM until RSM becomes entitled to its participating interest share of revenue (after the Group has recovered all of its costs and expenses incurred during the exploration phase, which occurred post Balance Sheet date). The royalty expense recorded in current period was $0.2 million (prior period: $0.1 million).

Other Contingent Liabilities

The Group has a customs bond from BGFI of Cameroon in support of the temporary import of Gensets. The portion of the bond which was attributable to the Group as at 31 December 2015 was $0.8 million (31 May 2015: $0.8 million).

The BGFI loan facility is secured by a pledge over the revenue stream of two customers. Furthermore, the Company has provided a letter of support to BGFI to support the facility (see Note 21).

The Group has a contingent liability of $5.0 million relating to a reserve bonus, pending the outcome of arbitration proceedings scheduled to begin later in 2016 (see Note 20).

In March 2016 the Group received a land claim amounting to $2.7 million. The claim states that certain property rights have been infringed by the pipeline network laid by GDC. The Directors believe the claim is without merit and it is being challenged to the full extent permissible under the local law. The Directors are of the opinion that the likelihood, timing and measurement of any amount to be paid are uncertain and contingent on the outcome of the legal proceedings. The Group's maximum exposure is $1.6 million, being its 60% participating interest in the claim.

At the Balance Sheet date the Group has a letter of credit with BGFI in favour of the selected drill rig operator in support of the mobilisation costs for the upcoming drilling programme. At the date of reporting the mobilisation costs have been paid and the letter of credit released.

29. RELATED PARTY TRANSACTIONS

The Consolidated Financial Statements include the financial statements of the Company and the subsidiaries listed in Note 30. The Company is the ultimate parent entity of the Group.

Related parties include key management personnel. Payments (including share-based payments) to Directors and other key management are set out in Note 11 and Note 12.

The following table provides details of transactions entered into by the Group with related parties:

	Director's other interest $'000	Other $'000
7-months to 31 December 2015		
Purchases from related parties	**–**	**209**
12-months to 31 May 2015		
Purchases from related parties	4	403

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

29. RELATED PARTY TRANSACTIONS CONTINUED

Directors

Robert Palmer is a Director of the Company and a member of The Gallagher Partnership LLP, an accountancy practice. These accounts include $Nil (prior period: $4,000) in relation to general accountancy services provided by The Gallagher Partnership LLP to the Company.

Kevin Foo and certain members of his family are potential beneficiaries of a discretionary trust that owns HJ Resources Limited ("HJR"). HJR is a shareholder of Highcountry Investments Limited, which owed the Company $30,000 as at 31 May 2015. HJR is also a shareholder in Logbaba Projects Limited. Logbaba Projects Limited owed the Company $32,000 at 31 May 2015. Both amounts due were fully repaid prior to 31 December 2015. There were no other transactions during the period.

Ahmet Dik is an Executive Director of the Company and was formerly a Director and shareholder of Blackwood General Trading LLC, a general trading company through which the Group entered into transactions to purchase capital equipment on normal arm's length terms to the value of $0.1 million during the period (prior period: $0.5 million). There were no amounts outstanding at the end of the period.

Cameroon Holdings Limited ("CHL")

On 9 July 2009, through its subsidiary GDC, the Group signed agreements with a private company, CHL, to secure a drilling rig and provide drilling services and emergency funding to enable the Group to meet its work obligations to the Government of Cameroon for the Logbaba Concession. Part of the consideration was a royalty over the Group's share of the revenues from the Logbaba Concession (see Note 28). There was also an obligation to pay 15% of the first $30 million of cumulative GDC revenue from the Logbaba project to meet mobilisation and demobilisation costs of the drilling rig. All drilling services were completed before 31 May 2010.

As per Note 16, the Company acquired a 35% interest in CHL from an unrelated party during the 2011 financial year. The remaining 65% of CHL is owned by Logbaba Projects Limited.

HJR (refer 'Directors' section above) has an indirect 43.4% shareholding in CHL due to its 67% interest in Logbaba Projects Limited, the controlling entity of CHL. However, Kevin Foo is excluded from the Board discussions and decisions in respect of the Group's investment in CHL and does not discuss CHL decisions with the Board nor seek the Board's view on CHL-related issues.

The following transactions took place between CHL and the Group during the current period:

- Royalties of $3.2 million relating to CHL were expensed during the current period (prior period: $2.9 million).
- CHL did not make any further loan repayments during the current period (prior period: $1.8 million repaid). The outstanding loan balance at 31 December 2015 was $0.3 million (31 May 2015: $0.3 million). The loan is interest free and does not have any fixed terms of repayment.
- CHL paid dividends of $1.1 million to VOG (prior period: $0.2 million).

The only transactions between the Group and CHL since the Company acquired its interest in CHL have been payment of royalties, payments related to mobilisation and demobilisation costs, dividends, and the repayment of loans.

Other Related Party Transactions

The Group employs the consulting services of AMV LLP ("AMV"). George Donne is a 25% partner of AMV and is related to Kevin Foo. Professional fees of $0.2 million (prior period: $0.1 million) were charged in relation to the consulting services provided by AMV to the Group.

Employee Share Ownership Plan ("ESOP")

The Victoria Oil & Gas ESOP Trust purchases and holds ordinary shares in the Company to satisfy scheme awards made to the employees of the Group. The Trust did not purchase any shares in the current or prior periods, and transferred 1,506,813 shares to HJR (refer Directors' section above), during the current period (prior period: 612,500 shares transferred to a former Director).

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

30. COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS

The holdings of the Group as at 31 December 2015 were:

Company	Country of incorporation	Class of shares	Percentage of capital held	Nature of business
Victoria Petroleum Limited	England & Wales	Ordinary	100%	Holding company
Victoria Oil & Gas International Limited	British Virgin Islands	Ordinary	100%	Investment in exploration and development
ZAO SeverGas-Invest	Russia	Ordinary	100%	Exploration
Bramlin Limited	Guernsey	Ordinary	100%	Holding company
Gaz du Cameroun S.A.	British Virgin Islands	Ordinary	100%	Exploration and production
Victoria Oil & Gas Central Asia Limited	England & Wales	Ordinary	100%	Holding company
Feax Investments Company Limited	Cyprus	Ordinary	100%	Holding company
Victoria Energy Central Asia UK Limited	England & Wales	Ordinary	100%	Holding company
Victoria Energy Central Asia LLP	Kazakhstan	Ordinary	100%	Representative office
Mogol LLP	Kazakhstan	Ordinary	100%	Dormant
Mogol Oil LLP	Kazakhstan	Ordinary	50%	Dormant
Cameroon Holdings Limited	Guernsey	Ordinary	35%	Royalty holding company

All of the Group's holdings are fully consolidated in the Group's Consolidated Financial Statements, with the exception of the Group's participating interest in the Logbaba gas and condensate project, which is accounted for as a joint operation, and Cameroon Holdings Limited, which is equity accounted.

The Group has a 60% participating interest in the Logbaba gas and condensate project, however the concession agreement governing the Logbaba Block grants the Cameroonian State an option to acquire a 5% participation at its share of the cost incurred to the date of execution of the option. Should the Cameroonian State exercise its option, the Group's interest would thereafter be reduced to 57%.

31. SUBSEQUENT EVENTS

On 17 February 2016, the Group reached an agreement with Glencore Exploration Cameroon Limited to acquire a 75% participating interest in the Matanda Block PSC. The Group, as operator, will assume responsibility for carrying out a proposed work programme, to be agreed by the Government of Cameroon. The assignment was conditional on the proposed work programme being agreed and other customary approvals from the Government of Cameroon. On 6 April 2016, the Group received confirmation of approval of the assignment from the State of Cameroon, which completed the acquisition. The consideration for the transaction was $Nil, however the Group has assumed the work programme obligations, which include seismic work to be performed in the near term (a range of $8.0-$10.0 million to be spent on the PSC over a two to three year period), and pending the findings of the seismic testing further exploration costs. The acquisition includes certain drilling plant and equipment, for no additional consideration. A valuation exercise is being carried out on the assets acquired to determine the fair value for accounting purposes. The Directors estimate the value of the acquired assets will exceed $4 million.

On 12 April 2016 the Group secured a debt facility with BGFI of XAF15 billion ($26.0 million) to support the capital expansion and exploration programme planned for 2016. The facility is repayable over five years, bears interest at the Cameroonian bank base rate less 1.85% p.a. (currently a net rate of 7.15% p.a.), and is secured by a pledge over certain receivables and a letter of comfort from the Company.

GDC expects to have reached 'payout' on the Logbaba gas and condensate project during May 2016. Should payout have been reached, from June 2016 onwards revenues will be split in accordance with the participating interests of the parties. To date the Group has benefited from receiving 100% of the revenue from the Logbaba gas and condensate project as recompense for incurring the full initial exploration costs.

On 29 May 2016, the Board approved Grant Manheim's retirement from the Board effective 31 May 2016 and Robert Palmer's effective 29 June 2016, when he retires by rotation at the Company's Annual General Meeting and does not stand for re-election. The Board also approved the appointment of Andrew Diamond as Director to take effect from 30 June 2016.

There were no other significant events after the Balance Sheet date that would have a material impact on the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements continued

For the 7-month period ended 31 December 2015

32. CAPITAL AND OPERATING LEASE COMMITMENTS

At 31 December 2015 the Logbaba Project had spent $0.5 million relating to the drilling programme for 2016. There were no capital commitments at that point. At the date of signing these financial statements the Logbaba Project has spent $4.9 million, including $2.0 million of mobilisation costs to get the selected drill rig to the Logbaba site, and has related commitments in the amount of $20.3 million. The Group, which is committed to its participating interest of 60%, being $12.2 million, expects to spend the full commitment amount during the 2016 financial year.

The Group has operating lease commitments at 31 December 2015 as follows:

	2016 $'000	2017-20 $'000	Total $'000
Operating lease commitments	266	408	674

Parent Company Balance Sheet

At 31 December 2015

	Notes	31 December 2015 $'000	31 May 2015 $'000
Assets:			
Non-current assets			
Property, plant and equipment		**17**	14
Investment in associate	B	**4,502**	4,502
Investment in subsidiaries	B	**12,400**	12,400
		16,919	16,916
Current assets			
Trade and other receivables	C	**99,163**	99,139
Cash and cash equivalents	D	**8,562**	13,190
		107,725	112,329
Total assets		**124,644**	129,245
Liabilities:			
Current liabilities			
Trade and other payables	E	**(1,018)**	(1,877)
Borrowings	F	**(2,408)**	(4,701)
		(3,426)	(6,578)
Net current assets		**104,299**	105,751
Net assets		**121,218**	122,667
Equity:			
Called-up share capital	G	**34,246**	34,240
Share premium		**230,194**	229,556
Other reserves		**315**	3,321
Retained earnings – deficit		**(143,537)**	(144,450)
Total equity		**121,218**	122,667

The financial statements of Victoria Oil & Gas Plc, registered number 5139892, were approved by the Board of Directors on 29 May 2016.

Kevin Foo
Executive Chairman

Robert Palmer
Finance Director

Parent Company Statement of Changes in Equity

For the 7-month period ended 31 December 2015

	Share capital $'000	Share premium $'000	Other reserves $'000	Retained earnings – deficit $'000	Total $'000
For the 12-month period ended 31 May 2015					
At 31 May 2014	34,240	229,556	4,197	(67,862)	200,131
Shares granted to ESOP members	–	–	–	638	638
Transfer expired warrants to retained earnings	–	–	(876)	876	–
Total comprehensive loss for the period	–	–	–	(78,102)	(78,102)
At 31 May 2015	34,240	229,556	3,321	(144,450)	122,667
For the 7-month period ended 31 December 2015					
At 31 May 2015	**34,240**	**229,556**	**3,321**	**(144,450)**	**122,667**
Shares issued	**6**	**638**	**–**	**–**	**644**
Shares granted to ESOP members	**–**	**–**	**–**	**964**	**964**
Transfer expired warrants to retained earnings	**–**	**–**	**(3,006)**	**3,006**	**–**
Total comprehensive loss for the period	**–**	**–**	**–**	**(3,057)**	**(3,057)**
At 31 December 2015	**34,246**	**230,194**	**315**	**(143,537)**	**121,218**

Share premium reserve

The share premium reserve is comprised of the excess of monies received in respect of share capital over the nominal value of shares issued, less direct and incremental share issue costs.

ESOP Trust reserve

The ESOP Trust reserve comprises of shares in the Company held by Victoria Oil & Gas ESOP Trust.

Other reserves

The other reserves includes the share-based payment reserve. Transfers to retained earnings for the period ended 31 December 2015 include $2.8 million relating to an expired convertible option on a loan note issued in 2008 and $0.2 million relating to expired warrants.

Retained earnings – deficit

Retained earnings – deficit comprises accumulated losses in the current and prior periods.

Notes to the Parent Company Financial Statements

For the 7-month period ended 31 December 2015

A. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Victoria Oil & Gas Plc are summarised below.

Statement of compliance and basis of preparation

These separate financial statements, of Victoria Oil & Gas Plc ("the Company"), for the seven-month period ended 31 December 2015, are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council. During the seven-month period ended 31 December 2015 the Company has decided to adopt Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and has undergone transition from reporting under International Financial Reporting Standards as adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

The financial statements have been prepared under the going concern basis and are presented in US Dollars, rounded to the nearest thousand ($'000) except where otherwise indicated. They have been prepared under the historical cost convention except for the revaluation of certain financial instruments.

On 10 November 2015 the Company changed its accounting reference date from 31 May to 31 December and accordingly presents its financial statements for the seven-month period ended 31 December 2015 ("the current period"). The comparative disclosure is for the twelve-month period ended 31 May 2015 ("prior period").

Exemptions

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The Company has taken advantage of the exemptions permitted under FRS 101 in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and certain related party transactions.

Accounting policies

The principal accounting policies adopted are the same as those set out in Note 1 to the Consolidated Financial Statements, except as noted below.

Fixed asset investments

Fixed asset investments, which comprise investments in subsidiary undertakings and associates, are stated at cost less impairment amounts.

Financial support

The Company has issued letters of support in relation to the indebtedness of companies within the Group. The Company treats such letters as a contingent liability unless and until such time as it becomes probable that the Company will be required to make a payment.

B. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Full details of significant investments held by the Company and the Group are detailed in Note 30 of the Consolidated Financial Statements.

Subsidiaries

	31 December 2015 $'000	31 May 2015 $'000
Cost:		
Cost of investments	**49,764**	49,764
Impairment:		
Opening balance	**(37,364)**	(19,975)
Charge for the period	**–**	(17,389)
Closing balance	**(37,364)**	(37,364)
Carrying amount:		
Closing balance	**12,400**	12,400

The remaining investment is in respect of the Company's investment in Bramlin Limited and relates to the Logbaba Project.

The realisation of investments in subsidiaries of $12.4 million is dependent on the continued successful development of economic reserves.

Notes to the Parent Company Financial Statements continued

For the 7-month period ended 31 December 2015

B. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES CONTINUED

Associate

	31 December 2015 $'000	31 May 2015 $'000
Opening balance	**4,502**	–
Transfer from unlisted investment	**–**	4,502
Investment in associate	**4,502**	4,502

The Company has a 35% interest in Cameroon Holdings Limited ("CHL"). See Note 16 of the Consolidated Financial Statements for further information regarding CHL.

C. TRADE AND OTHER RECEIVABLES

	31 December 2015 $'000	31 May 2015 $'000
VAT recoverable	**51**	13
Prepayments	**20**	60
Amounts due from subsidiaries	**98,092**	98,347
Other receivables	**1,000**	719
	99,163	99,139

Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing loans repayable on demand. The value of the amounts due from subsidiaries is dependent on the continued successful development of economic reserves.

Of the $98.1 million, $1.1 million is Sterling-denominated and $97.0 million US Dollar-denominated (prior period: $1.1 million Sterling-denominated and $96.9 million US Dollar-denominated).

The balance at 31 December 2015 is stated net of an impairment provision against the amount due from Victoria Energy Central Asia LLP of $17.8 million (prior period: $17.7 million), from Victoria Oil and Gas Central Asia Limited of $2.5 million (prior period: $4.5 million) and from ZAO SeverGas-Invest of $44.1 million (prior period: $43.8 million).

At the period end, the ESOP Trust owed the Company $1.1 million (prior period: $1.1 million) for shares subscribed for but not yet paid. Note 27 of the Consolidated Financial Statements provides details of the value of shares transferred from the ESOP Trust during the current period.

D. CASH AND CASH EQUIVALENTS

	31 December 2015 $'000	31 May 2015 $'000
	8,562	13,190
Denomination:		
US Dollar	**7,913**	12,976
Sterling	**630**	97
Euro	**19**	117
	8,562	13,190

Notes to the Parent Company Financial Statements continued

For the 7-month period ended 31 December 2015

E. TRADE AND OTHER PAYABLES

	31 December 2015 $'000	31 May 2015 $'000
Amounts due within one year:		
Trade payables	**217**	441
Taxes and social security costs	**53**	438
Accruals	**748**	998
	1,018	1,877

F. BORROWINGS

The Company borrowings relate to Noor Petroleum Limited and are disclosed in more detail in Note 21 of the Consolidated Financial Statements.

G. CALLED-UP SHARE CAPITAL

Details of the Company's called-up share capital are disclosed in Note 23 of the Consolidated Financial Statements.

H. LOSS FOR THE PERIOD

The loss for the seven-month period ended 31 December 2015 was $3.6 million (loss for the twelve-month period ended 31 May 2015: $78.1 million).

The auditor's remuneration for audit and other services is disclosed in Note 8 of the Consolidated Financial Statements.

I. RELATED PARTY TRANSACTIONS

Certain disclosures relevant to the Company are presented within Note 29 of the Consolidated Financial Statements. Company transactions with Group undertakings primarily consist of loan transactions and central service recharges.

The Company received $1.1 million of dividends from CHL during the period (prior period: $0.2 million). There were no further material transactions with non-wholly owned Group undertakings (prior period: Nil).

J. CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

To help secure cost effective finance facilities for its subsidiaries, the Company has issued letters of support to some of its finance providers. At 31 December 2015 letters of support totalling $4.8 million (31 May 2015: $6.0 million) were in place to support such facilities. Post the Balance Sheet date the Company issued a further letter of support in the amount of $28.0 million in favour of a finance provider for the extension of a new debt facility and a letter of credit to GDC.

On 29 May 2016, the Board approved Grant Manheim's retirement from the Board effective 31 May 2016 and Robert Palmer's effective 29 June 2016, when he retires by rotation at the Company's Annual General Meeting and does not stand for re-election. The Board also approved the appointment of Andrew Diamond as Director to take effect from 30 June 2016.

K. OPERATING LEASE COMMITMENTS

The Company's operating lease commitments are disclosed in Note 32 of the Consolidated Financial Statements.

Definitions, Abbreviations & Glossary

"1P"	Proven – Reserves which on the available evidence are virtually certain to be technically and economically producible. For the purpose of this definition it has a better than 90% chance of being produced
"2C"	Best estimate of contingent gas and condensate reserves
"2P"	Proven + probable – Reserves which are not yet proven but which are estimated to have a better than 50% chance of being technically and economically producible
"3P"	Proven + probable + possible – Reserves which at present cannot be regarded as 'probable' but are estimated to have a significant but less than 50% chance of being technically and economically producible
"AFEX"	Afex Global Limited, owner of 25% participating interest in the Matanda PSC
"AGM"	Annual General Meeting
"AIM"	Alternative Investment Market, a sub-market of the London Stock Exchange
"AMV"	AMV LLP
"bbl"	Barrel, or 42 US gallons
"bcf"	Billion cubic feet 1 bcf = 0.83 million tonnes of oil equivalent
"BGFI"	BGFIBank Cameroon S.A., an African bank with operations in Cameroon
"CHL"	Cameroon Holdings Limited of which the Company owns a 35% interest
"CNG"	Compressed Natural Gas
"the Code"	UK Corporate Governance Code September 2015
"the Company"	Victoria Oil & Gas Plc
"current period"	The seven-month reporting period to 31 December 2015
"D&R"	Decommissioning and rehabilitation
"Deferred Shares"	The deferred shares of 19.5 pence each in the capital of the Company to be created pursuant to the Sub-Division
"E&P"	Exploration and production
"EBITDA"	Earnings before interest, taxes, depreciation and amortisation
"ENEO"	ENEO Cameroon S.A., Cameroon's national electricity generating company
"ESOP"	Employee Share Ownership Plan
"FRS 101"	Financial Reporting Standard 101 Reduced Disclosure Framework
"GDC Matanda"	Gaz du Cameroun Matanda S.A.
"GDC"	Gaz du Cameroun S.A.
"GIIP"	Gas initially in place
"the Group"	Victoria Oil & Gas Plc and its subsidiaries
"GSA"	Gas sales agreement
"GTP"	Gas-to-power
"HJR"	HJ Resources Limited
"IFRS"	International Financial Reporting Standards
"KPI"	Key Performance Indicators
"LTI"	Lost time incidents
"Matanda"	Matanda Block, 1,235km^2 hydrocarbon licence in Cameroon
"mmbbl"	Million barrels
"mmbtu"	Million British Thermal Units of Energy
"mmscf"	Million standard cubic feet
"P50"	Prospective resources with a 50% probability that the size of the field is larger or smaller than indicated
"prior period"	The twelve-month reporting period to 31 May 2015
"Prospect"	A potential accumulation that is sufficiently well defined to represent a viable drilling target
"PSC"	Production Sharing Contract for the Matanda block
"PwC"	PricewaterhouseCoopers LLP
"RSM"	RSM Productions Corporation
"scf"	Standard cubic feet
"SNH"	The National Hydrocarbons Corporation of Cameroon
"tcf"	Trillion cubic feet
"VOG"	Victoria Oil & Gas Plc
"XAF"	Central African Francs currency

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Company Registration No. 5139892
(England and Wales)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Victoria Oil & Gas Plc (the "Company") will be held on Wednesday 29 June 2016, at 11.00 a.m. at Coin Street Neighbourhood Centre, South Bank Room 1, 108 Stamford Street, South Bank, London SE1 9NH, to consider and if thought fit to pass the following Resolutions, of which Resolutions 1 to 4 (inclusive) will be proposed as Ordinary Resolutions and Resolution 5 will be proposed as a Special Resolution.

Ordinary Business:
As Ordinary Resolutions:

1. To receive the Company's Accounts for the seven-month period ended 31 December 2015 together with the Directors' reports and the Auditor's report on those Accounts.

2. To elect Iain Patrick as a Director of the Company.

3. To re-appoint Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business:
As an Ordinary Resolution:

4. THAT the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (within the meaning of Section 560(1) of the Act):

(a) up to an aggregate nominal amount of £182,492; and

(b) up to a further aggregate nominal amount of £182,492 provided that (i) they are equity securities (within the meaning of section 560(1) of the Act) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that such authority shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution save that the Company may pursuant to the authority make offers or agreements before the expiry of the authority which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred thereby had not expired.

As Special Resolution:

5. THAT subject to the passing of Resolution 4, the Directors be and are hereby empowered pursuant to Section 570 and 573 of the Act to allot equity securities (within the meaning of Section 561(1) of the Act) wholly for cash pursuant to the authority conferred by Resolution 4 as if Section 561(1) of the Act did not apply to any such allotment, and this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of such securities by way of rights (including without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of such securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates or any other legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(b) otherwise than pursuant to the resolution referred to in 5(a) above of up to an aggregate nominal amount equal to ten per cent of the issued ordinary share capital of the Company from time to time;

provided that (unless renewed)

(i) the authority contained in this resolution shall expire at the commencement of the Annual General Meeting held next after the passing of this Resolution, and

(ii) the Company may before such expiry make such offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

By Order of the Board

Leena Nagrecha
Company Secretary

29 May 2016

Victoria Oil & Gas Plc
Hatfield House
52/54 Stamford Street
London
SE1 9LX

Notes to the Notice of Annual General Meeting

Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the Chairman) and give your instructions directly to the relevant person.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must speak with the Company Secretary. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.

4. If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at his discretion. Your proxy will vote or abstain from voting as they think fit in relation to any other matter which is put before the meeting.

Proxy voting using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold his vote.

6. To appoint a proxy using the proxy form, it must be:
   6.1 completed and signed;
   6.2 sent or delivered to Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; and
   6.3 received by the Registrar no later than 11.00 a.m. on 27 June 2016.

7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Electronic proxy voting through the internet

9. You are able to appoint a proxy online by visiting www.investorcentre.co.uk/eproxy. You will be required to enter your control number, shareholder reference number and PIN which can be found either on your proxy form or within the email notifying you of the AGM. The proxy appointment and instructions must be received by the Registrar no later than 11.00 a.m. on 27 June 2016.

Electronic proxy voting through CREST

10. CREST members will be able to cast their vote using CREST electronic proxy voting using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Registrar (ID number 3RA50) not later than 11.00 a.m. on 27 June 2016.

Appointment of proxy by joint members

11. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the method set out in paragraphs 5 to 9 above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.

13. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

14. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

15. The revocation notice must be received by the Registrar no later than 11.00 a.m. on 27 June 2016.

16. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, your proxy appointment will remain valid.

17. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.