Victoria Oil & Gas Plc
Annual Report & Accounts
to 31 December 2020

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accounts

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Victoria Oil & Gas Plc

Victoria Oil & Gas Plc ("VOG") is a fully-integrated onshore gas producer and distributor through its operations located in the port city of Douala, Cameroon, and also has an asset in the FSU.

The Company is focused on providing a cleaner and more efficient energy alternative to diesel and heavy fuel for the Douala region of Cameroon through the safe and reliable supply of its natural gas.

Through the Company's wholly-owned subsidiary, Gaz du Cameroun S.A. ("GDC"), VOG has developed a cash generative business that delivers fully integrated, indigenous gas to local industry and communities. GDC has delivered gas to grid power, thermal and industrial power customers using safe, consistent and scalable solutions since 2012 via its now 51 km gas distribution pipeline network from the Logbaba Project.

Through the direct and indirect employment of people within the region, investment in local communities and its development of industry expertise and infrastructure, VOG is committed to ensuring a long-term energy future for the Douala region in Cameroon, where demand for power remains high.

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

Contents

Year in Review

Key Events

- Appointment of new Executive Directors.
- Successful remediation of well La-108.
- Settlement with Cameroon Holdings Limited.
- Termination of ENEO contract.
- Extension of Matanda Licence.

Post Period Events

- Full and final settlement with ENEO.
- Well La-108 tied in and put on production.
- Approval of Matanda Environmental and Social Impact Assessment.
- Unsecured loan note with Hadron Master Fund of £1.25 million.
- Unsecured loan note facility with Meridian Capital (HK) Ltd for up to US$7.5 million.

Daily Average Gross Gas Sales (MMscf/d)

2020 **4.86**
2019 **8.13**
2018 **3.86**

Decrease due to no Grid Power consumption

Annual Gross/Attributable Gas Sold (MMscf)

2020 **Attributable 1,013** **Gross 1,778**
2019 **Attributable 1,691** **Gross 2,967**
2018 **Attributable 804** **Gross 1,410**

Thermal – Gross Gas Sold (MMscf)

2020 **1,677**
2019 **1,505**
2018 **1,311**

Industrial Power – Gross Gas Sold (MMscf)

101
98
74

Grid Power – Gross Gas Sold (MMscf)

Nil
1,364
25

Attributable Revenue (US$ million)

2020 **13.2**
2019 **20.8**
2018 **10.8**

Attributable Revenue – excluding grid power (US$ million)

2020 **13.2**
2019 **12.8**
2018 **10.7**

Chairman's and Chief Executive Officer's Letter

Dear Shareholders,
The twelve months of 2020 will be remembered as a traumatic period in which the Covid-19 pandemic affected the lives and livelihoods of almost everyone around the globe and forced much of the world into an unprecedented lockdown with significant impact on the global economy and energy demand on an unprecedented scale. The severity, length and ultimate impact of the pandemic remain uncertain; however, as the global response to the pandemic continues, including mass vaccination campaigns, there is an expectation that economies will begin to recover throughout 2021/2022, bringing with it the fundamental drivers for energy demand.

Your company's operations were affected by the pandemic as capital projects in West Africa had to be halted and the YaNAO region of Russia underwent a severe lockdown. We are pleased to say that both jurisdictions eventually emerged from the worst of the pandemic's restrictions and are particularly pleased to report that Gaz du Cameroun S.A ("GDC") managed to safely and continuously meet all of its customers demand for natural gas throughout the year.

2020 saw the installation of an all-new, highly experienced, professional executive management team in the form of Roy Kelly as Chief Executive Officer and Rob Collins as Chief Financial Officer. The new team has been tasked with, preserving capital, continuing the transition to profitability and tackling the litany of legacy issues we spoke of in last year's Annual Report. 2020 has felt like the bottom of the curve for the Company as in a short space of time our new team oversaw the successful remediation of Logbaba's well La-108, settled the dispute with Cameroon Holdings Limited ("CHL") and took decisive action to terminate the grid power contract and set out to recover receivables from Eneo Cameroon S.A. ("ENEO").

Impact of Covid-19
Cameroon shut its borders in March 2020, restricting the movement of raw materials to our customers, constraining our customers' cross-border exports, and severely limiting the movement of personnel and equipment. These issues had a minor impact on our gas sales as GDC's customers showed great resilience in the face of these restrictions. However, we had to suspend the well La-108 remediation and the Matanda Environmental and Social Impact Assessment ("ESIA") in March 2020 as these operations involved largely expatriate crews who were repatriated before international travel was stopped. Operations recommenced in September 2020, but not before each of these projects lost some six months, and of course incurred additional mobilisation and demobilisation costs.

In the YaNAO region of Russia, where our West Medvezhye ("West Med") asset is located, there has been a severe lockdown for much of 2020, continuing into 2021. Whilst we have had no planned field operations in the period, travel to and from the region was interrupted for our expatriate staff.

Financial Performance
The financial performance in 2020 is obscured by the effect of the settlement with ENEO, the settlement with CHL and the regularisation and separation of business with Société Nationale Des Hydrocarbures ("SNH"). These matters are discussed in the Financial Review.

Attributable revenue for thermal and industrial power, was US$13.0 million, 8.4% higher than the prior year.

The Group is reporting a loss after tax of US$9.0 million for the year ended 31 December 2020 (2019: loss of US$110.3 million). The material difference in the loss is due to the impairment of assets of US$95.8 million in the prior year.

Loss per share, which includes the items listed above, was 3.51 cents (2019: loss of 48.20 cents).

Net assets for the year ended 31 December 2020 were US$2.3 million (2019: US$11.3 million).

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the Financial Statements. Whilst there are material uncertainties, the Directors have concluded that it is appropriate to prepare the Financial Statements on a going concern basis (see Note 3).

Chairman's and Chief Executive Officer's Letter continued

Review of Operations

Key Events

- Grid Power Customer ENEO consumed zero gas in 2020 and contract terminated
- Gross gas sold of 1,778 MMscf (2019: 2,967 MMscf)
- Attributable gas sold 1,013 MMscf (2019: 1,691 MMscf)
- Daily average gross gas sold 4.86 MMscf/d (2019: 8.13 MMscf/d)
- Successful remediation of well La-108
- Extension of Matanda licence

Logbaba

We remain mindful of capital preservation and risk mitigation, and we envisage continuing the use of the existing well stock, including the newly remediated well La-108. It has been well documented that Logbaba wells are relatively deep, over-pressured and have been operationally and geologically complex and expensive to drill. In addition, the Logbaba field underlies the populous city of Douala, making the acquisition of a comprehensive seismic grid challenging, all of which would make anyone reticent to drill more wells at this time, but especially at a time of capital preservation. Any hydrocarbon accumulation is finite in volume, and we recognise the concentration risk in the Logbaba project, especially with a finite well stock, thus our pursuit of other projects both in Cameroon and in other countries.

Reserves & Resources

Management reduced its estimate of Proved Reserves ("1P") for the Logbaba Field at the beginning of the period following a review of well performance and in light of the limited well stock. At 1 January 2020 Logbaba Proven 1P reserves gross were 19 Bcf, reducing to 17 Bcf at year-end from production. The reality is that, prior to the recommissioning of well La-108 (a post-period event), the field has relied predominantly on well La-105 (which has produced over 80% of reserves to date), with back-up from well La-107 and occasional back-up from well La-106, which had been fully written down in 2016.

Early estimates of reserves, before the field's geological variability had been recognised, had envisioned a full field development with many more wells drilled. The reality is that without higher quality seismic to mitigate the geological uncertainty that has led to such variable well results, and fewer surface challenges, the drilling of new wells at Logbaba would not be the best use of precious capital resources at this time.

Well La-108 Remediation Project

As shareholders will remember, at the end of the testing operation for well La-108 in December 2017, a spent perforating gun was stuck in the production tubing at a depth of 895 m, with a wireline cable extended from the stuck gun to surface. In April 2018, the cable was cut downhole at a depth of about 700 m. The cut wire was recovered from the hole, leaving the perforating gun and about 200 m of cable in the hole.

In the first half of 2019, an attempt was made to remediate the well and the tool string and a large proportion of the wire was retrieved. A clean-out assembly was run to recover the remaining 50 m of wire and clean the hole, but this became stuck in the tubing at approximately 900 m. Operations were suspended at the end of October 2019 to mobilise additional equipment to complete the remediation programme.

The continued remediation work on well La-108 was expected to commence in March 2020 upon the arrival of the additional equipment which was sourced to perform the project. With the equipment and crew on site, however, due to safety concerns related to measures taken in-country regarding Covid-19, the snubbing rig contractor evacuated its expatriate personnel. The crew eventually returned in September 2020 following the relaxing of travel restrictions and successfully recovered all fish and debris from the well down to the Lower Logbaba formation. Six sets of perforations were then shot across a total estimated gross pay interval of 86 m of the Upper Logbaba Formation inside the 4½" liner. The well was opened up for a clean-up flow test to flare on 11 November 2020 and achieved a flowrate of just under 20 MMscf/d with a FWHP of 3,580 psig on a 32/64" choke. This rate was the maximum possible through the small diameter surface flowlines that were used. This remediation was no mean feat and the result of meticulous planning and execution by the team and its subcontractors, who are to be congratulated on the outcome. The complexity of such operations in a deep, high pressure well are exacerbated by the remoteness of our operation from reliable supply lines meaning lead times for spares or new equipment can be several weeks or months as there are no other upstream operations onshore Cameroon. It remains to be seen how the well will contribute to the field over the longer-term, and as we have seen in the other wells: long-term performance is highly variable, and the ultimate recovery from the well does not correlate with short-term performance.

Chairman's and Chief Executive Officer's Letter continued

Processing Facilities Enhancements
A Facilities Enhancement Project ("FEP") was approved by the Board in 2018, with the objective of lowering the minimum gas inlet pressure to the plant, thereby maximising deliverability and ultimate recovery from the wells.

The project includes the installation of a feed gas chilling system to ensure continued gas and condensate export at lower wellhead pressures, whilst maximising recovery from all wells. It should also provide operational flexibility and increased reliability by enabling both high-pressure and low-pressure wells to be produced concurrently, thereby potentially extending the life of the wells at the Logbaba Field. The project was to be delivered in two stages. Stage 1, which was completed in September 2019, comprised the following Front End Engineering Design ("FEED") work: engineering design, cost estimation and execution planning for implementation of the selected process configuration; with Stage 2 to focus on execution, including detailed engineering, design, equipment and materials specification, procurement, fabrication, shipping, construction and commissioning.

Mindful of the preservation of capital, the Company carried out low-pressure trials on the plant in 2020 without any major modifications, assessing in particular whether the gas will stay within export specification as the plant operating pressure is reduced, and the results suggested this was possible down to 20 to 25 barg. We are thus able to slowly reduce the operating pressure of the plant with the full expenditure of the enhancement project deferred until such time that it becomes necessary.

Pipeline
During 2020, 0.51 km of service lines were laid and the total pipeline network at the year-end was 51.6 km.

Matanda
The Matanda Production Sharing Contract ("PSC") was entered into in early 2016 with GDC having a 75% working interest and Operatorship along with partner AFEX Global Ltd ("AFEX") with a 25% working interest. SNH has the right to back into a 5% to 25% working interest post exploitation licence. In late 2020, the Minister of Mines, Industry and Technological Development granted a one-year extension to our licence to 17 December 2021.

In 2020 the Company completed an updated evaluation of the prospectivity of the licence, and a de-risking of existing prospects. Numerous Tertiary and Cretaceous prospects and leads have been identified, and a number of these are significantly de-risked by shows or hydrocarbon tests in nearby wells, in particular the wells drilled in the contiguous Bomono Block in 2015.

Alongside the above workstreams, the scope for the ESIA was finalised to ensure that all aspects of risks to the environment and social factors have been assessed and necessary precautions taken, in accordance with the requisite rules and regulations, to ensure there is minimal impact on the environment ahead of drilling preparation. A team arrived in country to start the ESIA in March 2020 but were unfortunately repatriated out of Cameroon due to Covid-19 and in total some six months were lost before they could return and complete the work. The ESIA was submitted in March 2021 and GDC was pleased to announce that the ESIA Report on its planned activities on the Matanda Block was approved in early June 2021. The certificate of environmental conformity, as issued by an inter-ministerial committee between the Ministry of Environment, Protection of Nature and Sustainable Development ("MINEPDED") and the Ministry of Mines, Industry and Technological Development ("MINIMIDT") permits the progress of drilling activities subject to the implementation of an approved Environment and Social Management Plan ("ESMP").

In order to share the capital and risk of drilling the commitment well, the Company is seeking an industry partner via a farmout process which continues post-period.

West Medvezhye ("West Med")
The Company's 100% owned West Med Licence in the prolific West Siberian basin contains the 2006 oil discovery in well 103, which was subjected to an extended well test at the time. As previously described, the Company has commenced a process to divest the West Med Field and is in discussions with potential buyers of the field.

The perfect storm in early 2020 of Covid-19 and oil price volatility of crude prices led to a hiatus in the sales process but this picked up again towards the end of the year. Post-period: the Company continued discussions with potential buyers. There is of course no guarantee that any of these potential buyers will produce a binding offer.

Potential GDC Role in the Downstream Segment of the Offshore Etinde Project
Shareholders will know that GDC signed a non-binding letter of intent ("LOI") with Etinde Operator New Age Cameroon Offshore Petroleum S.A. ("New Age") for the supply of natural gas from the Etinde Field. Whilst New Age and its partners progressed the engineering design of the project, they have yet to take a Final Investment Decision ("FID"), which could now slip into 2022 according to public domain sources.

Chairman's and Chief Executive Officer's Letter continued

Post-period, this LOI expired on 31 March 2021 and we agreed with New Age not to renew it. Instead we entered into discussions with SNH and other stakeholders about our continuing involvement, including an offer for GDC to be an offtaker of gas. In addition to the numerous conditions that the Etinde project must fulfil, the State must also clarify the timing and size of potential power projects for the Limbe (the landfall for Etinde gas) and Bekoko (on the outskirts of Douala) sites.

Customers

Since 2012, the Company has been continuously supplying natural gas through VOG's wholly-owned subsidiary, GDC, to numerous customers in the Douala area for a variety of uses.

Industrial Customers

GDC has some 40 customers connected and metered and usually has 30 to 36 customers online at any time. In recent years, GDC has experienced more and more requests for increased demand as our customers expand their own businesses and some seek independence from unreliable grid power supplies by installing small generation sets ("gensets") to make them self-sufficient. Such organic growth is obviously of high value, but we take great care to match our finite Logbaba supply to demand projections.

Our top ten customers by volume include a palm oil plant, a flour mill, bottling plants, cement works, a cotton manufacturer and breweries – a diverse range of industries. The Logbaba operation's safety record continues to set records, indeed it has now gone over 1,280 days without even a Lost Time Incident.

During 2020, GDC was able to offer increased sales to some existing customers because of the termination of the ENEO contract, and several customers took advantage of this opportunity, leading them to order and install new equipment.

The focus continues to be to improve our customer diversification. During 2020, one new industrial power customer, SCTB2, was commissioned and post year end the same customer initiated consuming gas for thermal use. Post-period, a further customer was connected to the network, Prometal 4.

The continued efforts on industrial customer growth were reflected in 2020 gas sales with a 11% increase in gross thermal gas sales to 1,677 MMscf and a 3% increase in industrial gas for power consumption with 101 MMscf gross consumed. As is normal, we have also seen several smaller customers cease consumption during the period for various reasons.

Grid Power Customer

There continued to be no demand from ENEO for their Logbaba site in 2020, as the third-party gensets on the Logbaba site remained disconnected.

In early 2020, ENEO arranged payment of four invoices related to gas supplied up to September 2019, totalling US$5.1 million via four promissory notes. After these payments, there was still a significant amount outstanding relating to invoices from September 2019 onwards. After repeated requests to discuss settlement and with the aged debt ever increasing, the Company had no alternative but to terminate the contract with ENEO in July 2020 with ten unpaid invoices outstanding at that stage. We note also that the third-party provider of the gensets had also terminated its contract with ENEO. The outstanding receivables from ENEO were covered under the take-or-pay provisions of the term sheet. The Company subsequently entered into negotiations with ENEO and post-period a settlement was arrived at involving payment for all unpaid 2019 invoices plus interest on these invoices up to the end of February 2021 amounting approximately to US$5.1 million gross (US$2.9 million attributable to GDC). These funds were received in early June. In addition, the Company will seek credit for approximately US$0.7 million gross (US$0.4 million attributable to GDC) of taxes paid at the time of billing on invoices that have been fully written down in the accounts.

Other Independent Power Producers – AKSA

In July 2019, the Company and Aksa Enerji Uretim A.S. ("AKSA") signed a term sheet for the sale of approximately 25 MMscf/d of gas to supply AKSA's proposed 150 MW Douala Power Station (Bekoko). The term sheet remains subject to a number of conditions precedent.

AKSA remains in discussions with New Age and SNH on the offtake of Etinde gas and also with GDC on gas supply from Logbaba. The Company will need certainty of competitive pricing, plus a better understanding of the long-term performance of well La-108 prior to committing to the supply of 9 Bcf/year of gas that the AKSA term sheet requires.

Chairman's and Chief Executive Officer's Letter continued

Contingent Liabilities

CHL

The litigation with CHL was settled in full in November 2020, converting what was an unknown and potentially large liability, and one that would have been instantly payable in the event of an adverse outcome, into a known financial liability which can be paid out over many years or sooner without an early redemption penalty. This full and final settlement also terminates the Royalty Agreement. Furthermore, significant legal costs have also been avoided, allowing management to focus on more value-adding activities.

The financial impact of the CHL settlement is discussed in the Financial Review and in Note 22.

Requirement to Separate Upstream and Downstream

The separation of the business into upstream and downstream business units remains a requirement of the Petroleum and Gas Codes in Cameroon (the "PGC") and is an industry norm.

The Logbaba Project has operated as an integrated upstream and downstream operation since inception. In order to comply with the Gas and Petroleum Codes in Cameroon, the parties are working with the Cameroonian Government to separate the business into its components. The parties are in ongoing negotiations with SNH regarding the mechanism and fiscal arrangements for, amongst others: the potential participation of SNH in the downstream activities; the allocation of assets, liabilities, revenues and costs, and the associated transfer pricing mechanisms; and the net settlement required by SNH to take ownership of their entitlement. One of the matters under negotiation has been GDC's obligation to pay State Royalties. In prior years this potential liability was disclosed as a contingent liability. Following the signing of a new Accounting Procedure to the licence in mid-2020, the royalty liability has now crystalised and the Company accordingly recognised a provision of US$9.6 million in the Annual Report to 31 December 2019. This has been increased to US$13.2 million as at 31 December 2020 and recognised as a current liability. This amount has been offset by amounts owing by SNH with respect to their 5% share of net revenues and costs.

RSM

RSM instituted an arbitration in Texas, USA under ICC rules in 2018, in which it is asserting material claims primarily related to final invoices for the drilling of the two wells, La-107 and La-108, the pay-out calculation and certain audit exceptions raised by RSM following audits of the Logbaba operations between 2015 and 2019. The hearing took place in April 2021 remotely by video-conference, though the panel's findings and any award is not expected until August 2021.

Separately, on 3 February 2020, RSM filed an arbitration application under UNCITRAL Rules pursuant to a Participation Agreement for the project. Much of the relief sought in this second arbitration duplicates the claims in the ICC arbitration, save that it also challenges the validity of cash calls GDC issued in November 2019 for RSM's share of expenses in relation to the well La-108 remediation and raises issues relating to the primacy of the underlying governing documents relating to the Logbaba Project, and the process of approvals for certain actions of GDC as the Operator. This arbitration will be heard in London under Cameroon Law, currently scheduled for late September 2021.

Arbitrations under ICC and UNCITRAL rules are confidential processes. VOG is thus not permitted to provide detailed comments on them, beyond saying that it continues to vigorously defend the claims raised by RSM.

La-108 Insurance Claim

The Company continues to pursue its highly meritorious claim with the help of industry claim specialists to assist in the matter.

OECD Claim

Following a complaint to the Organisation for Economic Co-operation and Development ("OECD") in 2018 and various communications with the UK National Contact Point ("NCP") for promotion of the OECD Guidelines for Multinational Enterprises (the "Guidelines"), the Company continued mediation in early 2020. Whilst meetings had to be postponed due to Covid-19 restrictions a number of the issues raised continue to be addressed. The Company does not expect any economic costs resulting from this claim.

Board Changes

There were a number of Board changes during the period, specifically:

Mar 2020	• Ahmet Dik – CEO resigned • Roy Kelly – CEO joined
May 2020	• Andrew Diamond – Finance Director resigned
Aug 2020	• Rob Collins – resigned as NED and joined as CFO
Nov 2020	• Roger Kennedy – converted from Executive to Non-Executive Chairman

Chairman's and Chief Executive Officer's Letter continued

Strategic Focus

Shareholder Return and Experience
We aim to maximise shareholder return from the portfolio, and also enhance the shareholder's experience by greater access to information and management in a timely fashion. The maximisation of returns starts by harvesting maximum value from existing assets, mindful of all stakeholders.

Capital Discipline
The preservation of capital is a core mantra. Ongoing capital discipline includes the careful management of cashflow and minimising calls on shareholder capital, as is staying low on the cost curve by avoiding exotic and expensive locations or technologies.

Legacy Issues
The Company continues to face a number of legacy issues that cannot be ignored and we aim to deal with these decisively.

Diversification
By diversification, we mean commercial and geo-political diversification to mitigate single asset/single country concentration risk. To this end, a number of opportunities have presented themselves, but we shall of course be constrained by our Balance Sheet and risk appetite.

Good Corporate Citizenship
As a strategic imperative, we will continue to bring ESG matters to the fore in everything we do, starting with our social licence to operate, through to our role in sustainability and in the Net Zero journey.

We would like to take this opportunity to thank our employees, consultants and project partners and shareholders for their continued commitment and support in what, given Covid-19, has been an especially challenging year.

Roger Kennedy
Chairman
12 July 2021

Roy Kelly
Chief Executive Officer
12 July 2021

Financial Review

The year ended 31 December 2020 ("current year") was an exceptionally challenging year for the Group dealing with many legacy issues, such as:

- defending the legal proceedings initiated by Cameroon Holdings Ltd ("CHL") with respect to the suspension of payments to CHL under the CHL Royalty Agreement;
- defending the arbitrations initiated by RSM in Texas, USA under ICC rules and in London under UNCITRAL rules;
- the remediation of well La-108;
- the negotiations with ENEO to attempt to recover amounts outstanding to GDC; and
- the ongoing discussions with SNH with respect to the regularisation of the concession and the separation of the business into upstream and downstream businesses.

The Logbaba Project has operated as an integrated upstream and downstream operation since inception. In order to comply with the Gas and Petroleum Codes in Cameroon, the parties are working with the Cameroonian Government to separate the business into its components. The parties are in ongoing negotiations with SNH regarding the mechanism and fiscal arrangements for, amongst others: the potential participation of SNH in the downstream activities; the allocation of assets, liabilities, revenues and costs, and the associated transfer pricing mechanisms; and the net settlement required by SNH to take ownership of their entitlement. One of the matters under negotiation has been GDC's obligation to pay State Royalties. In prior years this potential liability was disclosed as a contingent liability. Following the signing of a new Accounting Procedure to the licence in mid 2020, the royalty liability crystalised and the Company accordingly recognised a provision of US$9.6 million in the Annual Report to 31 December 2019. This has been increased to US$13.2 million as at 31 December 2020 and recognised as a current liability. This amount has been offset by amounts owing by SNH with respect to their 5% share of net revenues and costs.

The working interests in the upstream operations of the Logbaba Project are as follows:

- GDC (operator) 57%
- RSM Corporation ("RSM") 38%
- National Hydrocarbons Corporation of Cameroon ("SNH") 5%

Statement of Comprehensive Income

The overall reduction in revenue year-on-year is due to no invoicing of revenue to ENEO in 2020. Since September 2019, when the generator provider ceased operations, GDC invoiced ENEO monthly on a take-or-pay basis in accordance with the term sheet. GDC continued to invoice ENEO on this basis until the contract was terminated. Following the termination GDC entered into amicable settlement agreement discussions with ENEO, which resulted in a full and final gross settlement of approximately 2.74 billion FCFA (Central African CFA franc), *circa*. US$5.1 million post year-end. Funds were received from ENEO in early June 2021.

Total attributable revenue in 2020 was US$13.2 million compared to US$20.8 million in 2019. The attributable revenue in 2019 included US$8.0 million related to grid power provided to ENEO. Thermal and industrial power revenue was US$13.0 million in 2020 compared to US$12.0 million in 2019, a 8.4% increase year-on-year, a healthy increase with the backdrop of Covid-19 and its effects on business.

Condensate revenue of US$0.2 million (2019: US$0.8 million) reflects the change in the marketing of the condensate post the fire at the Sonara refinery. The condensate produced is de minimis to the volume of GDC gas sales. Condensate is stored by the offtakers and shipped and sold at their discretion.

	31 December 2020	31 December 2019
Gas sales (MMscf) – Gross	**1,778**	2,967
Gas sales (MMscf) – Attributable	**1,013**	1,691
Condensate sales (bbls) – Attributable	**10,846**	12,641
Revenue (US$'000) – Gross	**23,150**	35,793
Revenue (US$'000) – Attributable	**13,195**	20,822
Impairment of tangible and intangible assets (US$'000)	**–**	90,289
Impairment of investment in associate (US$'000)	**–**	5,556
Total impairment of assets (US$'000)	–	95,845
Loss before tax (US$'000)	**(8,817)**	(111,952)
Loss after tax (US$'000)	**(9,006)**	(110,280)
Basic loss per share (cents)	**(3.51)**	(48.20)
Operating cash-flow before working capital (US$'000)	**(7,359)**	(606)
Cash working capital movement (US$'000)	**12,200**	281
Capital invested (US$'000)	**4,462**	7,710
Net debt (US$'000)	**(12,789)**	(10,685)

Financial Review continued

The unit of production depreciation decreased to US$0.4 million (2019: US$7.3 million) as a result of the effect of the significant impairment in property, plant and equipment assets in 2019. Production royalties in 2020 were US$4.2 million (2019: US$9.3 million). When unit of production depreciation and net production royalties are stripped out of cost of sales, the remaining costs of sales in 2020 was US$1.9 million (2019: US$1.8 million).

Administrative expenses were 7.3% lower at US$12.0 million in 2020 (2019: US$13.0 million). Wages and salaries were 18.9% lower and office and other administrative expenditure was 56.5% lower. However professional fees were 77.2% higher predominantly due to the various legal matters with which the Company is involved.

In November 2020, the Company entered into a confidential Settlement Agreement with CHL to cease all legal action and cancel the CHL Royalty Agreement which terminates the 15% royalty payable to the counterparty. The settlement amount is disclosed as a US$1.2 million current liability under other payables, and a further US$11.2 million, discounted at 8.5% to US$6.9 million, disclosed as a non-current liability.

The Group produced a loss before tax of US$8.8 million (2019: US$112.0 million), and a loss after tax of US$9.0 million (2019: US$110.3 million). The basic and diluted loss per share was 3.51 cents (2019: loss of 48.2 cents).

Statement of Financial Position

Intangible assets consist mainly of the costs incurred on well La-108. Works to remediate the well amounting to US$4.0 million were capitalised in 2020 and US$6.3 million were capitalised in 2019. The remediation was successful and GDC managed to recover a spent perforating gun and a stuck section of drill string, clean out and perforate the well and then flow test the well. Post year-end the well was tied back and put on test production. When feasible these costs will be transferred to oil and gas assets within property, plant and equipment. Intangible assets have a carrying value of US$12.9 million (2019: US$8.6 million).

Property, plant and equipment was impaired by US$62.9 million in 2019, being the full impairment of well La-107, a partial impairment of well La-105, and a partial impairment of the pipeline infrastructure. The carrying value at the end of 2020 was US$18.7 million (2019: US$20.6 million). There was no impairment in 2020.

Trade and other receivables at 31 December 2020 were US$17.6 million (2019: US$13.7 million). Trade receivables were affected by the reversal of the previous expected credit loss applied against the outstanding ENEO amounts which were subsequently settled post year-end. The increase in other receivables reflected the recognition of additional amounts with respect to SNH.

Trade and other payables increased by US$15.6 million year-on-year from US$9.3 million in 2019 to US$24.9 million in 2020. The principal reasons for the increase were:

- increase in trade payables due to increased legal fees with respect to the CHL litigation and the two arbitrations with RSM;
- reclassification of the State Royalty to a current liability in 2020 from a provision in 2019; and
- the CHL settlement.

Cash and cash equivalents at 31 December 2020 were US$1.8 million (2019: US$7.2 million). Borrowings reduced to US$14.6 million (2019: US$17.9 million). Provisions reduced to US$2.4 million (2019: US$11.7 million) principally due to the provision for State Royalty being re-categorised to current liabilities.

Net Debt and Liquidity

	31 December 2020 US$'000	31 December 2019 US$'000
Cash and cash equivalents	**1,806**	7,237
Borrowings: Current liabilities	**(6,853)**	(5,969)
Borrowings: Non-current liabilities	**(7,742)**	(11,953)
Net debt	**(12,789)**	(10,685)

Net debt of US$12.8 million (2019: US$10.7 million) reflects the liquidity position of the Group.

Cash Flow Statement

Operating cash utilised, prior to the effects of working capital movements, was US$7.4 million (2019: US$0.6 million). The increase in payables predominantly related to the increased expense for State Royalties and the CHL Agreement. The decrease in trade receivables predominantly related to the reversal of expected credit losses related to ENEO. This resulted in a working capital movement of US$12.2 million (2019: US$0.3 million). Net cash generated in operations was US$3.5 million (2019: US$2.4 million utilised).

Capital investment in 2020 was reduced to only the essential spending and committed costs. The Company's capital investment decreased to US$4.5 million (2019: US$7.7 million). The majority of the investment was on the remediation of well La-108. Repayment of capital on borrowings was US$4.6 million (2019: US$2.6 million).

Financial Review continued

Commitments

The Logbaba Concession does not contain any work programme obligations.

GDC's work programme on the Matanda Block is US$11.25 million. The licence was extended in December for one year.

Subsequent Events

ENEO settlement
Subsequent to year end, on 16 April 2021, GDC signed a settlement agreement with ENEO for approximately US$5 million gross. GDC received payment of US$5.1 million from ENEO in full and final settlement for all amounts invoiced to ENEO in early June 2020.

Loan Note and Warrants with Hadron Master Fund
On 8 April 2021, VOG announced that it had raised GBP1.25 million through the issue of an unsecured loan note provided by its second largest shareholder, Hadron Master Fund, ("Hadron"). The loan note is repayable on 5 April 2022 for 110% of the principal amount. Pursuant to the loan note, Hadron was granted warrants over 10,416,667 ordinary shares of £0.005 in the Company's share capital ("Ordinary Shares"). The subscription price of the warrants is 6.0 pence per Ordinary Share and can be exercised at any time prior to the third anniversary of the issue.

Loan Note Instrument with Meridian Capital (HK) Limited
On 18 June 2021, VOG announced that it had entered a definitive financing agreement with Meridian Capital (KH) Limited ("Meridian") (the "Facility") to raise maximum proceeds of US$7.5 million. The Facility is comprised of two series of loan notes – A Loan Notes and B Loan Notes (together the "Loan Notes").

The key terms of the Loan Notes are set out below:

A Loan Notes:
- unsecured loan notes with no conversion rights;
- total principal amount of US$3.3 million, fully drawn on signing of the Facility Agreement (with funds in the process of being transferred to VOG);
- two-year term with early redemption permitted at no additional cost; and
- interest at 10% per annum accruing daily from the date of issue and compounding monthly.

B Loan Notes:
- unsecured convertible loan notes;
- total principal amount of US$4.2 million, which can be drawn down in tranches at the Company's option;
- term expires on the second anniversary of the date of the Facility Agreement with early redemption permitted at any time at no additional cost, with Meridian having the ability to convert the outstanding B Loan Notes;
- interest at 10% per annum accruing daily from the date of issue and compounding monthly;
- principal and interest convertible wholly or partially into VOG shares at the Noteholder's option from the first anniversary of signing the Facility Agreement and on certain other specified events;
- conversion price of £0.078 per share (being a 30% premium to the volume weighted average trading price of VOG's shares as traded on AIM over the 10-day period immediately before the date of entry into the Facility Agreement); and
- draw down conditional on the Takeover Panel ("Panel") agreeing to a waiver of Rule 9 of the Takeover Code ("Code") and independent shareholder approval being obtained.

Directors' Statement under Section 172 (1) of the Companies Act 2006

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationship with suppliers, customers and others;
d) the impact of the Company's operations on the community and environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

Financial Review continued

The Board of Directors is collectively responsible for formulating the Company's strategy which is the appraisal and exploitation of the assets currently owned.

All the decisions made by the Board consider the impacts of the factors listed above. The key decisions taken under Section 172 (1) by the Board of Directors in 2020 were as follows:

1. The decision to progress with the remediation of La-108;
2. The decision to terminate the ENEO Gas Sales Agreement in July 2020;
3. The decision to sign the revised Accounting Procedure in July 2020; and
4. The decision to settle with CHL.

The Directors believe these key strategic decisions will generate value for our shareholders in the long term. In executing the Company's strategy, the Directors remain focused on responsible and ethical business practices, and the Company strives to be a responsible corporate citizen in all its territories of operation.

The Board places equal importance on all shareholders and strives for transparent and effective external communications within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). The Company's website is also updated regularly, and provides further details on the business as well as links to helpful content such as our latest investor presentations.

Further detail illustrating how Directors adhere to the requirement set out in Section 172 (1) a to f above, are included in the Corporate Governance Report.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

R Collins

Robert Collins
Chief Financial Officer
12 July 2021

Principal Risks and 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. In addition, the Board regularly reviews any new potential risks to the business that may arise. 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, compliance and operational.

The risk items and the planned actions to mitigate these risks are listed below:

STRATEGIC	The Group is reliant on the continued industrial demand for gas in and around Douala, Cameroon. Additional strategic risks include those risks inherent in the appraisal, development and production of hydrocarbons.
RISK OR UNCERTAINTY	2020 DEVELOPMENTS AND MITIGATING ACTION
The existence of a growing market for gas in Cameroon is key to the successful commercial development of the Logbaba and Matanda Blocks	The Group has relied on several sources such as the Cameroon Government's estimate of future power demand and discussions with potential new customers seeking to use gas as well as existing customers seeking to increase gas consumption in Cameroon. The Group cannot guarantee the future demand, nor that energy demand will be met through gas sales, rather than alternative fuels. In addition, there is a risk that revenue from potential new customers will not materialise and revenue from existing customers may be reduced. *The Group has established strong relationships with key stakeholder in the energy sector and which* enable the Group to monitor the development within the energy sector.
Political risk and regulatory uncertainty and delays or refusal in granting approvals may severely inhibit project development	Any changes to political and stakeholder leadership could result in increased uncertainty and slower decision making in Cameroon. An uncertain regulatory environment could affect the Group's ability to operate commercially. The Group continues to engage with the respective Government and regulatory body representatives to progress the Group's agenda. The Group has comprehensive political violence insurance which includes business interruption.
Climate Change	As with all companies in the sector the Company is conscious of its role in the fight against climate change. In the developing world especially, natural gas can be considered a transitional fuel, being a cleaner alternative to the more expensive, imported carbon-emitting heavy fuel oil or diesel. Many of GDC's customers have switched to using our gas from these higher polluting sources of energy. In Cameroon the development of renewable power of energy are developing all the time, especially in hydro and solar projects, however, there remains a deficit in supply. As a strategic imperative, the Board will continue to bring ESG matters to the fore in everything we do including our role in sustainability and in the Net Zero journey.

Principal Risks and Uncertainties continued

FINANCIAL	The production and distribution of gas in Douala, Cameroon, is a capital-intensive business model. Companies in the oil and gas industry are commonly associated with funding and liquidity risks. Other financial risks include volatility in commodity prices, foreign currency risk, interest rate risk, changes in fiscal regimes and credit risk.
RISK OR UNCERTAINTY	2020 DEVELOPMENTS AND MITIGATING ACTION
The Group has sufficient funds available to continue to operate and to meet financial obligations	Group cash flows are rigorously monitored and managed to ensure the Group is in a liquid position and able to meet its ongoing commitments. As highlighted in this Annual Report, there are various matters that may significantly, positively or negatively, impact the cash generation of the Group. The Directors and management regularly meet to agree the appropriate course of action to ensure that these matters are resolved in the best interests of the Group and its shareholders.
The Group's ability to access funding to meet commitments and development plans	There is no guarantee that market conditions will permit the raising of the necessary funds by way of the issue of new equity, debt financing or the farming out of interests. The Board continually considers different possible sources of financing. Further information is contained in Note 3 Going Concern.
The Group is currently involved in two arbitrations	The Group is currently involved in two arbitrations, one in Texas, USA under ICC rules and the other in London under UNCITRAL rules as detailed in Note 25. Arbitrations under ICC and UNCITRAL rules are confidential processes. VOG is thus not permitted to provide detailed comments on them, beyond saying that it continues to vigorously defend the claims raised by RSM. The amounts concerned in each of these matters is material, and an adverse finding would have material impacts on the Group's ability to continue as a going concern.

Principal Risks and Uncertainties continued

COMPLIANCE	*The Group's current business is dependent on the continuing enforceability of the Logbaba Concession, Matanda PSC, farm-in agreements and exploration and development licences. Developments in politics, law, regulations and/or general adverse public sentiment could compromise the business.*
RISK OR UNCERTAINTY	2020 DEVELOPMENTS AND MITIGATING ACTION
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 licences and local laws. 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. To date the Group has not paid royalties at 8% to the State of Cameroon on the Logbaba Concession. In late 2020 the Group concluded a long-standing dispute regarding the Logbaba Concession agreement, and in so doing crystalised a liability to pay back-dated royalties to the Cameroonian State. GDC and its joint venture partner are seeking to ensure that this liability is defrayed in an orderly manner. There is no guarantee that the State of Cameroon will accede to these proposals.
The Group operates in jurisdictions that are perceived to have serious bribery and corruption concerns	The Board has a zero-tolerance attitude towards bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships. The Group has an Integrity Policy, consistent with the Group's obligations arising under all relevant legislation and has procedures in place to monitor compliance, including regular training for all Group staff. The Group includes anti-bribery and corruption compliance provisions in all contracts entered into with third-parties. As part of the regular training, staff are also reminded of the relevant whistleblowing provisions in the Group's Integrity Policy and encouraged to confidentially raise any concerns that they may have about dangerous, illegal activity or any wrongdoing within the organisation.
The Group is subject to compliance requirements within the regulatory frameworks under which it operates	The Group is subject to operational, environmental, safety and fiscal requirements, which are subject to frequent change. The legislation often lacks clarity and there are potential fines for non-compliance. The Group remains committed to maintaining the highest levels of compliance and works closely with local regulatory authorities to ensure it operates within the regulatory frameworks. Furthermore, the Logbaba Project is required to separate the operations into upstream and downstream components in order to comply with the Petroleum and Gas legislations in Cameroon. The Group is currently negotiating the economic and fiscal implications of this separation. The final outcome of this process is uncertain and may impact the Logbaba Project economics. The Group maintains a good working relationship with all relevant Government departments and with SNH, who are kept updated on all key developments impacting GDC.

Principal Risks and Uncertainties continued

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.
RISK OR UNCERTAINTY	2020 DEVELOPMENTS AND MITIGATING ACTION
Exploration and production activities are inherently uncertain in their cost, reserve estimations and outcomes	Projections of future production are based on historic production levels and reserve estimates. Generally accepted, industry standard reserves reporting techniques have been used to calculate reserves and resources. All estimates of reserves and resources involve some degree of uncertainty. Future production and the quantity of recoverable reserves may vary significantly from that expected and could affect the estimated remaining quantity of the Company's reserves and, therefore, the commercial viability of the Group's current, future or potential producing assets. The Group's activities are in proven gas basins. The Group has access to specialists who have gained knowledge and experience in the Company's technical challenges.
Covid-19 or other global pandemic implications	As has been recently demonstrated, a global pandemic can have a material impact on a number of areas of the business and this was of course an increased during the period and continues to be at the forefront of management's attention. Government regulations to control the spread of this virus could result in customers slowing down or ceasing operations, and/or requirements to cease the production of gas and condensates. There are numerous other material impacts which either inhibit or prevent the continuation of business, including health and mobility of employees, access to existing and/or prospective customers, liquidity and financial constraints with customers, suppliers, banks and other stakeholders. Due to the nature of our operations there was no interruption of gas supply to our customers. Whilst some customers saw interruptions to their supply chain resulting in some reduced demand for gas the decrease was not material and was short term. The Group has developed measures to safeguard staff and its assets. When management felt necessary and inline with all regulatory guidelines across Cameroon, UK and Russia, employees have worked from home, increased sanitisation and PPE has been provided and educational training or support was supplied. During periods where teams have worked on capital projects the Logbaba site has been locked down. The personal safety of all our staff, contractors and local stakeholders will continue to be management's main priority.
The nature of the Group's operations exposes it to a wide range of Health, Safety, Security & Environmental ("HSSE") risks, including cybercrime risk	The Logbaba gas wells and pipeline network are located in the industrial city of Douala, Cameroon. The Board is committed to maintaining high health, safety, security and environmental standards and continuously reviews HSSE policies and procedures and monitors performance. International Organisation for Standardisation compliance ("ISO") 9001, 14001 & 45001 audits successfully completed, emphasising the Company's commitment to international standards in its management systems. The Group is aware of the growing threat of cybercrime. The Company has measures to ensure that the Group systems are secure and able to adequately protect its intellectual property and confidential information.
Failure to effectively manage community relations could impact production and sales	The Group has a Corporate and Social Responsibility Policy and is committed to conducting it business in accordance with best practice standards. The Group carries out impact assessments, identifies mitigation measures and implements them. The Group engages regularly with local communities to provide information on operations and address any concerns.

Strategic Summary

	2020 Objectives	Key Performance Indicators
Capital Value	• Increase shareholder return	• Share Price Performance
Upstream Development – Logbaba	• *Completion of La-108 remediation* works to retrieve remaining 50 m *of wire, clean out well bore,* perforate and tie back to flowline • *Progress Process plant* optimisation Stage 2 if required	• *Successful completion of the* remediation
Upstream Development – Matanda	• Finalise targets for drilling sites on Matanda • Complete ESIA	• Identify drilling locations • Complete ESIA
Downstream Development	• Expansion of thermal and industrial power customer base and associated expansion of the pipeline network	• Gas sales • Expansion of the pipeline network
Financial Performance	• Ongoing cashflow and working capital management • Recovery of outstanding receivables	• EBITDA • *Operating cashflow* • Debt and equity financing
Responsible Operations	• Ensuring safe operations, *respectful of the environment and* committed to local communities • *Resolution of OECD instance*	• Lost time injury records
Strategy	• Under review	• N/A
Non-Core Projects	• West Medvezhye Project, Russia – Sale/Farm-out	• Sale/Farm-out

Strategic Summary continued

2020 Outcomes	2021 Priorities	Principal Risks & Uncertainties See page 12 for more information
• Share price -35% (01/01/20: 6.50p, 31/12/20: 4.25p)	• Increase shareholder return	
• Remediation work completed successfully, well perforated and clean-up flow test carried out. Post year-end well tied back and commercial production commenced in mid-February	• Continue to monitor the performance of La-108 and closely monitor in early stage of production. Potential shut in for pressure build up analysis from mid-year	• Existence of gas market • Political/regulatory delay • Exploitation and production risks • Finite reserves • Title to assets • Natural disasters • Project delays and costs
• Subsurface analysis conducted of the various prospects and a ranking exercise progressed. • The ESIA in advanced stages of completion	• Conclude ranking exercise • Obtain ESIA approval • Source rig • Maintain capital and budget discipline	• Existence of gas market • Political/regulatory delay • Exploration risks • Exploitation and production risks • Title to assets • Natural disasters • Project delays and costs
• Thermal gas sales increased by 11.4% • Retail power gas sales increased by 3.5%	• Increase gas sales • Expand network in line with supplies	• Reliance on key customers • Existence of gas market • Political and regulatory delay • Alternative market development
• Net cash generated from operating activities US$3.5 million (2019: cash utilised of US$2.4 million) • Net Debt US$12.8 million (2019: US$10.7 million)	• Recovery of ENEO receivables • Ongoing cashflow and working capital management	• Reliance on key customers • Access to funding • Liquidity • Capital management
• Mediation continued • Nil lost time injuries	• Develop and communicate ESG reporting	• HSSE and cyber crime • Bribery and corruption • Regulatory compliance • Human rights/community
• N/A	• Maximise shareholder return and experience • Geo-political and technical diversification • Preservation of Capital • Stay low on cost curve	• Political/regulatory delay • Title to assets
• Inquiries and non-binding offer	• Sale (whole or partial)/Farm-out	• Title to assets • Approval by authorities • Political and regulatory delay

Reserves and Resources

Logbaba C38 Reserves and Resources

In 2020 the Company carried out a review of the 1P Reserves on the Logbaba Field and, given the analysis of the well stock and recognising that there are no plans to drill further wells at present, the Company reduced its estimates of 1P Reserves as was published in July 2020. This reduction in Proved Reserves reflects our finite well stock, an assessment of well La-107 performance (which did not meet pre-drill expectations) and recognition that the project was designed to be a staged development involving more wells drilled over time in line with improved understanding of the reservoir and growth in demand. Additional wells in previously undrilled areas of the field would add to the Proved Reserves. GDC has a net interest of 57% in the Logbaba Field.

			1 Jan 2020 Gross	1 Jan 2020 Net (57%)	Production 2020 Gross	31 Dec 2020 Gross	31 Dec 2020 Net (57%)
Proven (1P)[1]	Gas	Bcf	19	11	1.739	17	10
Probable (2P)[2]	Gas	Bcf	204	116	1.739	202	115
Possible (3P)[2]	Gas	Bcf	361	206	1.739	359	205
Mean Prospective Resources[3]	Gas	Bcf	752	429	–	752	429

Matanda Resources

In 2020 the Company was pleased to report a material increase in its estimate of Prospective Resources onshore Matanda, with gross unrisked, mean Prospective Resources increased to 1,196 Bcf in the Matanda Licence (onshore) from the previously reported 903 Bcf. This increase is the result of a detailed internal prospect evaluation which has identified 19 gas prospects in shallower Tertiary-aged reservoirs, plus seven prospects in deeper, Cretaceous-aged reservoirs. This acreage is contiguous with the greater Logbaba Licence, and also contiguous with the Bomomo Block which contains 2015 discoveries in similar geological horizons. GDC has a net interest of 75% in the Matanda exploration licence.

			Gross	Net (75%)
Matanda Onshore (Unrisked)				
Mean Prospective Resources[4]	Gas	Bcf	1,196	897
North Matanda Offshore[5]				
1C Contingent Resources	Gas	Bcf	43	32
2C Contingent Resources	Gas	Bcf	163	122
3C Contingent Resources	Gas	Bcf	384	288
P50 Prospective Resources[6]	Gas	Bcf	3,747	2,810

Reserves and Resources continued

West Medvezhye ("West Med") Reserves and Resources[7]

VOG has 100% interest in the West Med licence via its 100% owned subsidiary Severgas Invest. There is minimal activity on the licence as the work programme obligations have been met and the Company is currently in the process of seeking to dispose of the asset.

			Gross	Net (100%)
Proven + Probable (C1 + C2)	Gas	Bcf	11.8	11.8
Proven + Probable (C1 + C2)	Oil	mmbls	15.6	15.6
Field Contingent Resources (103 discovery)	Gas	Bcf	25	25
Field Contingent Resources (103 discovery)	Oil	Bcf	24	24
Prospective Resources	Gas	Bcf	3,902	3,902
Prospective Resources	Oil	mmbls	722	722

1 Company estimates.

2 From work by Gaz du Cameroun and Exploration Reservoir Consultants Ltd ("ERCL") in 2018 using the SPE/WPC/AAPG/SPEE Petroleum Resources Management System as the basis for its classification and categorisation of hydrocarbon volumes.

3 From the Logbaba Field Reserves Report, August 2016, by Blackwatch Petroleum Services Ltd using the SPE/WPC/AAPG/SPEE Petroleum Resources Management System as the basis for its classification and categorisation of hydrocarbon volumes.

4 Company Estimates.

5 From RPS Energy report: 'North Matanda Field Assessment of Gas Volumes'. February 2018.

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

7 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 Medvezhy 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.

Gas Field Locations

Logbaba Field
A 57% interest in, and operatorship of, the Logbaba field. There are two producing wells and one (La-108) awaiting remediation.

Matanda Block
A 75% interest in, and operatorship of, the Matanda Block. Title for this interest conferred on 17 December 2018.

Operations and Customers

Operations & Customer Types

Douala is a growing industrial and manufacturing hub serving Cameroon and Central/West African markets. Since being operational, GDC has supplied gas to a diversified customer base.

Thermal customers
GDC supplies gas to industrial customers for use in boilers, process plants and furnaces.

Power customers
Gas supplied to industrial customers to gas-fired electricity generators for power generation.

Gas condensate
A by-product of the gas production process which is sold to local customers.

Pipeline Network

GDC's 51 km gas pipeline distributes gas across the city of Douala as illustrated in the schematic below (not to scale).

Environmental, Social and Governance Report

ESG Statement
The Environmental, Social and Governance ("ESG") principles and a commitment to acting responsibly have always been an integral part of Victoria Oil & Gas's Plc's ("VOG") business, mindful of all stakeholders and the legacy of our operations. As the importance of these principles have come into greater focus, indeed somewhat of a megatrend for the industry in which we operate, the Board takes this opportunity to restate its ESG commitment. We are committed to align our operations to the United Nations' Sustainable Development Goals ("UN SDG's") where we believe we can achieve a positive impact.

The Company promotes the principles within the organisation to ensure safe business practises in our operational locations, minimal impact to the environment, and close and open engagement with the communities in which we operate.

The Company is always looking to continue to develop and expand our approach to ESG related matters, both within our existing and future activities. The Company aims to continually review and ensure the adoption of best practice in all aspects of the business and incorporate ESG into each stage of our decision-making processes and ongoing monitoring of our operations.

With this in mind, we have created a new management role, Head of ESG, reporting to the Board of Directors to provide oversight and discussion at a Board level on our ESG strategy.

As a listed company the Board of Directors of course has a fiduciary duty to its shareholders. We are committed to effective corporate governance, compliance processes and ethical business practices.

As a producer of natural gas the Company is an integral part of the promotion of the use of natural gas as a transitional fuel towards "net zero", reducing greenhouse gas emissions and tackling air pollution especially in the parts of the world in which we operate. This transition to natural gas enables regions such as Douala to reduce the reliance on significantly more pollutive forms of energy such as Heavy Fuel Oil. In addition to this broader fuel transition, we ensure that our operations are carried out in compliance to all the applicable environmental laws and best practises.

Through our wholly owned subsidiary Gaz du Cameroun S.A. ("GDC") we have worked closely with the various stakeholders and the local population since operations began, contributing not only through the employment and professional development of our local work force but also via our work within the local community on projects that focus on positive educational, medical, infrastructure and environmental impacts. At this time, GDC employs 96% local staff, and has 30% female staff.

The Company's West Med asset in Russia has no current operations in the field and employs six personnel. As a result the impact to the environment and local community is currently minimal.

Our Purpose:
Our purpose is to provide a cleaner and more efficient energy alternative whilst also securing the long-term energy future for the area.

Our Values:

Responsible Energy Provider
We are fully committed to securing the long-term energy future through the supply of natural gas, an efficient and cleaner energy alternative to widely used alternatives diesel and heavy fuel oil. Through our commitment to our local communities, as well as the training and upskilling of our employees, we are confident that our responsible approach to business will enable the regions in which we operate to prosper.

Sustainability
The issue of sustainable development is at the core of every decision that we make as a Board, with the objective being to positively impact our employees, local communities and wider stakeholders whilst at the same time minimising the impact that we are have on the wider environment. We are taking proactive steps to address and align our operations with UN SDG's focusing on the areas where we are positioned to make a meaningful positive impact:

Environmental, Social and Governance Report continued

Health & Safety

Our primary assets are our people, and the safety of our employees and contractors is of primary importance to the Company and we take this duty of care very seriously: we work hard to monitor, assess and mitigate all risks. This is a policy that is implemented from the very top of the Company down and can be seen in the Company's exemplary record. At the time of writing GDC has recorded 984 days worked without LTI.

Environment – Securing cleaner energy

Through our wholly-owned subsidiary GDC we supply cleaner and cheaper fuel to the greater Douala area in Cameroon.

For over nine years, the Company has been supplying natural gas, to numerous customers in the Douala area for a variety of uses. Some of our customers have switched from the use of diesel or heavy fuel oil ("HFO") to natural gas allowing them access to affordable energy whilst at the same time transitioning away from extremely carbon intensive fuels. Diesel and fuel oils are largely imported in Cameroon and suffer supply interruptions. At the time of writing, some liquid fuels are more than twice the average price of our natural gas. Compared with diesel, natural gas represents the following reductions in emissions:

- a 25% reduction in carbon dioxide (CO_2);
- an 80% reduction in nitrogen oxide (NOx);
- a 97% reduction in carbon monoxide (CO) emissions.

Source: US Energy Information Administration

Furthermore, the combustion of natural gas does not emit particulate matter (such as soot or dust).

VOG is happy to be subjected to rigorous and extensive regulations, which govern environmental protection. VOG is committed to upholding 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, GDC 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 completed a further Environmental and Social Impact Assessment ("ESIA") as part of the well La-107 and well La-108 drilling programme planning the results of which feed into the Environmental and Social Management Plans ("ESMP") for the entire operation. In line with the ESMPs, Environmental Monitoring and Compliance is carried out as per Cameroon's environmental regulations notably: The Environmental Framework Law and the implementation Decree which lays down procedures for the realisation of Environmental Assessments. The Projects have been thus awarded Certificates of Environmental Conformity ("CEC") are subjected to administrative and technical Environmental Monitoring. Obligatory follow-up and supervision ensures projects respect their terms of approval in line with ESMP. The responsibility to monitor the compliance of ESMP implementation during projects/operations is vested on GDC's Environmental Officer.

Within this context, GDC, in respect of national and international legislations and aligned with its integrated Quality, Health, Safety and Environmental Policy, prepares quarterly reporting in compliance with the specifications of the ESMPs which are submitted to the relevant stakeholders. These are also presented to the local communities at regular "Platform Meetings" held by GDC.

Social Impact

Victoria Oil & Gas Plc works closely with its subsidiaries to ensure the well-being and development of its employees. International standards are maintained in areas such as health & safety are maintained in the workplace. GDC's workforce is diverse with 96% made up of local employees, many of whom are in management positions. GDC also ensures that as its operations develop, it maintains strong communications with the local community informing them of upcoming operational activities and addressing any concerns they may have and implementing social programmes that benefit the local population.

Environmental, Social and Governance Report continued

GDC's wider impact

GDC maintains an engaged and proactive relationship with local communities within Douala. As a domestic supplier of gas our contribution to the people of Cameroon has is wide reaching:

1. Supporting the provision of continuous cleaner energy – As a domestic supplier of gas to dozens of industrial customers, we make a significant contribution to the Cameroon economy. This has seen businesses expand along our pipeline infrastructure, allowing those wishing to access it to be provided with a continuous, safe source of energy. Some existing businesses have switched from the use of liquid fuels to a cleaner natural gas solution.
2. Fiscal contributions – GDC pays all applicable taxes disclosing our dealings in an appropriate and transparent manner, and undergoing forensic audits by both the State and by our joint venture partners. In the eight years that VOG has been operating in the Douala region, the Company has contributed significantly to the local and national economy, paying circa US$81 million in taxes and spending over US$145 million with local contractors.
3. Direct employment and skills training – Over 40% of the GDC senior management are Cameroon nationals and the majority of other senior positions are filled by individuals from the region. 96% 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 to develop our employees' careers. GDC is particularly proud of its staff retention record and we have reskilled a core team, that has been with us from the start. Our employees have adapted their roles in step with our evolution into a gas supply utility as well as an exploration and production company. Notably, our staff retention record was ackowledged, in a process that was initiated in 2019 and which came to fruition post-period, by the Minister of Labour in Cameroon awarding GDC the Bronze, Silver and Gold Cameroonian Long Standing Service Awards, a scheme established to encourage a commitment to employment.

Health and Safety

Safety is paramount to GDC's operations both at the gas processing plant and across the extensive pipeline network built throughout the city of Douala and under the Wouri river.

All work is undertaken to the highest of standards and the majority of the gas pipeline network is buried underground. It is patrolled 24/7 by our safety patrol who work closely with local communities.

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

GDC operates its own training programmes, for both employees and customers, carrying out 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.

Since 2017 GDC has worked on International Organisation for Standardisation compliance ("ISO") 9001, 14001 & 45001 ISO. It has developed and implemented its Integrated Management System ("IMS") based upon the requirements of these International Standards. Regular auditing is conducted by an external certifying authority. GDC has certifications for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. This achievement demonstrates our continued commitment to providing a high-quality product and delivering a consistent service to all our clients, alongside the investment of time and money into new technology, staff, processes and procedures by the Company.

Covid-19

2020 saw the emergence and spread of Covid-19 though the pandemic has not had a significant impact on the Group's production operations. Capital projects involving the movement of personnel or equipment across borders was affected. Remediation work in relation to La-108 was postponed due to the Covid-19 pandemic as crews were unable to mobilise, and the same happened during the Matanda ESIA.

A crisis management team was established in accordance with the GDC corporate management plan to manage the Company's activities and coordinate with the State authorities in order to implement all the recommended guidelines and preventive controls for Covid-19.

Many of our office based employees have worked from home; education and training was provided to all staff and appropriate PPE equipment issued.

Environmental, Social and Governance Report continued

The Company continues to monitor the development of Covid-19 as presented by the World Health Organisation and the State of Cameroon and implement recommendations and guidelines within GDC site and offices. For example, the Drilling Camp used for the remediation of well La-108 was completely isolated in order to facilitate any quarantine requirements; this included its own catering and medical staff and facilities.

GDC has supported a number of local initiatives providing PPE and medical supplies to assist in the response to the pandemic in the community.

Training and Development
Many of our staff have been with the Company for over five years and we have undertaken significant levels of training within GDC, to develop our people's skills in areas such as pipe laying, safety, accounting and finance, administration, management, sales, marketing and human resources. Throughout GDC, our commitment to personal development is of paramount importance and we see our operations in Cameroon as an example of how to successfully do business within a foreign country. We continually offer student and professional internships and support local educational institutions with site visits and training.

Community Engagement
Throughout the process of developing the Logbaba field, local consultation sessions have been run to help communities become aware of how operations are to move forward and for GDC to listen to concerns and feedback from the people of Douala. Our community interactions have allowed GDC to pre-empt issues, in what is a highly populated, urban area, and also to ensure that local people have been involved in paid work during all stages of development.

At the regular Platform Meetings with the local population as mentioned above GDC reports against its integrated Quality, Health, Safety and Environmental Policy and Environmental and Social Management Plan, addressing any concerns and answering any questions that local stakeholders may have. At these meetings the Company also receives feedback on its activities and any local initiative ideas can be presented.

GDC is committed to strengthening its relationship with the local communities. Our approach is to liaise with communities; identify key needs and then develop projects ourselves or work in conjunction with established organisations. We look to ensure that a true cross section of community members participate in active schemes across health, educational, environmental and infrastructure initiatives.

Our Company is conscious of the social impact that its activities may have on local communities and pays great attention to ensuring that its activities run smoothly, in co-operation with community leaders and organizations, civic institutions, contractors and stakeholders.

GDC believes that its activities should generate economic benefits, create opportunities for an improved quality of life, respect the environment and constitute a positive influence in the communities in which it operates.

The Company is committed to conducting its business responsibly, with honesty, integrity and in accordance with all applicable local and international regulations and laws, respecting human rights and the interests of all those that may be affected by its activities, with the aim of achieving long-term sustainability.

Community relations
The Group engages in Corporate and Social Responsibility activities and projects company-wide, however the focus is in Cameroon.

During 2020 GDC continued with its dialogue-led Community Work, working with representative groups from those living and working in our area of operations. GDC operates within a highly urban environment, and some of the challenges faced by ourselves, and our neighbours are very context-specific. During the year GDC has continued its commitment to health and education schemes.

Education
GDC makes annual donations of educational materials to junior schools in the local proximity to the Logbaba site. As part of a "back to school" initiative donations of stationery and school books are made to government primary schools within the city of Douala in the neighbourhoods of Ndogpassi, Logbaba, Bonapriso and Bonaberi. During 2020 furniture and equipment was donated to a bilingual primary school in Sodiko village.

All GDC employees can apply for loan assistance in relation to school fees.

Environmental, Social and Governance Report continued

Medical

GDC employees and their families, a total of 490 people are covered under the Company's medical insurance policy.

During 2020, medical support focussed around the global Covid-19 pandemic with a project initiated to provide sanitation and medical supplies (safety masks, bleach, sanitizer, hand wash stations etc.) to communities in GDC's zone of influence i.e. hospital, chiefs, and local administration, to support the fight against Covid-19. Specific donations were made to the District Hospital of Logbaba, District Hospital of Bonassama, Village of Logbaba, Village of Ndogpassi. GDC also participated in the UK in Cameroon Covid-19 Relief Caravan: a collective donation in partnership with the British High Commission, of personal protective equipment and hygiene items to semi-urban and rural areas throughout Cameroon and to underprivileged and disabled people in Douala, Limbe, Buea, Yaounde and Garoua.

Other initiatives during 2020:

- To mark International Women's Day GDC made contributions of clothes, toiletries, food and basic necessities to a shelter that supports internally displaced families in Makepe;
- Water Borehole – during the year repairs were made to the water borehole constructed and donated to the local population in Lombe;
- Donations of bedroom furniture, mattresses and linen were made to the Agape Centre for underprivileged children in New Bell.

OECD Instance

Following a complaint to the Organisation for Economic Co-operation and Development ("OECD") in 2018 and various communications with the UK National Contact Point ("NCP") for promotion of the OECD Guidelines for Multinational Enterprises (the "Guidelines"), the Company continued mediation in early 2020. Whilst meetings had to be postponed due to Covid-19 restrictions a number of the issues raised continue to be addressed and resolved. The Company does not expect any material costs resulting from this claim.

Governance

High standards of corporate governance are a key priority for the Board of Victoria Oil & Gas Plc and, in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code, the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed in an efficient, effective and entrepreneurial manner for the long-term benefit of all shareholders and stakeholders. Corporate governance is an important aspect of this, reducing risk and adding value to our business. Further information can be found in the Corporate governance section of this Annual Report and Accounts.

This Strategic Report was approved by the Board of Directors on 12 July 2021 and signed on its behalf by:

Roger Kennedy	**Roy Kelly**
Chairman	Chief Executive Officer

Directors & Other Information

Roger Kennedy

Non-Executive Chairman

Dr Kennedy has worked within the natural resources industry for over 30 years developing and executing company and project strategies, in addition to his roles as an investment manager and as a senior advisor. Currently he is Director of KCP Private Limited, a family office focused on investments in natural resources, infrastructure, technology, consumer finance and power. In 2012, he co-founded QKR Corporation Limited, a diversified mining investment company backed by sovereign funds, institutional investors and high-net-worth individuals and served as a Director until 2014.

Prior to 2012, Dr Kennedy was Managing Director and Head of the Energy & Natural Resources Group, Asia Pacific at JP Morgan Securities (Asia Pacific) Limited, where he managed a large Asia Pacific based team focused on Oil & Gas, Metals & Mining, Power and Chemicals. From 1994 to 2000 Mr Kennedy was Head of the Latin American Industrials Group (Oil & Gas, Metals & Mining, Utilities, Infrastructure and Construction) and member of the M&A, Debt Capital Markets, Telecom and Natural Resources Investment Banking teams at Salomon Brothers Inc. Dr Kennedy has graduated from Oxford University with a D.Phil./PhD in Economics and Politics, holds a Juris Doctorate from New York University and is a member of the New York Bar Association.

Roy Kelly

Chief Executive Officer

Roy Kelly has over 35 years of technical, commercial and managerial experience in the international energy industry and was previously Partner, Head of Technical, at Kerogen Capital, a specialist oil, gas and energy private equity fund with over US$2 billion in assets under management across several funds. During his time at Kerogen he was a member of the ESG Sub-Committee and was instrumental in commissioning the Company's first HSE and Social Performance policies. Mr Kelly remains on Kerogen's Technical Committee as an operating partner. Prior to Kerogen, Mr Kelly trained as a petroleum engineer with BP and a number of independent oil companies. He also spent 14 years in consulting and advisory roles to the energy industry, latterly as Managing Director of Consulting at RPS Energy Ltd, which included reserves and resource auditing, and technical and advisory roles throughout West Africa, including Cameroon. Mr Kelly is a Chartered Petroleum Engineer, a Fellow of the Energy Institute and a Member of the Society of Petroleum Engineers. He holds a BSc (Honours) from the University of Wales and an MBA from the University of Durham.

Robert Collins

Chief Financial Officer

Rob joined the Company in February 2020 as a Non-Executive Director and in August 2020 assumed the role of Chief Financial Officer. Rob brings a wealth of expertise with over 20 years' experience in Natural Resources Corporate Finance, advising on a broad range of corporate transactions spanning various commodity groups and transactions. He has successfully advised on numerous IPOs, public and private equity raises and M&A transactions for many Official List, AIM, TSX and ASX listed companies. Prior to joining the Company as a Non-Executive Director, Rob was joint senior partner of Alternative Resource Capital LLP ("ARC"), a business he co-founded. He will remain an advisor to ARC in a non-executive capacity. Prior to ARC, Rob headed up the Natural Resource teams at Zeus Capital Limited, GMP Securities Europe LLP, Canaccord Genuity Europe Limited and Evolution Securities Limited. Rob commenced his career at Coopers and Lybrand and is qualified as a Chartered Accountant.

Directors & Other Information continued

John Daniel
Non-Executive Director
John Daniel has nearly 40 years of experience in the upstream oil and gas sector, including roles within operations, exploration management and business development. In November 2017, Mr Daniel founded JD Oil and Gas Consultancy Limited, an independent oil and gas consultancy, specialising in technical and commercial due diligence for upstream oil, gas and energy. Prior to this, between 2011 and 2017, Mr Daniel was Technical Director at Kerogen Capital (UK) Limited, a Private Equity fund specialising in upstream oil and gas investments. In addition, Mr Daniel held senior positions in exploration at Conoco, Lasmo and Ranger Oil, and in business development at Marathon Oil Company, MND Exploration and Production Limited and Sasol Petroleum International. Mr Daniel has a MSc in Petroleum Geology from Imperial College, London and a BSc in Geology from Sheffield University. He is a Fellow of the Geological Society and a member of the PESGB.

Directors
Roger Kennedy, *Non-Executive Chairman*
Roy Kelly, *Chief Executive Officer*
Robert Collins, *Chief Financial Officer*
John Daniel *Non-Executive Director*

Company Secretary
One Advisory Limited
201 Temple Chambers
3-7 Temple Avenue
London EC4Y 0DT

Company Number
5139892

Registered Office
Victoria Oil & Gas Plc
200 Strand
London WC2R 1DJ

Auditors
Deloitte Ireland LLP
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

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

Solicitors
Armstrong Teasdale
200 Strand
London WC2R 1DJ

Nominated Adviser
Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Brokers
Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

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

Corporate Governance Statement

High standards of corporate governance are a key priority for the Board of Victoria Oil & Gas Plc. It is the responsibility of the Board to ensure that the Group is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term taking into account the interests of wider stakeholder groups. Corporate governance is an important aspect of this, reducing risk and adding value to our business.

As a Company whose shares are traded on the AIM market of the London Stock Exchange, the Company has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code ("the Code") as the basis of the Group's Governance framework. The Directors acknowledge the importance of the ten principles set out in the Code and its current approach to complying with those principles is set out in the Company's Statement of Compliance which can be found on the Company website:

www.victoriaoilandgas.com/investor-relations/corporate-governance.

Board

The Board is collectively responsible for the governance of the Company and is accountable to the Company's shareholders for the long-term success of the Group. The Board sets the Company's strategic objectives and ensures that they are properly pursued within a sound framework of internal controls and risk management. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The Board of Directors currently has four members, comprising the Non-Executive Chairman, Chief Executive Officer, Chief Financial Officer and one Non-Executive Director.

During the reporting period, the Board was strengthened with the appointment of Robert Collins as an independent Non-Executive Director on 10 February 2020. He was also appointed as Senior Independent Director. Ahmet Dik resigned as Chief Executive Officer on 23 March 2020 and Roy Kelly was appointed Chief Executive Officer on 23 March 2020. On 15 May 2020, Andrew Diamond, Finance Director, resigned and Robert Collins (formerly Non-Executive Director) was appointed Chief Financial Officer on 11 August 2020. Roger Kennedy assumed the role of Non-Executive Chairman after the General Meeting that was held on 29 October 2020.

The Board currently represents an effective balance of skills and experience in the international energy industry, including resource exploration and production, finance, corporate and business development as well as entrepreneurial and country background. The experience and knowledge of each of the Directors gives them the ability to constructively contribute to and challenge the strategy and to scrutinise performance. The Directors collectively pursue ongoing training and professional development opportunities, attend (albeit virtually this last year) industry focussed conferences and seminars to keep their skills and experience up to date. Directors are encouraged to retain memberships of professional and/or industry bodies and attend external courses as required. The Board also receives briefing notes from legal advisors, the Company Secretary and its nominated advisors on an ad hoc basis to ensure their knowledge of applicable regulations remains up to date.

Biographical details of the Directors as at the date of the Annual Report and Accounts are available in the section 'Directors and Other Information'.

Due to their changing roles in the Company and the Board restructuring during the period neither of the two Non-Executive Directors are currently considered Independent and in this respect the Company deviates from the provisions of the Code. Over the coming months, the Board intends to seek to review the Board composition in this regard and, in doing so, will be mindful of the requirement of independence and the value of increased diversity in the boardroom.

The Chairman is responsible for leadership of the Board. He is assisted by other Board members in formulating strategy and, once agreed by the Board, the Executive Directors are responsible for its delivery. The structure of the Board ensures that no one individual dominates the decision-making process and the Chairman facilitates and ensures that there is effective contribution from all Executive and Non-Executive Directors. 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 Chief Executive Officer and Chief Financial Officer roles are both full time. The Non-Executive Chairman and Non-Executive Director commit to devote such time as is necessary for the proper performance of the roles, being at least 20 days per annum.

Corporate Governance Statement continued

The Board usually 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 year, the Board was unable to hold meetings in person so meetings were held on a virtual platform. Five scheduled meetings were held and the Board met a further twelve times at short notice. In addition, the Board approved matters by written resolutions on four occasions and appointed a sub-committee to approve specific matters on one occasion. Details of the attendance of the Directors at eligible meetings, together with meetings of the Audit and Remuneration Committees are set out below:

Directors	Board (scheduled)	Board (additional)	Audit Committee	Remuneration Committee	Nomination Committee
Roger Kennedy [a]	5/5	12/12	3/3	–	3/3
Ahmet Dik [b]	–	2/2	–	–	–
Andrew Diamond [c]	2/2	4/4	–	–	–
John Daniel	5/5	12/12	3/3	2/2	3/3
Robert Collins [d]	5/5	12/12	–	2/2	3/2
Roy Kelly [e]	5/5	10/10	–	–	–

[a] Roger Kennedy role changed from Executive Chairman to Non-Executive Chairman effective 29 October 2020.

[b] Ahmet Dik resigned as a Director effective 23 March 2020.

[c] Andrew Diamond resigned as a Director effective 15 May 2020 but continued the role heading up the finance function in a non Board capacity until 11 August 2020 on the appointment of new Chief Financial Officer.

[d] Robert Collins appointed as a Non-Executive Director effective 10 February 2020 and Chief Financial Officer effective 11 August 2020.

[e] Roy Kelly appointed as a Director effective 23 March 2020.

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 require 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 year to retire at the next AGM.

Board Committees

The Board has Remuneration, Audit and Nomination Committees and the membership of these Committees, during the financial year and to date, changed as follows:

	Audit Committee Members	Remuneration Committee Members	Nomination Committee Members
1 January 2020 – 9 February 2020	–	–	John Daniel (Chairman) and Roger Kennedy
10 February 2020[a] – 10 August 2020	Robert Collins (Chairman), and John Daniel	John Daniel (Chairman) and Robert Collins	John Daniel (Chairman) Roger Kennedy and Robert Collins
11 August 2020[b] – 28 October 2020	–	–	John Daniel (Chairman) and Roger Kennedy
29 October 2020[c] to date	Roger Kennedy (Chairman) and John Daniel	John Daniel (Chairman) and Roger Kennedy	John Daniel (Chairman) and Roger Kennedy

[a] Robert Collins appointed independent Non-Executive Director on 10 February 2020.

[b] Robert Collins appointed as Chief Financial Officer on 11 August 2020 and ceased to be considered an Independent Director at that point.

[c] Roger Kennedy assumed the role of Non-Executive Chairman on 29 October 2020.

Corporate Governance Statement continued

Audit Committee
The Chief Financial Officer and other members of the Board and finance team attend the Committee meetings by invitation.

The Committee meets at least three times per year. During 2020, the Committee met three times and Audit Committee matters during the period 1 December 2020 to 9 February 2020 and from 11 August 2020 to 29 October 2020 were dealt with by the Board. Additional meetings are held where necessary, including to consider matters referred by the Board.

The Audit Committee 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 Audit Committee review and ensure they are satisfied with the critical judgements and estimates made by the Company. The ultimate responsibility for 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 authorises any non-audit work to be carried out by the external auditors and ensures that the objectivity and independence of the external auditor has not been impaired in anyway by the nature of the non-audit work undertaken, the level of non-audit fees charged for such work or any other factors.

The Committee, with management, reviews the effectiveness of internal controls.

Remuneration Committee
The membership of the Committee is as set out above.

During 2020, the Committee met two times. 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 Board concerning bonuses and share awards. No Director participates in discussions or decisions concerning his own remuneration. Further details regarding matters considered by the Remuneration Committee during the year are outlined in the Remuneration Report.

Nomination Committee
The membership of the Committee is as set out above and currently comprises one Non-Executive Director and the Non-Executive Chairman. During 2020, the Committee met three times.

The Committee oversees the composition of the Board (including skills, knowledge and experience), senior executive recruitment and succession, and the process for appointment of Directors. During the period the Non-Executive Director and Chief Executive Officer appointment recommendations were made to the Board by the Nominations Committee. Rob Collins excused himself from considerations of the Chief Financial Officer appointment and this position was considered by the remainder of the Board members.

External Advice
Beyond legal advice sought in connection with various ordinary course matters, transactions and disputes discussed elsewhere in this Report, and the advice of its nominated adviser and brokers, the Board has not sought any external advice in the year under review.

Corporate Governance Statement continued

Dialogue with Shareholders

The Board is active in communicating with its shareholders and encourages two-way communication with both its institutional and private investors, subject to compliance with the AIM Rules and the Market Abuse Regulations. The Executive Directors talk regularly with the Company's major shareholders to ensure that their views are communicated fully to the Board.

The Board recognises the AGM as an important opportunity to meet with private shareholders. The Non-Executive Directors attend the shareholders' meetings and are available to answer any questions relevant to the Committees chaired by them. The Executive Directors are also available to listen to the views of shareholders informally immediately following the shareholder meetings. Covid-19 lockdown restrictions, and related social distancing requirements impeded the ability of shareholders to communicate with the Board members in person at shareholder meetings during 2020, however the Chairman invited questions from shareholders in advance of the meeting. The AGM was held on 30 June 2021 but due to extended Covid-19 restrictions attendance numbers were restricted so unfortunately for a second year the Directors recommended that shareholders not attend in person and only the formal business of the meeting was carried out with the required quorum. Due to the delay in publication of the 2020 Annual Report and Accounts a General Meeting will be convened to receive these and information on attendance in person or an alternative means of shareholder engagement will be provided in due course. The Board looks forward to resuming in person meetings with shareholders in the post-pandemic environment and will also be exploring other methods of shareholder engagement.

Extensive information about the Group's activities is 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 Company maintains a corporate website where information on the Company is regularly updated, including Annual and Interim Reports, presentations and 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 which include, inter alia, financial, operational, health and safety, compliance matters and risk management (as detailed in the Principal Risks and Uncertainties section), 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 Chief Financial Officer and external auditors the significant accounting policies, estimates and judgments applied in preparing these reports.

The Board acknowledges that it is responsible for managing and preventing fraud, corruption or any other malfeasance which comes to its attention, and to implement control systems to ensure that knowledge of such events are communicated to the Board in a timely and accurate manner.

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 oil and gas exploration, production and distribution in West Africa and Russia. During the year, 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, supply permitting. The main activity has been the ongoing development of the Logbaba gas and condensate field and progression of the exploration of the neighbouring Matanda Block to supply gas to our customers in Douala, Cameroon. A detailed update on these activities is provided in the Chairman's Statement.

The Group has an exploration and development 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 28. The Cameroonian operations are funded by operating cash flows and partner contributions, 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 financial year and as at the date of this Annual Report and Accounts:

Executive Directors
Roger Kennedy (appointed Executive Chairman 3 April 2019 and assumed Non-Executive Chairman position 29 October 2020)
Ahmet Dik (resigned 23 March 2020)
Roy Kelly (appointed Chief Executive Officer 23 March 2020)
Andrew Diamond (resigned 15 May 2020)
Robert Collins (appointed Chief Financial Officer 11 August 2020)

Non-Executive Directors
John Daniel
Roger Kennedy (assumed role of Non-Executive Chairman on 29 October 2020)
Robert Collins (appointed 10 February 2020 and ceased to be independent Non-Executive Director 11 August 2020)

Directors' Emoluments and Options

Details of the emoluments of Directors and details of the Directors' options are set out in the Directors Remuneration Report.

Rotation and Election of Directors

In accordance with Article 102.2 of the Company's Articles of Association, John Daniel will retire by rotation and stand for re-election at the Annual General Meeting ("AGM") due to be held on 30 June 2021.

Dividends

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

Directors' Indemnities

The Company maintained directors' and officers' liability insurance during the year 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 Ireland LLP, was proposed and approved at the AGM held on 30 June 2021.

Substantial Shareholders

At 12 July 2020, 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
YF Finance/Askar Alshinbayev	60,913,330	23.71%
Hadron Capital LLP	27,440,962	10.7%
Forest Nominees Limited (GC1)	7,775,366	3.0%

Share Capital

Details of changes to share capital in the year are set out in Note 21.

Directors' Report continued

Political Donations
The Company made no political donations for the year ended 31 December 2020 (2019: Nil).

Post-Balance Sheet Events
Information on important post-balance sheet events of the Company or its subsidiaries are set out in Note 29.

Financial Instruments and associated Risks
Information about the Group's financial instruments, the Group's financial risk management are set out in Note 23 to the Financial Statements.

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 financial year
- Principal risks and uncertainties
- Likely future developments

Going Concern
The Group's Consolidated Financial Statements have been prepared on a going concern basis as detailed in Note 3.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the Financial Statements.

In performing their assessment of going concern, the Directors have reviewed operating and cash forecasts in respect of the operating activities and planned work programmes of the Group's assets to 31 December 2022. The expected cash flows, plus available cash on hand, after allowing for funds required for administration and development costs, working capital improvement and debt servicing, are expected to cover these activities.

The Directors are of the view that the Group is sufficiently funded for the twelve-month period from the date of approval of these Financial Statements. However, the Directors note that there are material uncertainties as set out in Note 3, which if any should eventuate, would require the Group to raise additional funds. Although the Directors consider the likelihood of all uncertainties eventuating to be unlikely, they are confident additional funding can be accessed should it be required.

On the basis of the considerations set out above, the Directors have concluded that it is appropriate to prepare the Financial Statements on a going concern basis. 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.

Covid-19
A statement on the impact of the Covid-19 pandemic on the Group, as well as the additional risks faced, contingency planning and responses is detailed in the Chairman's Letter, Finance Review, Principal Risks and Uncertainties and Going Concern Review (see Note 3).

Annual General Meeting
The AGM of the Company was held in London on 30 June 2021 in compliance with the Company's statutory requirements. The Notice of the AGM together with an explanation of the resolutions and the voting results are available on the Company's website:
www.victoriaoilandgas.com/shareholdermeetings.

By Order of the Board,

Roger Kennedy
Chairman
12 July 2021

Directors' Remuneration Report

As Chair of the Remuneration Committee of Victoria Oil & Gas plc, I am pleased to present the Directors' Remuneration Report of the Company for the year ended 31 December 2020.

This Report includes information on the activities of the Remuneration Committee, the Company's Remuneration Policy for Executive Directors and details of the Directors' remuneration arrangements during the year under review and details of anticipated share option awards. The disclosures are made in accordance with the AIM Rules for Companies and the recommendations of the QCA Corporate Governance Code.

Remuneration Committee

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

During the financial year the Committee was comprised of Non-Executive Directors. John Daniel and Robert Collins formed the Committee from 10 February 2020 until 10 August 2020 and Roger Kennedy and John Daniel from 29 October to date (following Robert Collins' appointment as Chief Financial Officer on 11 August 2020). No Remuneration Committee matters were considered during the periods of 1 January 2020 to 10 February 2020 and 11 August 2020 to 29 October 2020 and, due to his conflict of interest, the details of Robert Collins' remuneration in his capacity as an Executive Director were determined by the rest of the Board.

The Committee met twice during the year under review and its most significant activities were:

- to establish an appropriate remuneration package and performance metric framework for Roy Kelly as the new Chief Executive Officer including the grant of options under the LTIP;
- to oversee remuneration aspects of the departure of the previous CEO and CFO;
- to review the Company's Remuneration Policy; and
- to consider and determine the appropriate performance targets to be attached to executive bonus awards.

Since the year-end, the Committee has considered bonus awards to the CEO and CFO in relation to the 2020 financial year in light of the Company's financial condition.

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.

The Company's remuneration policy during the financial year consisted of the following elements, which are explained in more detail below:

- Salary at market related levels to attract the right calibre executive;
- Annual bonus to recognise performance during the financial year against targets aligned with shareholder value accretion and the values of the Company; and
- Long-Term Incentive Plan ("LTIP") introduced in 2019, to align the interests of the Directors and the Senior Management with those of the shareholders.

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 aligned to the values of the Company and shareholder interests and remains competitive in the market.

Salary – Executive Directors

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. During the year under review, this was a particularly pertinent exercise due to the recruitment of Roy Kelly as CEO and Robert Collins as CFO. These hires necessitated a review of rewards in comparable businesses to ensure that the Company was offering a competitive package which was not excessive in the circumstances. No significant changes to the salaries of the Executive Directors are anticipated during the current financial year.

Directors' Remuneration Report continued

Annual Bonus

The award of bonuses seeks to reward the Executive Directors for the achievement of challenging corporate, strategic and individual targets on an annual basis. The maximum potential bonus entitlement for Executive Directors is 100% of base salary and the allocation of bonus is calculated based on defined performance metrics.

In order to align executives' interests with those of shareholders and manage cash costs, a proportion of the bonus may be paid in shares of the Company. The Committee will, in accordance with executives' contracts, determine on an annual basis the level of deferral of the bonus payment into the Company's shares, the vesting period and the maximum vesting period.

The annual bonus performance targets for the year ended 31 December 2020, included the following:

- Total Shareholder Return performance relative to the AIM All Share Oil and Gas index;
- Recovery of ENEO receivables;
- Ensure sufficient cash levels are maintained; and
- Safe and successful remediation of well La-108.

Based on review of performance against the above listed targets, the Committee has determined the current Executive Directors' bonus awards at 37.5% of salary (pro-rated to the duration of their Executive service during the year). Roger Kennedy's award in respect of his time as Executive Chairman during the year under review has been approved by the Board at an equivalent level.

The performance targets for the year ending 31 December 2021 include the following:

- Total Shareholder Return performance;
- Obtain well location for Matanda that satisfies technical and ESG objectives;
- Obtain an extension to the Matanda Licence;
- Ensure sufficient cash levels are maintained; and
- Safe and successful perforations to well La-108.

The Remuneration Committee retains the discretion to assess this performance in relation to relevant, absolute and relative performance. The annual bonus plan does not contain any claw back provisions.

Long-Term Incentive Plan ("LTIP")

The LTIP was established in 2019 to align the interests of the Executive Directors and senior management with the shareholders. There was no grant of share options under the LTIP during the reporting period.

The Company agreed to grant the Executive Directors certain options at the time of their appointments. These awards have yet to be formally granted and it is envisaged these will be completed shortly. The details of these awards are set out below:

- 4,000,000 options to be awarded to Roy Kelly.
- 2,000,000 options to be awarded to Robert Collins.
- The options will vest on grant and have an exercise price of 14p.
- There are no specific performance conditions attached to the awards, but the exercise price is significantly higher than the current market price of the Company's shares.
- The options can be exercised for a period of five years from the date of grant and will lapse if the Director leaves the Company save in certain specified circumstances or as otherwise agreed or determined by the Remuneration Committee.

Share Options

There was no grant of share options to Non-Executive Directors during the reporting period.

At the time of his appointment as Non-Executive Chairman on 29 October 2020, it was agreed that Roger Kennedy be awarded 1,000,000 options to vest in equal tranches over three years with an exercise price of 14p. These awards are yet to be formally granted and it is envisaged that this will be completed shortly. There will be no performance conditions attached to these options.

Benefits

The Company provides medical insurance cover and pensions auto-enrolment for all UK-based employees. The Company makes a monthly contribution into pension schemes nominated by Mr Collins. The total value of the benefits for the Executive Directors is disclosed in the Directors' Remuneration table below.

The details of the benefits paid/earned during 2020 are as follows:

Executive Director	Healthcare US$	Pension US$	Total US$
Roger Kennedy	17,142	–	17,142
Ahmet Dik	4,396	16,154	20,550
Andrew Diamond	2,757	13,441	16,198
Robert Collins	2,242	5,733	7,975
Roy Kelly	6,459	18,903	25,362
Grand Total	**32,996**	**54,231**	**87,227**

Directors' Remuneration Report continued

Directors' Service Contracts

Executive Directors

Executive Directors are employed under service contracts with notice periods as follows:

Roy Kelly	(appointed Chief Executive Officer 23 March 2020)	12 months
Robert Collins	(appointed Chief Financial Officer 11 August 2020)	12 months

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 the date of the 2020 Annual Report, the unexpired terms of the Non-Executive Directors' letters of appointment were:

	Start Date	End Date	Unexpired Term at the date of this Report
John Daniel	3 April 2019	3 April 2022	22 months
Roger Kennedy[(a)]	29 October 2020	29 October 2023	29 months

[(a)] Roger Kennedy became Non-Executive Chairman on 29 October 2020.

Non-Executive Directors receive a fixed cash fee of £40,000 per annum. Non-Executive Directors may, at the discretion of the Board, also be awarded share options. No material changes to the Non-Executive Directors fees are anticipated during the current year.

A copy of the Service Agreement or Letter of Appointment (as appropriate) for each Director is available for inspection at the Company's Registered Office.

Directors' Remuneration – Single Total Figure

Directors' remuneration in aggregate for the year ended 31 December 2020 is as follows:

	Salaries and fees US$	Benefits[1] in kind US$	Share-based payments US$	Consultancy fees US$	Cash bonus US$	Total US$
12-months to 31 December 2020						
Executive Directors						
Ahmet Dik[(a)]	251,923	20,550	–	–	–	272,473
Andrew Diamond[(b)]	89,435	16,198	–	–	–	105,633
Roy Kelly[(c)]	371,942	25,362	–	–	143,729	541,033
Robert Collins[(d)]	139,082	7,975	–	–	57,492	204,549
Non-Executive Directors						
John Daniel[(e)]	51,469	–	26,701	121,068	–	199,238
Roger Kennedy[(f)]	188,859	17,142	–	–	72,397	278,398
Grand Total	**1,092,710**	**87,227**	**26,701**	**121,068**	**273,618**	**1,601,324**

[1] See the "Benefits" table above for details.

	Salaries and fees US$	Benefits in kind US$	Share-based payments US$	Settlement payment US$	Total US$
12-months to 31 December 2019					
Executive Directors					
Roger Kennedy	193,821	16,219	345,340	–	555,380
Ahmet Dik	549,629	106,377	394,674	–	1,094,680
Andrew Diamond	241,864	39,073	197,337	–	478,274
Kevin Foo	127,275	5,186	81,007	494,323	707,791
Non-Executive Directors					
John Bryant	49,359	–	–	8,108	57,467
John Daniel	37,414	–	24,667	–	62,081
John Knight	29,636	–	–	–	29,636
Grand Total	**1,272,998**	**166,855**	**1,043,025**	**502,431**	**2,985,309**

Directors' Remuneration Report continued

Directors' Remuneration – Single Total Figure continued

[a] Resigned ex-gratia 23 March 2020 from Chief Executive Officer role at which point he ceased to be a Director and served out his twelve month notice period. During the term of his notice period he was entitled to all of the employment benefits he received under his former service agreement (see Note 27 for details of further payments).

[b] Resigned 15 May 2020 from Financial Director role at which point he ceased to be a Director and served out his six month notice period. During the term of his notice period he was entitled to all of the employment benefits he received under his former service agreement. 2 million options held by Andrew Diamond lapsed 15 May 2021 (see Note 27 for details of further payments).

[c] Appointed Chief Executive Officer 23 March 2020.

[d] Appointed Chief Financial Officer 11 August 2020. US$24,283 salary and fees relate to the period he was a Non-Executive Director.

[e] During the reporting period John Daniel, outside of his Non-Executive Director responsibilities, carried out some consultancy work for the Group via JD Oil & Gas Consultancy Limited (see Note 27).

[f] Roger Kennedy resigned as Executive Chairman and assumed the role of Non-Executive Chairman following the General Meeting on 29 October 2020. Mr Kennedy waived his entitlements to his contractual notice period, holiday entitlements, and any further benefits pursuant to his Executive Director services contract. US$8,323 salary and fees relate to the period he was a Non-Executive Director.

Directors' Interests in Share Capital of the Company

The interests of Directors who held office at 31 December 2020 are set out in the table below:

	Ordinary Shares held		Ordinary Share Options				
	1 January 2020	31 December 2020	1 January 2020	Granted during the year	Exercised	31 December 2020	Weighted Exercise price
Non-Executive Directors							
John Daniel	–	–	1,000,000	–	–	1,000,000	0.14 pence
Roger Kennedy	1,754	1,754	3,500,000	–	–	3,500,000	0.14 pence

J. C. Daniel

John Daniel
Remuneration Committee Chairman
12 July 2021

Statement of Directors' Responsibilities

Responsibility Statement

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.

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,

Roger Kennedy
Chairman
12 July 2021

J. C. Daniel

John Daniel
Non-Executive Director
12 July 2021

Independent Auditor's Report to the members of Victoria Oil & Gas Plc

Opinion

In our opinion:

- **the Financial Statements of Victoria Oil & Gas plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;**
- **the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;**
- **the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the Financial Statements of Victoria Oil & Gas Plc and its subsidiaries which comprise:

- The Consolidated Income Statement;
- The Consolidated Statement of Comprehensive Income;
- The Consolidated and Parent Company Statements of Financial Position;
- The Consolidated and Parent Company Statements of Changes in Equity;
- The Consolidated Cash Flow Statement ; and
- The related Notes 1 to 30 and Notes A to L including a summary of significant accounting policies as set out in Note 2 and Note A.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006. As regards the Parent Company Financial Statements, the financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice), including FRS 101 'Reduced Disclosure Framework'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's ("the FRC's") Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

We draw your attention to Note 3 in the Financial Statements concerning the Group's and Parent Company's ability to continue as a going concern. The Group incurred a loss of US$9.0 million for the year ended 31 December 2020. The Group had a cash balance of US$1.8 million and borrowings of US$14.6 million at the year end.

The Parent Company incurred a loss of $9.0 million for the year ended 31 December 2020. The Parent Company had a cash balance of US$0.4 million at the year end.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

Material uncertainty relating to going concern continued

The ability of the Group and the Parent Company to continue as a going concern is dependent on a number of uncertainties including the timing of payment of the SNH Royalty liability and the ability to raise additional finance.

These events and conditions, along with the other matters as set forth in Note 3 to the Financial Statements, indicate that a number of material uncertainties exist that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:
- obtained an understanding of the Group and Parent Company's relevant controls over the development and approval of the projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;
- challenged the key assumptions used in the cash flow forecasts by agreement to historical run rates, expenditure commitments and other supporting documentation;
- considered the appropriateness of assumptions made in the cash flow forecasts in relation to the ability to raise additional finance and the timing of payment of the SNH Royalty liability by reviewing supporting documentation and considering the consistency of the assumptions with other audit evidence obtained;
- performed sensitivity analysis on the cash flow forecasts to assess the amount of headroom available to the Group and Parent Company on its current credit facilities;
- tested the clerical accuracy of the cash flow forecast model; and
- assessed the adequacy of the disclosures in the Financial Statements with a particular focus on appropriate disclosure of the key uncertainties relating to going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern (see material uncertainty relating to going concern section); • Recoverability of Property, Plant and Equipment and other assets; and • Recoverability of Exploration and Evaluation Assets. Within this report, any new key audit matters are identified with ⓐ and any key audit matters which are the same as the prior year identified with ⓑ.
Materiality	The materiality that we used for the Group Financial Statements was US$214,000 which was determined on the basis of 1.6% of revenue. The Parent Company materiality that we determined was US$171,200 based on 3% of preliminary net assets.
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and assessing the risks of material misstatement at the Group level. We assessed the Group to consist of two significant components being Victoria Oil & Gas PLC ("Company") and Gaz Du Cameroun S.A. ("GDC"). We performed a full scope audit on these components. We performed specified procedures in relation to specific account balances for GDC BVI, Victoria Petroleum Limited, SGI, Victoria Energy Central Asia UK, Victoria Oil & Gas Central Asia and Bramlin Limited (Bramlin).
Significant changes in our approach	No significant changes in our approach.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter title	**Recoverability of Property, Plant & Equipment and other assets – Group and Parent Company**
Key audit matter description	As at 31 December 2020, the carrying value of Property, Plant & Equipment ("PPE") including Oil and Gas assets ("O&G") was US$18.7 million (2019: US$20.6 million). The Parent Company had amounts due from subsidiaries of US$5.8 million (2019: US$9.5 million) at the Statement of Financial Position date. PPE assets relate to costs capitalised in relation to the gas reserves in production. PPE assets are tested against the expected recoverable amount by comparing the carrying value of the asset against the future net cash flows expected. Calculation of the recoverable amount of the asset requires judgement in determining appropriate assumptions including but not limited to reserves and production profiles, revenue assumptions and discount rates to use when projecting future cash flows. The realisation of the carrying value of PPE, and of related amounts due from subsidiaries, is dependent on the continued development of economic reserves from the Logbaba project which is subject to a number of uncertainties including the ability of the Group to raise finance to continue to develop the project. Refer to the accounting policy in Note 2 (Significant accounting policies), Note 4 (impairment of assets) and the disclosures in Note 14 (Property, Plant and Equipment) of the Group Financial Statements and to Note A (Significant accounting policies) and in Note C of the Parent Company Financial Statements for further information.
How the scope of our audit responded to the key audit matter	In response to the risk identified our procedures included the following: • We considered and evaluated management's assessment of indicators of impairment in accordance with IFRS 6; • We obtained an understanding of management's relevant controls over the development and approval of the projections and assumptions used in the impairment model, and assessed the design and determined the implementation of these controls; • We assessed the mechanical accuracy of the impairment model and the methodology applied by management for consistency with the requirements of IAS 36; • We challenged the key assumptions used in management's calculation of the value in use by reference to historical trends and gathering of other relevant information including market data; • We engaged our valuation specialists to determine an independent reasonable range of discount rates to assess the appropriateness of the discount rate used by management; • We engaged our oil and gas specialists to determine whether the methodology of estimating reserves was appropriate; • We challenged revenue growth assumptions by agreeing details of new customers to relevant gas supply agreements; • We challenged cost assumptions by agreement to relevant information, including capital expenditure commitments and historical run rates of operating costs; and • We assessed the completeness and accuracy of disclosures within the Financial Statements in accordance with the applicable accounting frameworks.
Key observations	The recoverability of PPE and amounts due from subsidiaries is dependent on the continued development of economic reserves and revenue growth from the Logbaba Project which is subject to a number of uncertainties including the ability of the Group to raise sufficient finance to continue to develop operations. The Financial Statements do not include any adjustments relating to these uncertainties and the ultimate outcome of these uncertainties cannot, at present, be determined.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

Key audit matter title	**Recoverability of Exploration and Evaluation Assets**
Key audit matter description	As described in Note 2 (Significant accounting policies), Note 4 (Impairment of assets) and Note 13 (Intangible assets), the Group held Exploration and Evaluation ("E&E") assets of US$12.9 million (2019: US$8.5 million) as at the year-end. The exploration and evaluation assets relate to the Logbaba drilling programme and represent the cost of the development of the La-108 well. In accordance with IFRS 6, Exploration and Evaluation costs are capitalised as intangible assets until technical feasibility and commercial viability of extraction of reserves are demonstrable, at which point the cost of the assets is transferred to PPE. The recoverability of La-108 is dependent on the successful discovery and development of reserves through the remediation of La-108 and access to financial resources to develop La-108 and bring the asset to economic maturity and profitability. As disclosed in Notes 4 and 13 to the Financial Statements, the outcome of ongoing field development, and therefore whether the carrying value of intangible exploration and evaluation assets will be recovered, is inherently uncertain. This gives rise to a key audit matter.
How the scope of our audit responded to the key audit matter	In response to the risk identified our procedures included the following: • We considered and evaluated management's assessment of indicators of impairment in relation to the E&E assets in accordance with IFRS 6; • We obtained an understanding of management's controls over the development and approval of the projections and assumptions used in the impairment model and assessed the design and determined the implementation of these controls; • We assessed the mechanical accuracy of the impairment models and the methodology applied by management for consistency with the requirements of IAS 36; • We challenged the key assumptions used in management's calculation of the value in use by reference to historical trends; • We engaged our valuation experts to determine an independent reasonable range of discount rates to assess the appropriateness of the discount rate used by management; • We considered the appropriateness of classification of well La-108 as an intangible asset at 31 December 2020; • We reviewed the current results level of expenditure required to bring well La-108 into production; and • We assessed the completeness and accuracy of disclosures within the Financial Statements in accordance with IFRSs.
Key observations	Recoverability of E&E assets is dependent on the successful remediation of the La-108 well and access to financial resources to develop La-108 and bringing the asset to economic maturity and profitability. The Financial Statements do not include any adjustments relating to these uncertainties and the ultimate outcome of these uncertainties cannot, at present, be determined.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

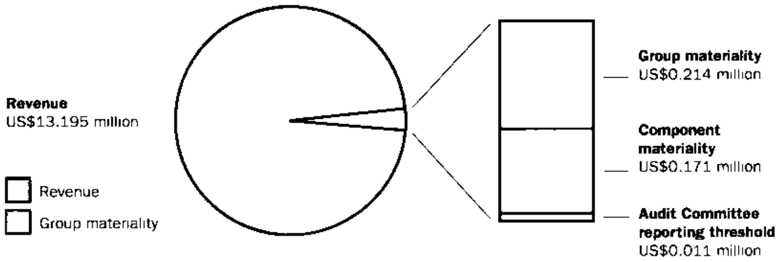
Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	US$214,000 (2019: US$300,000)	US$171,200 (2019: US$150,000)
Basis for determining materiality	Group materiality was determined based on 1.6% of revenue (PY: blended rate of 2% of shareholders equity and 2% of revenue).	Parent Company materiality equates to 3% of preliminary net assets and is capped at 80% of Group materiality.
Rationale for the benchmark applied	We have determined revenue as our key benchmark for the Group, as we believe it is a key metric used by stakeholders. The Parent Company does not trade. It holds intercompany receivables. As a result, net assets are the key metric for the Parent Company. We believe that using a materiality based on these benchmarks reflects critical underlying measures of the Group given these are the critical elements of the business.	



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Performance materiality	80% of materiality	80% of materiality
Basis and Rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • The nature of the business has remained consistent to that of the prior year. • The total amount of misstatements that we anticipate identifying and which we believe management will not correct in the Financial Statements. • We have been the Group and Parent Company auditors for a number of years and thus have factored in our experience with an understanding of the Group's control environment including entity-level controls and turnover of key personnel.	

Error Reporting Threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$10,700 (2019: US$15,000) for the Group and US$8,560 (2019: US$7,500) for the Parent Company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

An overview of the scope of our audit

Identification and scoping of components
We determined the scope of our Group audit by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement at the Group level.

Based on this assessment, we assessed the Group to consist of two significant components being Victoria Oil & Gas PLC (the Parent Company) and Gaz Du Cameroon (GDC). We performed a full scope audit on these components covering 100% of revenue, 94% of profit before tax and 97% of net assets. We performed specified procedures in relation to specific account balances in addition to analytical review procedures for GDC BVI, Victoria Petroleum Limited, SGI, Victoria Energy Central Asia UK, Victoria Oil & Gas Central Asia and Bramlin Limited (Bramlin). In addition, we performed analytical procedures on all non-significant components.

At the Parent Company entity level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Working with other auditors
The work performed by the component audit team in Cameroon was directed by the Group audit team and performed to a component materiality level which was lower than group materiality. This component materiality was US$171,200.

Other information

The other information comprises the information included in the Annual Report and Accounts to 31 December 2020, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's *and the Parent Company's ability to continue as a going concern,* disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause the Group and Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).
- Where the Auditor is required to report on Consolidated Financial Statements, obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, we also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Where we are required to report on key audit matters, from the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in the Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the Auditor's Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having discussed and reviewed the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team, including significant component audit teams and relevant internal specialists, including valuation and mineral reserve specialists, regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the risk that revenue is not recognised in accordance with contractual terms in particular for customers with take or pay arrangements and the risk that related parties and related party transactions are not appropriately identified and therefore, related party transactions are either not disclosed or are incorrectly disclosed. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group and Parent Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the Companies Act 2006, AIM Regulations and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group and Parent Company's ability to operate or to avoid a material penalty. These included the Group's environmental regulations and Law No. 99/13 of 22 December 1999 to institute the Petroleum Code.

Audit response to risks identified
As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with Cameroon tax authorities;
- in addressing the risk of fraud in revenue recognition, we have reviewed a sample of revenue transactions for customers throughout the year to ensure an appropriate application of the revenue recognition requirements and recalculated the amounts recognised as take or pay revenue and the termination payments to ensure the calculation is in line with the contractual agreement;

Independent Auditor's Report to the members of Victoria Oil & Gas Plc continued

- in addressing the risk of related party identification and disclosures, we have reviewed the latest related parties listing and key management personnel listing prepared by management to identify any new relationships, performed an analysis of key suppliers in relation to capital expenditure to identify any potential related party transactions and reviewed the disclosures in the Annual Report to assess for accuracy and completeness; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the Financial Year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

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 Auditor's 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.

Sinéad McHugh (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Auditor
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
Ireland

12 July 2021

Consolidated Income Statement
For the year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Continuing operations			
Revenue	5	**13,195**	20,822
Cost of sales	9	**(2,570)**	(18,403)
Gross profit		**10,625**	2,419
Administrative expenses	9	**(12,015)**	(12,954)
Other losses	7	**(716)**	(60)
CHL settlement	22	**(8,135)**	–
Reversal of impairment/(impairment loss) on trade and other receivables	15	**2,601**	(3,661)
Impairment of assets	4	**–**	(95,845)
Operating loss		**(7,640)**	(110,101)
Finance revenue	6	**452**	–
Finance costs	8	**(1,629)**	(1,851)
Loss before tax		**(8,817)**	(111,952)
Tax (charge)/credit	10	**(189)**	1,672
Loss for the year – attributable to shareholders of the parent		**(9,006)**	(110,280)

	Note	Cents	Cents
Loss per share – basic & diluted	12	**(3.51)**	*(48.20)*

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	2020 US$'000	2019 US$'000
Loss for the year	**(9,006)**	(110,280)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(76)**	(91)
Total comprehensive income for the year – attributable to shareholders of the parent	**(9,082)**	(110,371)

Consolidated Statement of Financial Position
At 31 December 2020

	Notes	31 December 2020 US$'000	31 December 2019 US$'000
Assets:			
Non-current assets			
Intangible assets	13	**12,946**	8,620
Property, plant and equipment	14	**18,678**	20,606
		31,624	29,226
Current assets			
Inventories		**8**	12
Trade and other receivables	15	**17,647**	13,711
Cash and cash equivalents	16	**1,806**	7,237
		19,461	20,960
Total assets		**51,085**	50,186
Liabilities:			
Current liabilities			
Trade and other payables	17	**24,918**	9,272
Provisions	18	**–**	9,638
Borrowings	19	**6,853**	5,969
		31,771	24,879
Net current liabilities		**(12,310)**	(3,919)
Non-current liabilities			
Other payables	17	**6,875**	–
Provisions	18	**2,396**	2,037
Borrowings	19	**7,742**	11,953
		17,013	13,990
Net assets		**2,301**	11,317
Equity:			
Called-up share capital	21	**1,827**	1,826
Share premium		**42,817**	42,817
Translation reserve		**(17,801)**	(17,725)
Other reserves		**868**	1,093
Retained losses		**(25,410)**	(16,694)
Total equity		**2,301**	11,317

The Financial Statements of Victoria Oil & Gas Plc, registered number 5139892, were approved by the Board of Directors on 12 July 2021.

Roger Kennedy
Chairman

Rob Collins
Chief Financial Officer

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Called-up share capital US$'000	Share premium US$'000	ESOP Trust reserve US$'000	Translation reserve US$'000	Other reserves US$'000	Retained loss US$'000	Total US$'000
For the year ended 31 December 2019							
At 31 December 2018	1,130	26,254	(4)	(17,634)	401	93,505	103,652
Shares issued	685	16,067	–	–	–	–	16,752
Share-based payments	11	496	–	–	(308)	–	199
Vesting of share options	–	–	–	–	1,000	–	1,000
Shares granted to ESOP members	–	–	4	–	–	81	85
Total comprehensive income for the year	–	–	–	(91)	–	(110,280)	(110,371)
At 31 December 2019	1,826	42,817	–	(17,725)	1,093	(16,694)	11,317
For the year ended 31 December 2020							
At 31 December 2019	**1,826**	**42,817**	**–**	**(17,725)**	**1,093**	**(16,694)**	**11,317**
Share options exercised	**1**	**–**	**–**	**–**	**(94)**	**93**	**–**
Vesting of share options	**–**	**–**	**–**	**–**	**66**	**–**	**66**
Expiry of vested share options	**–**	**–**	**–**	**–**	**(197)**	**197**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**(76)**	**–**	**(9,006)**	**(9,082)**
At 31 December 2020	**1,827**	**42,817**	**–**	**(17,801)**	**868**	**(25,410)**	**2,301**

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Loss for the year		**(9,006)**	(110,280)
Adjustments for non-cash and other items:			
Tax	10	**189**	(1,672)
Impairment of assets	4	**–**	95,845
Finance revenue	6	**(452)**	–
Finance costs	8	**1,629**	1,851
Depreciation and amortisation		**2,143**	8,609
Expected credit losses		**–**	3,661
Expected credit losses written back	15	**(2,643)**	–
Loss on disposal of property, plant and equipment		**8**	–
Gain on disposal of property, plant and equipment		**(42)**	–
Other gains and losses	7	**749**	60
Other non-cash items		**–**	40
Shares vested by ESOP Trust		**–**	81
Share-based payments		**66**	1,199
		(7,359)	(606)
Movements in working capital			
Decrease/(increase) in trade and other receivables		**155**	(8,821)
Decrease in inventories		**4**	6
Increase in trade and other payables and provisions		**12,041**	9,096
Net movements in working capital		**12,200**	281
Tax paid		**–**	(358)
Interest paid		**(1,361)**	(1,738)
Net cash generated by/(utilised in) operating activities		**3,480**	(2,421)
Cash flows from investing activities			
Payments for intangible assets		**(4,379)**	(6,673)
Payments for property, plant and equipment		**(83)**	(1,037)
Net cash utilised in investing activities		**(4,462)**	(7,710)
Cash flows from financing activities			
Repayment of borrowings	26	**(4,572)**	(2,563)
Net cash generated from equity raise		**–**	16,752
Net cash (utilised in)/generated by financing activities		**(4,572)**	14,189
Net (decrease)/increase in cash and cash equivalents		**(5,554)**	4,058
Cash and cash equivalents – beginning of year		**7,237**	3,467
Effects of exchange rate changes		**123**	(288)
Cash and cash equivalents at end of year	16	**1,806**	7,237

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1. GENERAL INFORMATION

Victoria Oil & Gas Plc is a public company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 200 Strand, London, WC2R 1DJ. The primary activity of the Group is the discovery, production and supply of gas to customers in Cameroon. The Company is listed on the AIM market of the London Stock Exchange ("AIM").

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2020. 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 Practice adopting Financial Reporting Standard 101 Reduced Disclosure Framework. These are presented on pages 80 to 84.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(ii) New and amended standards
The following amended standards and interpretation are effective for financial years commencing on or after 1 January 2021. The Group does not intend to adopt the standards below before their mandatory application date.

- IFRS 9, IAS 39, and IFRS 7 (Amendments) – *Interest Rate Benchmark Reform* (effective date 1 January 2021).
- IAS 1 (Amendments) *Presentation of Financial Statements' on Classification of Liabilities* (effective date 1 January 2021).
- IFRS 17 – *Insurance Contracts* (effective 1 January 2022).

Given these amendments were endorsed by the EU before 31 December 2020 they are part of the EU-IFRS as it stands at 31 December 2020 and therefore are UK endorsed. UK effective date 1 January 2021.

Future accounting pronouncements
The Company intends to adopt the above listed standards and interpretations in its Financial Statements for the annual period beginning 1 January 2021. The Company does not expect the interpretation to have a material impact on the Financial Statements.

(iii) Basis of Consolidation
The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES continued

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 year 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.

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.

Interests in joint operations

The Group's operations in Cameroon are conducted through joint operations. A joint operation is an 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. and its partners on the Logbaba and Matanda Projects.

When a Group entity undertakes its activities under a joint operation, 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 of the Logbaba and Matanda projects in 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

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to a customer.

The transfer of control of natural gas coincides with title passing to the customer and the customer taking physical possession. The Group satisfies its performance obligations at a point in time.

When a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled to and is based on the contractual pricing provisions which are set out in the Gas Supply Agreements ("GSA") and priced based at a rate per mmbtu.

Revenue is recognised based on the relevant prices as set out in the GSA at the time of delivery.

(v) Production Royalties

Royalty expenses are recognised on an accrual basis on the production of hydrocarbons, subject to the applicable royalty conditions.

(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 Franc (which is pegged to the Euro) and US Dollars but also Sterling, Euros, Russian Roubles and Kazakhstan Tenge. The Group's revenue is based on GSAs which are priced in US Dollars. 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.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** continued

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 Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the Statement of Financial Position 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 year, 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 Statement of Financial Position date and their Income Statements are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year 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. 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 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.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** continued

Depreciation is charged so as to write off the cost of plant and equipment over its useful life using the straight-line method for all assets, with the exception of the pipeline, which is depreciated using the unit-of-production method.

Oil and gas assets
Exploration and evaluation costs are transferred to oil and gas 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 unit-of-production method. Until such time as field development permits more comprehensive analysis, calculations under the unit-of-production method are based on proven 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.

Impairment
Oil and gas assets are tested against the recoverable amount of the asset by comparing the carrying value of the asset against the present value of the future net cash flows expected. The asset being assessed can be either a well within a field or the field, whichever is considered most appropriate. Any impairment identified is charged to the Income Statement as part of the cost of operations.

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 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) 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.

(xi) 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.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position 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 Statement of Financial Position 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 of 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 Statement of Financial Position date and the cost is charged to the Income Statement.

(xii) Financial Instruments
Classification and measurement
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets and financial liabilities are initially measured at fair value. In addition, trade receivables that do not have a significant financing component are initially recognised at their transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. The financial assets of the Group consist of cash and cash equivalents and trade receivables.

Cash and cash equivalents comprise cash on hand. Cash and cash equivalents are initially measured at fair value and are subsequently measured at amortised cost. They are held by the Group to collect deposit interest and to meet the liquidity requirements of the Group.

Trade receivables that do not have a significant financing component are initially recognised at their transaction price and subsequently measured at amortised cost as they are held by the Group in order to collect receipts under the credit terms of the sales contracts i.e. solely payment of principal and interest ("SPPI").

Financial liabilities are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost.

Impairment
The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. The expected credit losses are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit or loss.

(xiii) 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.

(xiv) 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).

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** continued

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, despite the existence of material uncertainties, 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.

Recoverability of receivables
As at 31 December 2020 the Group had one significant customer with long outstanding invoices issued on a take-or-pay basis in accordance with the terms of the GSA. Post period a payment was received in full and final settlement of the amount owing as at 31 December 2020.

Unit-of-production depreciation method
The Group's policy is to use the unit-of-production method of depreciation based on proven 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 proven reserves will prospectively affect the unit-of-production depreciation charges to the Income Statement.

The total proven reserves used in the calculation of unit-of-production depreciation are 36 billion cubic feet ("Bcf") (2019: 69 Bcf) in the Logbaba Field. The 36 Bcf comprises of 17 Bcf life to date production to 31 December 2019 plus the opening reserves to 1 January 2020 of 19 Bfc. The unit-of-production depreciation charged to the Income Statement, which was calculated, based on these reserves, was US$0.4 million (2019: US$7.3 million).

Accounting for joint operations
On 12 June 2017, Société Nationale des Hydrocarbures ("SNH") exercised its right in accordance with the Participation Agreement to participate for 5% of the upstream operations of the Logbaba Project. This participation is retrospective and therefore they are deemed to have participated since first production. The Group's net share of this venture that has been included in these Financial Statements is 57% of the upstream and downstream operations. RSM's net share is 38%.

(xv) 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 Statement of Financial Position date and the amounts reported for revenues and expenses during the year. 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 year are discussed below.

Provisions
Provisions for the current year were US$2.4 million (2019: US$11.7 million). The key reason for the reduction was the reclassification of the provision for State Royalty of US$9.6 million in 2019 to current liabilities.

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 Statement of Financial Position date in measuring provisions, however the actual outcomes could vary from these measurements (see Note 18).

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

3. GOING CONCERN

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

Revenue for the year was US$13.2 million (2019: US$20.8 million). There was no impairment charge during the year (2019: US$95.8 million). The Group incurred a loss after tax of US$9.0 million for the year ended 31 December 2020 (2019: loss of US$110.3 million). At year-end the Group had cash and cash equivalents of US$1.8 million (2019: US$7.2 million) in addition to borrowings of US$14.6 million (2019: US$17.9 million). Net cash generated from operating activities for the year was US$3.5 million (2019: cash utilised US$2.4 million). The Consolidated Statement of Financial Position shows that the Group had net current liabilities of US$12.3 million at the year-end date (2019: net current liabilities of US$3.9 million) and net assets of US$2.3 million at the year-end date (2019: net assets of US$11.3 million).

The Parent Company incurred a loss of US$9.0 million for the year ended 31 December 2020 (2019: US$110.3 million). The Parent Company has a cash balance of US$0.4 million (2019: US$3.6 million) at the Statement of Financial Position date.

In their consideration of the appropriateness of applying the going concern assumption the Directors have prepared cash flow forecasts for the period to 31 December 2022.

The significant factors, estimates and assumptions applied in the cash flow forecast are as follows:

Grid power and recovery of receivable amounts

Since September 2019, when the generator provider ceased operations, GDC invoiced ENEO monthly on a take-or-pay basis in accordance with the GSA. GDC continued to invoice ENEO on this basis until the GSA was terminated. Following the termination GDC entered into amicable settlement agreement discussions with ENEO, which resulted in a full and final gross settlement of approximately 2.74 billion XAF, circa. US$5.1 million post year-end (US$2.9 million of which is attributable to GDC). These funds were received from ENEO in early June 2021.

Cameroonian State Royalty obligation

The Logbaba Project has operated as an integrated upstream and downstream operation since inception. In order to comply with the Gas and Petroleum Codes in Cameroon, the parties are working with SNH to separate the business into its components. The parties are in ongoing negotiations with SNH regarding the mechanism and fiscal arrangements for, amongst others: the potential participation of SNH in the downstream activities; the allocation of assets, liabilities, revenues and costs, and the associated transfer pricing mechanisms; and the net settlement required by SNH to take ownership of their entitlement. One of the matters under negotiation has been GDC's obligation to pay State Royalties. In prior years this potential liability was disclosed as a contingent liability. Following the signing of a new Accounting Procedure to the licence in mid-2020, the royalty liability crystalised and the Company accordingly recognised a provision of US$9.6 million in the Annual Report to 31 December 2019. This has been increased to US$13.2 million as at 31 December 2020 and recognised as a current liability. It has been agreed that this amount be reduced by the amounts owed by SNH with respect to their 5% share of net revenues and costs. Although the amount is payable on demand, discussions are ongoing with SNH in relation to both the timing and mechanism of settlement. As outlined above a number of options are being discussed, including potential future participation of SNH in the downstream operations of GDC. The Directors believe that it will take time to complete these discussions and to agree on timing and mechanism of settlement. The Directors are currently in discussions with respect to funding to defray this liability as soon as is possible. In the event that GDC is required to pay the full amount within the next twelve months and has not secured additional financing, this would have a material adverse impact on the Group's cash forecast and ability to continue as a going concern.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

3. **GOING CONCERN** continued

Debt

The Group ended the year with cash and cash equivalents of US$1.8 million (2019: US$7.2million) (see Note 16) and in a net debt position of US$12.8 million (2019: US$10.7 million) (see Note 20). The Group had borrowings of US$14.6 million (2019: US$17.9 million), approximately US$6.9 million of which is due within 12 months from the date of approval of the Financial Statements. The Group has no available headroom as at 31 December 2020 on any of its current credit facilities. The Group is actively seeking additional debt facilities with financial institutions in Cameroon to finance expansion and development.

The Group secured financing post year-end from Hadron Master Fund of GBP1.25 million (US$1.7 million) and Meridian Capital (HK) of US$7.5 million as set out in Note 29. These funds were predominantly secured to provide working capital for the Parent Company. The first tranche of funding of US$3.3 million from Meridian is in the process of being transferred to the Company. The second tranche, amounting to US$4.2 million, is subject to shareholder approval. If the Tranche 1 funds are not received and/or the second tranche of funding is not approved by shareholders, this would have a material adverse impact on the Company's cash position.

Other items

RSM arbitration

The Group is exposed to further potentially material contingent liabilities with respect to the arbitration with RSM as outlined in Note 25. The amounts concerned in each of these matters are material, and an adverse finding would have material impacts on the Group's cash forecast and ability to continue as a going concern.

Covid-19

At the time of writing, Cameroon remains relatively free of operating restrictions and our operations have not been significantly impacted through the pandemic, however, we remain cognisant that this position may change at any point which may impact GDC staff, GDC's ability to produce and sell gas, our customers' ability to purchase gas, and/or our suppliers ability to deliver the services procured.

Conclusion

These conditions indicate the existence of a material uncertainty relating to the events or conditions that may cast significant doubt upon the Group and the Parent Company's ability to continue as a going concern.

The Directors have reviewed operating and cash forecasts in respect of the operating activities and planned work programmes of the Group's assets. The expected cash flows, plus available cash on hand, after allowing for funds required for administration and development costs, working capital improvement and debt servicing, are expected to cover these activities. As a result, the Directors are of the view that the Group and the Parent Company is sufficiently funded for the twelve-month period from the date of approval of these Financial Statements. However, the Directors note that there are material uncertainties as listed above, which should any eventuate, would require them to raise additional funds.

Although the Directors consider the likelihood of these uncertainties eventuating to be unlikely, they are confident additional funding can be accessed should it be required.

On the basis of the considerations set out above, the Directors have concluded that it is appropriate to prepare the Financial Statements on a going concern basis. These Financial Statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group or the Parent Company was unable to continue as a going concern.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

4. IMPAIRMENT OF ASSETS

	2020 US$'000	2019 US$'000
Intangible assets – Exploration and evaluation assets	–	27,367
Tangible assets – Property, plant and equipment	–	62,922
Investment in associate	–	5,556
	–	95,845

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:

Year to 31 December 2020	Cameroon US$'000	Russia and Kazakhstan US$'000	Corporate US$'000	Total US$'000
Revenue				
Gas sales – thermal power	12,350	–	–	12,350
Gas sales – industrial power	639	–	–	639
Gas revenue	12,989	–	–	12,989
Condensate sales	201	–	–	201
Other revenue	5	–	–	5
Total revenue	13,195	–	–	13,195
Segment result	(1,922)	(84)	(5,634)	(7,640)
Finance income	452	–	–	452
Finance costs	(1,446)	(36)	(147)	(1,629)
Loss before tax	(2,916)	(120)	(5,781)	(8,817)
Tax	(189)	–	–	(189)
Loss for the year	(3,105)	(120)	(5,781)	(9,006)
Total assets	50,198	37	850	51,085
Total liabilities	(44,196)	(286)	(4,302)	(48,784)
Other segment information				
Capital expenditure:				
Intangible assets	4,379	–	–	4,379
Property, plant and equipment	83	–	–	83
Depreciation and amortisation	1,648	–	–	1,648

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

5. SEGMENTAL ANALYSIS continued

Year to 31 December 2019	Cameroon US$'000	Russia and Kazakhstan US$'000	Corporate US$'000	Total US$'000
Revenue				
Gas sales – thermal power	11,360	–	–	11,360
Gas sales – industrial power	621	–	–	621
Gas sales – grid power	7,983	–	–	7,983
Gas revenue	19,964	–	–	19,964
Condensate sales	832	–	–	832
Other revenue	26	–	–	26
Total revenue	20,822	–	–	20,822
Segment result	(8,077)	452	(6,632)	(14,257)
Impairment of assets	(90,289)	–	(5,556)	(95,845)
Finance costs	(1,712)	8	(147)	(1,851)
(Loss)/profit before tax	(100,078)	460	(12,335)	(111,953)
Tax	1,672	–	–	1,672
(Loss)/profit for the year	(98,406)	460	(12,335)	(110,281)
Total assets	46,409	71	3,706	50,186
Total liabilities	(36,670)	(271)	(1,928)	(38,869)
Other segment information				
Capital expenditure:				
Intangible assets	6,673	–	–	6,673
Property, plant and equipment	1,035	–	2	1,037
Depreciation, amortisation and impairment	98,883	–	15	98,898

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 US$13.2 million (2019: US$20.8 million) related to sales of gas and condensate to 35 customers. Two customers each contributed 10% or more to the Group's revenue during the current year, contributing US$2.0 million net and US$1.4 million net respectively, neither of these customers contributed more than 10% in 2019 however one other customer did contribute more than 10% in 2019, contributing US$7.8 million, but contributed zero revenue in 2020.

6. FINANCE REVENUE

	2020 US$'000	2019 US$'000
Interest Income	**452**	–

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

7. OTHER (LOSSES)/GAINS

	2020 US$'000	2019 US$'000
Foreign exchange losses	**(723)**	(147)
Discount on settlement of debts	**–**	38
Discount allowed on settlement of debts	**(47)**	–
Loss on disposal of property, plant and equipment	**(8)**	(78)
Gain on disposal of property, plant and equipment	**42**	–
Other Income	**20**	127
	(716)	(60)

8. FINANCE COSTS

	2020 US$'000	2019 US$'000
Loan interest	**1,361**	1,730
Unwinding of discount on provisions	**268**	121
	1,629	1,851

9. LOSS BEFORE TAX

The loss before tax is stated after charging:

	2020 US$'000	2019 US$'000
Production Royalties	**4,172**	9,324
Depreciation and amortisation	**1,138**	7,854
Operating costs	**1,149**	1,225
SNH participation	**(3,889)**	–
Total cost of sales	**2,570**	18,403
Wages and salaries	**4,893**	6,031
Professional fees	**4,266**	2,407
Office and other administrative expenditure	**1,334**	3,069
Travel	**205**	410
Rent	**313**	448
Depreciation and amortisation	**1,004**	589
Total administrative expenses	**12,015**	12,954
Fees for audit services	**353**	264
Total auditor's remuneration	**353**	264

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2020

10. TAX

	2020 US$'000	2019 US$'000
Current tax	**189**	358
Deferred tax	**–**	(2,030)
Tax charge/(credit)	**189**	(1,672)

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 19% effective from 1 April 2020. Income tax losses have no expiry period. Taxable losses in the United Kingdom at 31 December 2020 amounted to US$73.2 million (2019: US$69.0 million). The main rate of UK corporation tax will increase from 19% to 25% for Financial Year 2023 but the Company does not expect a material impact. However a full analysis of the changes has yet to be undertaken.

Cameroon

The income tax rate enacted in Cameroon is 33% on taxable profits or 2.2% of turnover, whichever is higher. The concession contract for Logbaba specifies a tax rate of 38.5% on taxable profits or 1.1% of turnover, whichever is higher. Tax regulations in Cameroon allow for the deferral of capital allowances to the extent that they result in Companies generating income tax losses. Income tax losses have a four-year expiry period. Deferred capital allowances do not expire. GDC has tax losses in both the current and prior years, however the 1.1% tax rate on revenue applies and is reflected as current tax. The effect of this is shown below as "tax on revenue".

Other jurisdictions

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

	2020 US$'000	2019 US$'000
Loss on ordinary activities before tax	**(8,817)**	(111,952)
Tax calculated at the Group's weighted average income tax rate of 16.61% (2019: 34.9%)	**(1,465)**	(39,062)
less the effects of:		
Impairment losses not deductible for tax	**–**	33,442
Expenses not deductible for tax	**195**	646
Non-utilisation of tax losses	**1,270**	4,974
Deferred tax	**–**	(2,030)
Tax on revenue	**189**	358
Total income tax charge/(credit) for the year	**189**	(1,672)

At the Statement of Financial Position date, the Group has aggregate unused tax losses of US$88.4 million (2019: US$83.4 million) available for offset against future profit.

Of unused tax losses, Nil (2019: Nil) relates to the Group's operation in Cameroon. However GDC has deferred capital allowances of US$18.5 million (2019: US$9.3 million) which are not included above. A deferred tax asset of Nil has been recognised in relation to the tax losses and deferred capital allowances in Cameroon (2019: Nil). As a result of the aggressive capital allowances in Cameroon, the Group's forecast indicates that it is not probable that near-term future taxable profits will be available against which the losses and deferred capital allowances will be able to be utilised. The actual tax results in future periods may differ from the forecast. At the year-end, a deferred tax asset relating to taxable losses and deferred capital allowances of US$26.0 million (2019: US$21.6 million) has not been recognised.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

11. STAFF COSTS

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

	2020 Number	2019 Number
Directors	**8**	7
Technical	**55**	58
Management and administration	**65**	67
Total	**128**	132

Staff costs for the above persons were:

	2020 US$'000	2019 US$'000
Wages and salaries	**4,487**	4,428
Social security costs	**351**	432
Share based payments	**55**	1,171
	4,893	6,031

12. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after tax for the year available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year.

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

	2020 US$'000	2019 US$'000
Loss for the year	**9,006**	110,280

	Number	Number
Weighted number of ordinary shares for the purpose of basic earnings per share	**256,883,685**	228,810,593

	Cents	Cents
Loss per share	**(3.51)**	(48.20)

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

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

13. INTANGIBLE ASSETS

Year to 31 December 2020	Exploration and evaluation assets US$'000	Software US$'000	Total US$'000
Cost			
Opening balance	**110,115**	**279**	**110,394**
Additions	**4,379**	**–**	**4,379**
Effects of movement in foreign exchange	**(3,034)**	**–**	**(3,034)**
Closing balance	**111,460**	**279**	**111,739**
Accumulated amortisation and impairment			
Opening balance	**101,586**	**188**	**101,774**
Charge for the year	**–**	**53**	**53**
Effects of movement in foreign exchange	**(3,034)**	**–**	**(3,034)**
Closing balance	**98,552**	**241**	**98,793**
Carrying amount 31 December 2020	**12,908**	**38**	**12,946**

Year to 31 December 2019	US$'000	US$'000	US$'000
Cost			
Opening balance	102,279	383	102,662
Additions	6,673	–	6,673
Disposal	(13)	(106)	(119)
Other movements	(1,017)	–	(1,017)
Effects of movement in foreign exchange	2,193	2	2,195
Closing balance	110,115	279	110,394
Accumulated amortisation and impairment			
Opening balance	72,026	191	72,217
Disposal	–	(77)	(77)
Charge for the year	–	75	75
Impairment of assets (see Note 4)	27,367	–	27,367
Effects of movement in foreign exchange	2,193	(1)	2,192
Closing balance	101,586	188	101,774
Carrying amount 31 December 2019	8,529	91	8,620

The additions in the exploration and evaluation assets relate to the Logbaba drilling programme on well La-108.

Recoverability of exploration and evaluation assets is dependent on the successful development of reserves within the licence period, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop the projects and bring the assets to economic maturity and profitability. An annual impairment test is completed by management to determine if there are any indicators of impairment.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

Year to 31 December 2020	Plant and equipment US$'000	Oil and gas assets US$'000	Assets under construction US$'000	Total US$'000
Cost				
Opening balance	**46,940**	**94,506**	**4,220**	**145,666**
Additions	**34**	–	**49**	**83**
Exchange	**81**	–	**6**	**87**
Transfers	**(15)**	–	**15**	–
Disposals	**(503)**	–	–	**(503)**
Closing balance	**46,537**	**94,506**	**4,290**	**145,333**
Accumulated depreciation				
Opening balance	**34,196**	**90,864**	–	**125,060**
Disposals	**(495)**	–	–	**(495)**
Charge for the year	**1,265**	**825**	–	**2,090**
Closing balance	**34,966**	**91,689**	–	**126,655**
Carrying amount 31 December 2020	**11,571**	**2,817**	**4,290**	**18,678**

Year to 31 December 2019	US$'000	US$'000	US$'000	US$'000
Cost				
Opening balance	46,080	95,467	3,609	145,156
Additions	55	23	959	1,037
Effects of movement in foreign exchange	6	–	–	6
Transfers	1,332	(984)	(348)	–
Disposals	(533)	–	–	(533)
Closing balance	46,940	94,506	4,220	145,666
Accumulated depreciation				
Opening balance	6,617	47,452	–	54,069
Disposals	(461)	–	–	(461)
Effects of movement in foreign exchange	(4)	–	–	(4)
Charge for the year	1,900	6,634	–	8,534
Impairment of assets (see Note 4)	26,144	36,778	–	62,922
Closing balance	34,196	90,864	–	125,060
Carrying amount 31 December 2019	12,744	3,642	4,220	20,606

Assets under construction consists of expenditure relating to the pipeline network and surface infrastructure on the Logbaba Project in Cameroon.

The realisation of property, plant and equipment of US$18.7 million is dependent on the continued successful development of economic reserves within the licence period, which is subject to a number of uncertainties including the Group's ability to access financial resources to continue to successfully generate revenue from the assets. An annual impairment test is completed by management to determine if there are any indicators of impairment.

Depreciation rates applied by the Group are as follows:

	2020	2019
Plant and equipment		
– Process plant	**10 years**	10 years
– Pipeline network (unit of production amortisation based on pipeline capacity)	**12.95%**	11.8%
– Other plant and equipment	**4-10 years**	4-10 years
Oil and gas interests		
– Logbaba wells La-105 and La-107 (unit of production based on 1P reserves*)	**52.30%**	20.84%

* In prior year accounts the Company downgraded its estimates of its 1P reserves from 68 Bcf to 19 Bcf.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

15. TRADE AND OTHER RECEIVABLES

	2020 US$'000	2019 US$'000
Amounts due within one year:		
Trade receivables	**8,014**	9,876
Expected credit losses	**(1,174)**	(3,817)
Net trade receivables	**6,840**	6,059
Taxes recoverable	**1,775**	930
Prepayments	**357**	101
Other receivables	**8,675**	6,621
	17,647	13,711

Trade Receivables

Trade and other receivables are financial assets and measured at amortised cost. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables.

Other Receivables

Other receivables includes a receivable from joint venture partners (RSM, SNH and AFEX) of US$8.4 million (2019: US$5.6 million) for their share of their participating interest in the Logbaba and Matanda Blocks. The balance of other receivables consists of deposits, customs guarantees, restricted cash and sundry receivables of US$0.3 million (2019: US$1.0 million). Due to the nature of other receivables being predominantly balances with joint venture partners that are constantly fluctuating, it is not possible to provide an analysis of the ageing of the balance.

Age of Trade Receivables that are Past Due but not Impaired

	2020 US$'000	2019 US$'000
31-60 days	**707**	804
61-90 days	**415**	295
91-121 days	**669**	120
121+ days	**3,880**	3,321
Total	**5,671**	4,540

Trade receivable days for the current year was 189 days (2019: 106 days). The amount 121+ days excluding ENEO and Sonara is US$0.9 million.

Movement in Expected Credit Loss

	2020 US$'000	2019 US$'000
Balance at beginning of the year	**3,817**	156
Movement in the year	**(2,643)**	3,661
Balance at end of the year	**1,174**	3,817

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

16. CASH AND CASH EQUIVALENTS

	2020 US$'000	2019 US$'000
	1,806	7,237

Funds are held in various currencies 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 financial institutions where the Group hold cash are all A+ credit rating.

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

	2020 US$'000	2019 US$'000
US Dollar	**50**	294
Sterling	**82**	3,272
Euro	**299**	–
Central African Franc	**1,338**	3,601
Russian Rouble	**–**	31
Kazakh Tenge	**37**	39
	1,806	7,237

17. TRADE AND OTHER PAYABLES

	2020 US$'000	2019 US$'000
Amounts due within one year:		
Trade payables	**4,173**	2,842
Taxes and social security costs	**1,531**	1,258
Accruals	**3,202**	3,034
Other payables	**16,012**	2,138
	24,918	9,272
Amounts due greater than one year:		
Other payables	**6,875**	–
	6,875	–

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 year were 110 days (2019: 72 days), based on the ratio of Group trade creditors at year-end to the amounts invoiced during the year by trade creditors.

Accruals
Accruals includes an amount of US$0.8 million (2019: US$1.2 million) in relation to the land claim on the Logbaba Project and US$0.9 million (2019: US$1.3 million) in relation to well La-108 remediation works.

Other payables
Other payables includes an amount of US$1.7 million (2019: US$2.1 million) due under the reserve bonus settlement, US$13.2 million royalty obligation due under the Logbaba Concession agreement and an amount under the CHL settlement agreement with US$1.2 million disclosed as a current liability, and a further US$11.2 million, discounted at 8.5% to US$6.9 million, disclosed as a non-current liability (also see Note 22).

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

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

18. PROVISIONS

	2020 US$'000	2019 US$'000
Decommissioning and rehabilitation provision	**1,348**	1,118
Production bonus provision	**425**	388
Provision for State Royalty	**–**	9,638
Other	**623**	531
	2,396	11,675
Disclosed as:		
Current liabilities	**–**	9,638
Non-current liabilities	**2,396**	2,037
	2,396	11,675

Non-current provisions represent the present value, as at the Statement of Financial Position date, of the amounts payable in future periods discounted at a rate that reflects both the time value of the money and the risks inherent in the liability.

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 Project and the West Med Project based on an estimate of the D&R costs in the year when those costs are likely to be incurred. The provision in respect to the well locations on the West Med field is expected to be incurred by the end of 2024 and in respect to the wells, process plant and pipeline for the Logbaba Project by the end of 2034.

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 2.0% p.a. (2019: 2.0% p.a.). The discount rate used to determine the present value of the obligation was 8.5% p.a. (2019: 9.5% p.a.). 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.

	2020 US$'000	2019 US$'000
Opening balance	**1,118**	909
Movement in provision during the year	**–**	(62)
Effect of movement in foreign exchange	**89**	133
Effect of change of discounting rate	**14**	26
Unwinding of discount charged to the Income Statement	**127**	112
	1,348	1,118

Production Bonus Provision
Under the Logbaba Concession Contract, a bonus of US$1.0 million is payable to the Government of Cameroon when certain levels of production are achieved which management expects will not occur within the next twelve months. The discount rate used to determine the present value of the obligation was 8.78% p.a. (2019: 9.5% p.a.).

State Royalty Provision
During the year the Group has concluded a long-standing dispute regarding the Logbaba Concession agreement, and in so doing has crystalised a liability to pay back-dated royalties to the Cameroonian State in the amount of US$13.8 million (net amount) as at 31 December 2020. Subsequently the provision for State Royalty have been reclassed to other payables.

Other Provision
Other provision relates to potential employee retirement obligations for GDC in Cameroon.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

19. BORROWINGS

	Due 3-5 years US$'000	Due 2-3 years US$'000	Due 1-2 years US$'000	Due 0-1 year US$'000	Total US$'000
2020					
Borrowings	**–**	**1,885**	**5,857**	**6,853**	**14,595**
2019					
Borrowings	1,719	5,337	4,897	5,969	17,922

BGFIBank Cameroun S.A. ("BGFI")
The initial debt facility with BGFI, entered into on 4 April 2016, was for XAF 15 billion (circa US$26.0 million at that time).

At 31 December 2020, the loan has a remaining term of 30 months, and bears interest at 7.15% p.a. The loan is secured by a pledge over the revenue stream of certain customers, a pledge over attributable gas production volumes equivalent to the monthly instalments and the ceding of GDC's right to future insurance claims for the tenor of the loan. The outstanding balance at 31 December 2020 was US$13.1 million (31 December 2019: US$16.4 million). The amount due within 1 year is US$5.3 million, within 1-2 years is US$5.9 million and within 2-3 years is US$1.9 million. The Company has provided a letter of support to BGFI to support the facility.

Famcorp
The Group has a loan facility with United Arab Emirates based Famcorp. The facility is unsecured and incurred interest at 9.9% p.a. (2019: 9.9% p.a.) which is payable monthly. The principal is repayable on demand. The balance owing on the loan at 31 December 2020 was US$1.5 million (2019: US$1.5 million).

20. NET DEBT

	2020 US$'000	2019 US$'000
Cash and cash equivalents	**1,806**	7,237
Borrowings: Current liabilities	**(6,853)**	(5,969)
Borrowings: Non-current liabilities	**(7,742)**	(11,953)
	(12,789)	(10,685)

21. CALLED-UP SHARE CAPITAL

Allotted Called-Up and Fully Paid:

2020	Number	Share Capital US$'000	Share Premium US$'000
Opening balance	**256,861,796**	**1,826**	**42,817**
Share options exercised	**205,422**	**1**	**–**
Closing balance	**257,067,218**	**1,827**	**42,817**
2019			
Opening balance	150,446,457	1,130	26,254
Issued during the year	105,741,122	692	17,316
Share issue costs	–	–	(1,056)
Share options exercised	674,217	4	303
Closing balance	256,861,796	1,826	42,817

The Company's Ordinary Shares have voting rights and are listed on AIM.

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.

Andrew Diamond, who resigned as Finance Director on 15 May 2020, exercised 205,422 share options on 23 November 2020.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

22. DISPOSAL OF ASSOCIATE

In 2009, the Group signed agreements with a private company, Cameroon Holdings Limited ("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. There was also an obligation to pay 15% of the first US$30 million of cumulative GDC revenue from the Logbaba Project to meet mobilisation and demobilisation costs of the drilling rig.

The Company acquired a 35% interest in CHL from an unrelated party during the 2011 financial year. The Company acquired the investment in CHL as a mechanism to buy back part of the royalty payable on the Logbaba revenue stream.

Since January 2019 the Company has ceased to make payments under the CHL Royalty Agreement and CHL commenced legal proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. Consequently, the Company has fully impaired this investment, resulting in an impairment charge of US$5.6 million at 31 December 2019.

On 9 November 2020, the Company entered into a confidential settlement agreement with CHL to cease all legal action and cancel the CHL Royalty Agreement which terminates the 15% royalty payable to the counterparty. The settlement amount is disclosed as a US$1.2 million current liability under other payables, and a further US$11.2 million, discounted at 8.5% to US$6.9 million, disclosed as a non-current liability.

The discount rate used to determine the present value of the obligation was 8.5% p.a. (2019: n/a). The Directors believe these assumptions are a reasonable basis upon which to estimate the future liability.

As part of the settlement agreement, the Company disposed of its 35% interest in CHL to Logbaba Projects Limited for nil consideration.

23. FINANCIAL RISK MANAGEMENT

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

It is the Group's policy that no trading in derivatives shall be undertaken.

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 financial assets relate primarily to cash and cash equivalents and trade and other receivables. The Group manages credit risk by pre-assessing the creditworthiness of counterparties 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.

After the initial evaluation and acceptance the Group subsequently monitors customer credit quality and payment compliance to limit its exposure on all accounts receivable. Customers failing this review are issued a warning, followed by cessation of gas supply.

Trade receivables consist of 38 customers from the Logbaba Project in Douala, Cameroon with operations in various industries including food processors, breweries, foundries, cement producers and chemical companies, and two further customers to which the Group sells the condensate produced from Logbaba.

Trade receivables at year end are comprised of:
- 9% (2019: 7%) amounts due from subsidiaries of multinational companies;
- 34% (2019: 21%) amounts due from other Cameroonian companies;
- 46% (2019: 69%) amounts due from subsidiaries of multinational companies with State participation; and
- 11% (2019: 11%) amounts due from other Cameroonian companies with State participation.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

23. FINANCIAL RISK MANAGEMENT continued

Credit Risk continued
The Group rates the credit quality of the first group as high (making up 9% of trade receivables). The credit quality of other local Cameroonian companies is reduced, but the Group mitigates this risk by implementing safeguards and retains the ability to restrict/terminate gas supply. The credit quality of the final category is poor, and Management monitors payment performance of these customers carefully and mitigates credit risk principally by retaining the ability to restrict/terminate the supply of gas.

For trade and other receivables, the Group applies a simplified approach in calculating the Expected Credit Loss ("ECL"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a single loss rate approach that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivable and the economic environment.

Credit risk arising in the context of the Group's operations, excluding ENEO and Sonara, is significant with the total ECL at the Statement of Financial Position date amounting to 5.1% of trade receivables (2019: 9.5%).

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

The credit risk on liquid funds is limited because the Group holds the majority of its funds with banks with investment grade credit ratings. Funds held by GDC in Cameroon are principally held at BGFI, with whom GDC has debt 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, where possible and agreeing extended payment terms with suppliers.

Following a protracted negotiation with the State of Cameroon, in August 2020 the Group has concluded a long-standing dispute regarding the Logbaba Concession agreement, and in so doing has crystalised a liability to pay back-dated royalties to the Cameroonian State in the amount of US$13.8 million (net amount) as at 31 December 2020. GDC and its joint venture partner are seeking to ensure that the royalty amounts payable are netted against amounts due by Cameroon for their participating interest in the Logbaba Project. There is no guarantee that the State of Cameroon will accede and the Group may be exposed to material financial exposure and liquidity risk.

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

As at 31 December 2020 the Group currently did not have any headroom on its debt facilities. Post year-end the Company entered into two loan note instruments as described in the Finance Review.

The Directors believe the Company is able to finance future exploration and development operations from internally generated funds, existing facilities and, where required, access to additional debt or equity. The Group also has the option to farm-down on existing assets if this is deemed appropriate.

The maturity profile of the Group's financial liabilities based on the contractual terms is as follows:

	Due 3-5 years US$'000	Due 2-3 years US$'000	Due 1-2 years US$'000	Due 0-1 year US$'000	Total US$'000
2020					
Borrowings	–	1,885	5,857	6,853	14,595
Accounts payable	4,475	1,200	1,200	24,918	31,793
Total	4,475	3,085	7,057	31,771	46,388

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

23. FINANCIAL RISK MANAGEMENT continued

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 and Central African Franc, and buys other currencies as required, at the most advantageous rates available, to meet short-term creditor obligations and fund other expenditure. The Central African Franc, which is the currency of Cameroon, is pegged to the Euro. Stringent foreign exchange controls within Cameroon present significant foreign currency risk as they impute procedural barriers to transferring foreign exchange out of Cameroon and also increase the cost of purchasing foreign exchange as required.

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

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

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	
	2020 US$'000	2019 US$'000	**2020 US$'000**	2019 US$'000
Central African Franc	**10,194**	11,542	**32,410**	23,080
Sterling	**518**	3,413	**2,822**	294
Euro	**299**	–	**–**	100
Russian Rouble	**–**	31	**4**	24
Kazakh Tenge	**37**	39	**–**	1
	11,048	15,025	**35,236**	23,499
US Dollar	**8,405**	5,923	**11,152**	3,695
	19,453	20,948	**46,388**	27,194

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 2020, the loss would have been less than US$0.2 million lower/higher (2019: less than US$0.3 million lower/higher) and the net equity would have been less than US$0.2 million higher/lower (2019: less than US$0.3 million higher/lower). Accordingly, the impact on the Company's Income Statement and net equity would be immaterial.

The Group secured a XAF 15 billion loan facility during 2016, this loan was restructured in July 2018. At 31 December 2020 the total debt outstanding on facilities held in Central African Franc ("XAF") amounted to US$13.1 million equivalent (2019: US$16.4 million equivalent), marking a reduction in the foreign currency risk.

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. For sales of gas, the risk is substantially reduced by entering into longer term, fixed-price gas contracts (two to five years) with customers. Whilst customers are not forced to consume gas, the contractual prices are not linked to the relevant commodity price. However, customers will weigh up the price of gas supplied against alternative fuel prices to obtain the lowest unit cost price for production. The commodity price thus presents a significant risk for the Group, but the quantum of the impact is difficult to estimate as the decision is made by customers with varying production requirements.

The condensate sales price is linked to the Brent Crude price and is anticipated to be significantly impacted by the recent collapse in the world oil prices. For the current year, it is estimated that a general weakening of ten percentage point in Brent would increase the Group's loss before tax by less than US$0.1 million (2019: less than US$0.1 million).

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

23. FINANCIAL RISK MANAGEMENT continued

Interest Rate Risk
The Group is exposed to interest rate risk. Where possible the Group borrows at fixed interest rates. At 31 December 2020, the Group had the following outstanding borrowings:
- US$13.1 million from BGFI with interest payable at an average rate of 7.15% p.a.; and
- US$1.5 million from Famcorp with interest payable at a fixed rate of 9.9% p.a.

See Note 19 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 US$0.2 million (2019: less than US$0.2 million). The Famcorp 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 against 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 debt position at year-end of US$12.8 million (2019: US$10.7 million) (see Note 20).

Categories of Financial Instruments
The financial assets and liabilities are presented by class in the tables below at their carrying values:

2020	Notes	Amortised cost US$'000	FVTPL US$'000	Total US$'000
Financial assets				
Trade and other receivables	15	**17,647**	**–**	**17,647**
Total financial assets		**17,647**	**–**	**17,647**
Financial liabilities				
Borrowings	19	**14,595**	**–**	**14,595**
Trade and other payables	17	**31,793**	**–**	**31,793**
Total financial liabilities		**46,388**	**–**	**46,388**
2019				
Financial assets				
Trade and other receivables	15	13,711	–	13,711
Total financial assets		13,711	–	13,711
Financial liabilities				
Borrowings	19	–	17,922	17,922
Trade and other payables	17	9,272	–	9,272
Total financial liabilities		9,272	17,922	27,194

Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methods.

Notes to the Consolidated Financial Statements continued

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24. SHARE-BASED PAYMENTS

Shares and Options granted through Long-Term Incentive Plan ("LTIP")

On 31 July 2019, the Board adopted the new LTIP scheme and approved the grant of 9,500,000 share options to Executive Directors. The share options, which were fully vested, were granted at an exercise price of 14 pence, with an expiry date of 31 July 2024 (Five years). Two million share options held by Andrew Diamond, lapsed on 15 May 2021. At 31 December 2020, 7,500,000 share options remain unexercised.

A further 1,500,000 share options were granted to senior management on 31 July 2019. These options were 25% vested, with a further 25% vesting annually over three years on the grant date anniversary. The strike price of these share options was 14 pence, with an expiry date five years after the vesting date. No options have been exercised to date.

Other Share Options

On 31 July 2019, 1,000,000 share options were granted to a Non-Executive Director under an individual share option agreement. These options were 25% vested, with a further 25% vesting annually over three years on the grant date anniversary. The strike price of these share options are 14 pence, with an expiry date five years after the vesting date. No options have been exercised to date.

In 2017, the Company awarded 880,122 nil cost share options to the Executive Directors in respect of annual bonus awards for 2016. 50% of the share options vested on 1 January 2018 and the remaining 50% vested on 1 January 2019. During 2020, 205,422 Ordinary Shares were issued to Executive Directors on exercise of these share options (2019: 674,700 Ordinary Shares. No share options remained unexercised.

Details of the share options outstanding during the year are as follows:

	2020 Number of share options	**2020 Weighted average exercise price (Pence)**	2019 Number of share options	2019 Weighted average exercise price (Pence)
Outstanding at beginning of year	**12,205,422**	**8.7**	1,380,122	26.5
Granted during the year	–	–	13,000,000	8.3
Forfeited during the year	–	–	1,000,000	8.6
Exercised during the year	**205,422**	**34.4**	1,174,218	25.1
Expired during the year	**2,000,000**	**8.1**	–	–
Outstanding at the end of the year	**10,000,000**	**8.2**	12,205,422	8.7
Exercisable at the end of the year	**8,750,000**		10,330,422	

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

25. CONTINGENT LIABILITIES

RSM

RSM has instituted an arbitration in Texas, USA under ICC rules in2018 which it is asserting material claims primarily related to final invoices for the drilling of the two wells, La-107 and La-108, the pay-out calculation and certain audit exceptions raised by RSM following audits of the Logbaba operations between 2015 and 2019. Post-period: the hearing took place remotely by video-conference in April 2021, though the panel's findings and any award is not expected until August 2021.

Separately, on 3 February 2020, RSM filed an arbitration application under UNCITRAL Rules pursuant to a Participation Agreement for the project. Much of the relief sought in this second arbitration duplicates the claims in the ICC arbitration, save that it also challenges the validity of cash calls GDC issued in November 2019 for RSM's share of expenses in relation to the La-108 well remediation and raises issues relating to the primacy of the underlying governing documents relating to the Logbaba Project, and the process of approvals for certain actions of GDC as the Operator. This arbitration will be heard in London under Cameroon Law, currently scheduled for late September 2021.

Arbitrations under ICC and UNCITRAL rules are confidential processes. VOG is thus not permitted to provide detailed comments on them, beyond saying that it continues to vigorously defend the claims raised by RSM.

The amounts under dispute in these arbitrations are material, and an adverse finding by either of the Tribunals would have a material impact upon the Group's cash forecast and its ability to continue as a going concern.

26. NOTES TO THE CASH FLOW STATEMENT

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Cash Flow Statement as cash flows from financing activities.

	1 January 2020 US$'000	Cashflows US$'000	Movement long-term to short-term US$'000	Other changes US$'000	31 December 2020 US$'000
Long-term borrowings	**11,953**	**–**	**(4,212)**	**–**	**7,741**
Short-term borrowings	**5,969**	**(4,572)**	**4,212**	**1,245**	**6,854**
Total liabilities from financing activities	**17,922**	**(4,572)**	**–**	**1,245**	**14,595**

	1 January 2019 US$'000	Cashflows US$'000	Movement long-term to short-term US$'000	Other changes US$'000	31 December 2019 US$'000
Long-term borrowings	16,798	–	(4,845)	–	11,953
Short-term borrowings	4,109	(2,563)	4,845	(422)	5,969
Total liabilities from financing activities	20,907	(2,563)	–	(422)	17,922

Other changes include foreign exchange movements.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

27. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Directors' remuneration

Remuneration in respect of the Directors was as follows:

	2020 US$'000	2019 US$'000
Directors' emoluments	**1,601**	2,985

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

Remuneration of key management personnel

The compensation of the Directors and the four (2019: three) other key management personnel (as defined within IAS 24 Related Party Disclosures) was as follows:

	2020 US$'000	2019 US$'000
Short-term employee benefits	**2,287**	1,764
Cash bonus	**274**	–
Settlement payments	**–**	502
Share-based payments	**27**	1,054
Professional fees paid to consultants in key management positions	**278**	157
Share-based payments to consultants in key management positions	**15**	27
	2,881	3,504

Share-based payment in the period relates to vesting of share options granted in 2019 (See Note 24 for further details).

Ahmet Dik resigned on 23 March 2020 from his role as Chief Executive Officer at which point he ceased to be a Director and served out his twelve month notice period. During this term he was entitled to all the employment benefits he received under his former service agreement. Short-term employee benefits include US$83,110 for benefits in kind and US$466,154 for salary and fees relating to the period he was not a Director of the Group.

Andrew Diamond resigned on 15 May 2020 from his role as Finance Director at which point he ceased to be a Director and served out his six month notice period. During this term he was entitled to all the employment benefits he received under his former service agreement. Short-term employee benefits include US$23,673 for benefits in kind and US$116,524 for salary and fees relating to the period he was not a Director of the Group. Two million share options held by Andrew Diamond, which was included in 2019 as share-based payments of US$197,337, lapsed on 15 May 2021.

John Daniel is a Director of the Company and a Director of JD Oil & Gas Consultancy Limited, an independent oil and gas consultancy. Professional fees paid to consultants in key management positions include US$121,068 related to consultancy work carried out by John Daniel, outside of his Non-Executive Director responsibilities, through JD Oil & Gas Consultancy Limited (2019: Nil).

Under the Pensions Act 2008, every UK employer must put certain staff into a pension scheme and contribute towards it. The Company auto-enrolled its eligible UK employees (five employees) in a defined contribution scheme on 1 January 2017. The Company makes contributions to the defined contribution pension schemes of three Directors. This is disclosed as a benefit in kind (see Directors' Remuneration Report).

Loans to related parties

Roger Kennedy, Chairman, took a loan of US$22,576 from the Company on 24 September 2019. The loan was intended to be a short-term advance and was interest free. It was fully repaid in March 2020.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

28. COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS

Each undertaking listed below is a subsidiary, directly or indirectly, of Victoria Oil & Gas Plc as at 31 December 2020:

Company	Country of incorporation	Registered address	Class of shares	Percentage of capital held	Nature of business
Victoria Petroleum Ltd	England & Wales	200 Strand, London, WC2R 1DJ	Ordinary	100%	Holding company
ZAO SeverGas-Invest	Russia	Proezd 13, promzona, panel "C", Nadym, 629730, Yamal-Nenets Autonomous Okrug	Ordinary	100%	Exploration
Bramlin Ltd	Guernsey	St Peters House, Le Bordage, St Peter Port, Guernsey, GY1 1BR	Ordinary	100%	Holding company
Gaz du Cameroun S.A.	British Virgin Islands	Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands	Ordinary	100%	Exploration and production
Victoria Oil & Gas Central Asia Ltd	England & Wales	200 Strand, London, WC2R 1DJ	Ordinary	100%	Holding company
Victoria Energy Central Asia UK Ltd	England & Wales	200 Strand, London, WC2R 1DJ	Ordinary	100%	Holding company
Victoria Energy Central Asia LLP	Kazakhstan	Temirkhanova Str. 1a, 1st Floor, Atyrau, 060002, Republic of Kazakhstan	Ordinary	100%	Representative office
Gaz du Cameroun Sarl.	Cameroon	741 Rue Vasnitex, Bonapriso, PO Box 12874, Douala, Cameroon	Ordinary	100%	Licence operator
Victoria Oil & Gas International Ltd	British Virgin Islands	R G Hodge Plaza, 3rd Floor, Upper Main Street, Wickhams Cay 1, PO Box 3483, Road Town, Tortola, British Virgin Islands	Ordinary	100%	Dormant
Gaz du Cameroun Matanda S.A.	British Virgin Islands	Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands	Ordinary	100%	Dormant
Gaz du Cameroun Investments Ltd	Guernsey	St Peters House, Le Bordage, St Peter Port, Guernsey, GY1 1BR	Ordinary	100%	Dormant

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 both the Logbaba and Matanda Projects, which are accounted for as joint operations.

Following the participation of SNH in the Logbaba Project in June 2017, the Group participating interest was reduced from 60% to 57%. On 17 December 2018 the Group received the Presidential Decree authorising the transfer of the 75% participating interest in the Matanda PSC, however the PSC governing the Matanda Block grants the Cameroonian State an option to acquire between a 5% and 25% participation in the exploitation activities of the Block. Should the Cameroonian State exercise its option, upon conversion to an exploitation licence, the Group's interest would thereafter be reduced to between 71.25% and 56.25% depending on the State's election.

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:
- Victoria Petroleum Ltd
- Victoria Oil & Gas Central Asia Ltd
- Victoria Energy Central Asia UK Ltd

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2020

29. SUBSEQUENT EVENTS

- On 8 April 2021 VOG entered into a unsecured loan note instrument with Hadron Master Fund raising gross proceeds of £1.25 million.
- On 16 April 2021 GDC signed a settlement agreement with ENEO for outstanding invoices plus interest amounting to gross proceeds of US$5.1 million which has been received.
- On 18 June 2021 VOG has entered into an unsecured loan note instrument with Meridian Capital (HK) Limited to raise maximum gross proceeds of US$7.5 million.

30. CAPITAL AND OPERATING LEASE COMMITMENTS

At 31 December 2020, GDC had no capital commitments (2019: Nil).

On 17 December 2018, the Group received the Presidential Decree authorising the transfer of the 75% interest in the Matanda PSC. The Group has a minimum work programme obligation of one exploration well plus seismic reprocessing to be completed in the first two years of the assignment following the Presidential Decree (i.e. by December 2020). Due to Covid-19 and other delays the Group did not achieve the minimum work programme by December 2020 and sought and received an extension of one year from 17 December 2020.

The Group's commitment is expected to be US$11.25 million (2019: US$11.25 million). In order to mitigate the work programme commitment, the Group has appointed a specialist A&D advisor to run a farm-out process.

The Group has lease commitments at 31 December 2020 as follows:

	2021 US$'000	2022-25 US$'000	Total US$'000
Lease commitments	42	–	42

Parent Company Statement of Financial Position
At 31 December 2020

	Notes	31 December 2020 US$'000	31 December 2019 US$'000
Current assets			
Trade and other receivables	C	**6,172**	9,679
Cash and cash equivalents	D	**431**	3,565
		6,603	13,244
Current liabilities			
Trade and other payables	E	**2,822**	447
Borrowings	F	**1,480**	1,480
		4,302	1,927
Net assets		**2,301**	11,317
Equity:			
Called-up share capital	G	**1,827**	1,826
Share premium		**42,817**	42,817
Other reserves		**868**	1,093
Retained losses		**(43,211)**	(34,419)
Total equity		**2,301**	11,317

As permitted by Section 408 of the Companies Act 2006, the Parent Company is availing of the exemption from presenting its separate Income Statement in these Financial Statements and from filing it with Companies House. The loss for the year dealt with in the Financial Statements of the Company amounts to US$9.0 million (2019: US$110.3 million).

The Financial Statements of Victoria Oil & Gas Plc, registered number 5139892, were approved by the Board of Directors on 12 July 2021.

Roger Kennedy
Chairman

Rob Collins
Chief Financial Officer

Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

	Called-up share capital US$'000	Share premium US$'000	Other reserves US$'000	Retained loss US$'000	Total US$'000
For the year ended 31 December 2019					
At 31 December 2018	1,130	26,254	401	75,769	103,554
Shares issued	685	16,067	–	–	16,752
Share-based payments	11	496	(308)	–	199
Vesting of share options	–	–	1,000	–	1,000
Shares granted to ESOP members	–	–	–	81	81
Total comprehensive income for the year	–	–	–	(110,269)	(110,269)
At 31 December 2019	1,826	42,817	1,093	(34,419)	11,317
For the year ended 31 December 2020					
At 31 December 2019	**1,826**	**42,817**	**1,093**	**(34,419)**	**11,317**
Share options exercised	**1**	**–**	**(94)**	**93**	**–**
Share options expired	**–**	**–**	**(197)**	**197**	**–**
Vesting of share options	**–**	**–**	**66**	**–**	**66**
Total comprehensive income for the year	**–**	**–**	**–**	**(9,082)**	**(9,082)**
At 31 December 2020	**1,827**	**42,817**	**868**	**(43,211)**	**2,301**

Notes to the Parent Company Financial Statements
For the year ended 31 December 2020

A. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by 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 year ended 31 December 2020, 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. The separate Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

The Financial Statements have been prepared under the going concern basis and are presented in US Dollars, rounded to the nearest thousand (US$'000) except where otherwise indicated. They have been prepared under the historical cost convention.

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 2 to the Consolidated Financial Statements, except as noted below.

Investments
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. STAFF COSTS

The average number of persons employed by the Company during the year was:

	2020 Number	2019 Number
Directors	**6**	7
Technical	**1**	1
Management and administration	**2**	3
Total	**9**	11

Staff costs for the above persons were:

	2020 US$'000	2019 US$'000
Wages and salaries	**2,909**	2,486
Social security costs	**153**	164
Share based payments	**40**	1,088
	3,102	3,738

Notes to the Parent Company Financial Statements continued
For the year ended 31 December 2020

C. TRADE AND OTHER RECEIVABLES

	2020 US$'000	2019 US$'000
Amounts due from subsidiaries	**5,753**	9,538
VAT recoverable	**108**	33
Prepayments	**297**	62
Other receivables	**14**	46
	6,172	9,679

Amounts Due from Subsidiaries

	2020 US$'000	2019 US$'000
Opening balance	**9,538**	85,921
Funds (repaid)/advanced	**(633)**	11,085
Impairment	**(3,152)**	(87,468)
Closing balance	**5,753**	9,538

Amounts due from subsidiaries is entirely due from GDC and are non-interest bearing loans repayable on demand. An impairment of US$3.2 million (2019: US$87.5 million) was raised against amounts due from subsidiaries. Aside from amounts due from GDC, all other loan amounts to subsidiaries have been fully impaired.

The realisation of intercompany receivables of US$5.8 million is dependent on the continued successful development of economic reserves on the Logbaba Project.

D. CASH AND CASH EQUIVALENTS

	2020 US$'000	2019 US$'000
Cash and cash equivalents	**431**	3,565
Denomination:		
US Dollar	**50**	293
Sterling	**82**	3,272
Euro	**299**	–
	431	3,565

E. TRADE AND OTHER PAYABLES

	2020 US$'000	2019 US$'000
Amounts due within one year:		
Trade payables	**1,641**	294
Taxes and social security costs	**187**	30
Accruals	**994**	123
	2,822	447

F. BORROWINGS

Borrowings relate to Famcorp and are disclosed in more detail in Note 19 of the Consolidated Financial Statements.

Notes to the Parent Company Financial Statements continued
For the year ended 31 December 2020

G. CALLED-UP SHARE CAPITAL

Details of the Company's called-up share capital are disclosed in Note 21 of the Consolidated Financial Statements.

H. LOSS FOR THE YEAR

In accordance with Section 408 of the Companies Act 2006, the Parent Company's Income Statement has not been presented in this document.

The loss for the year ended 31 December 2020 was US$9.0 million (2019: loss of US$110.3 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 27 of the Consolidated Financial Statements. Company transactions with Group undertakings primarily consist of loan transactions and central service recharges.

J. DISPOSAL OF ASSOCIATE

In 2009, the Group signed agreements with a private company, Cameroon Holdings Limited ("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. There was also an obligation to pay 15% of the first US$30 million of cumulative GDC revenue from the Logbaba Project to meet mobilisation and demobilisation costs of the drilling rig.

The Company acquired a 35% interest in CHL from an unrelated party during the 2011 financial year. The Company acquired the investment in CHL as a mechanism to buy back part of the royalty payable on the Logbaba revenue stream.

Since January 2019 the Company has ceased to make payments under the CHL Royalty Agreement and CHL commenced legal proceedings against both GDC and the Company with regard to payments CHL believes it is entitled to under the Royalty Agreement. Consequently, the Company has fully impaired this investment, resulting in an impairment charge of US$5.6 million at 31 December 2019.

On 9 November 2020, the Company entered into a confidential settlement agreement with CHL to cease all legal action and cancel the CHL Royalty Agreement which terminates the 15% royalty payable to the counterparty. The settlement amount is disclosed as a US$1.2 million current liability under other payables, and a further US$11.2 million, discounted at 8.5% to US$6.9 million, disclosed as a non-current liability.

The discount rate used to determine the present value of the obligation was 8.5% p.a. (2019: n/a). The Directors believe these assumptions are a reasonable basis upon which to estimate the future liability.

As part of the settlement agreement, the Company disposed of its 35% interest in CHL to Logbaba Projects Limited for nil consideration.

K. CONTINGENT LIABILITIES

At 31 December 2020 the Company had issued a Parent Company guarantee to the Cameroonian State as assurance for the Matanda PSC work programme. The Company has also provided a letter of support to BGFI in relation to the facility (see Note 19). The Parent Company guarantee and letter of support are unchanged from 2019.

L. SUBSEQUENT EVENTS

Board Changes
Details of the Company's subsequent events are disclosed in Note 29 of the Consolidated Financial Statements.

Definitions, Abbreviations & Glossary

"US$"	US$, currency of United States of America
"Adjusted EBITDA"	Adjusted EBITDA excludes depreciation, impairments and the state royalty provision. A reconciliation to the nearest IFRS measure is included in the Financial Review
"AFEX"	AFEX Global Limited
"AGM"	Annual General Meeting
"AIM"	Alternative Investment Market, a sub-market of the London Stock Exchange
"Altaaqa"	Alternative Solutions Projects DWC-LLC (equipment partner and genset supplier at ENEO owned power stations
"bbl"	Barrel, or 42 US gallons
"Bcf"	Billion cubic feet 1bcf = 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 Company"	Victoria Oil & Gas Plc
"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
"Esia"	Environmental and social impact assessment
"Esmp"	Environmental and social management plan
"FRS 101"	Financial Reporting Standard 101 Reduced Disclosure Framework
"GDC"	Gaz du Cameroun S.A.
"Government"	Government of Cameroon
"the Group"	Victoria Oil & Gas Plc and its subsidiaries
"GSA"	Gas sales agreement
"IFRS"	International Financial Reporting Standards
"IMS"	Integrated Management System
"IPP"	Independent Power Producers
"ISO"	International Organization for Standardization Compliance
"Logbaba"	"Logbaba Project", 20km^2 hydrocarbon licence in Cameroon.
"Lost time injuries"	All on-the-job injuries that require a person to stay away from work more than 24 hours, or which result in death or permanent disability. This definition comes from the Australian standard 1885.1 – 1990 Workplace Injury and Disease Recording Standard
"Matanda"	Matanda Block, 1,235km^2 hydrocarbon licence in Cameroon
"Matanda PSC"	Matanda Production Sharing Contract
"MMbtu"	Million British Thermal Units of Energy
"MMscf"	Million standard cubic feet
"MMscf/d"	Million standard cubic feet per day
"MW"	Mega Watt
"Naturelgaz"	Naturelgaz Sanayi ve Ticaret A.S., Europe's largest CNG supplier and distributorP
"NED"	Non-Executive Director
"NCP"	UK National Contact Point
"OECD"	Organisation for Economic Co-Operation and Development
"P50"	Prospective resources with a 50% probability that the size of the field is larger or smaller than indicated
"p.a."	per annum
"Prospective"	A potential accumulation that is sufficiently well defined to represent a viable drilling target
"PSC"	Production Sharing Contract
"RSM"	RSM Productions Corporation
"SNH"	Société Nationale des Hydrocarbures, The National Hydrocarbons Corporation of Cameroon
"tcf"	Trillion cubic feet
"VOG"	Victoria Oil & Gas Plc
"XAF"	Central African Francs; currency of Cameroon

www.victoriaoilandgas.com

Victoria Oil & Gas Plc
Scott House
Suite 1
The Concourse
Waterloo Station
London SE1 7LY

Tel: +44 20 7921 8820
Fax: +44 20 7921 8821
Email: info@victoriaoilandgas.com

Company Registration No. 5139892 (England and Wales)