

# Victoria Oil & Gas PLC

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## Victoria Oil & Gas positioned to meet Cameroon's need for power

Victoria Oil & Gas (LON:VOG) has substantial gas assets in Cameroon, a country crying out for energy.

At present, Gaz du Cameroun (GDC), Victoria's local subsidiary, estimates demand for gas in Cameroon for thermal and power generation is in excess of 150mmscf (millions of standard cubic feet) per day.

From its Logbaba field GDC is currently the only supplier of natural gas to Douala, Cameroon's rapidly growing second city and, in its own words, it manages the whole value chain from the wellhead to customer connection.

Long-term supply contracts have been established with customers at prices from \$9/mmbtu (millions of British thermal unit) to \$16/mmbtu and with prices not subject to regulation.

Infrastructure plans include designs for the gas treatment plant capacity to rise to 40mmscf/d and to develop new product areas such as compressed natural gas (CNG).

Gas production up by 26%

January 2017 was a record month for gas sales from Logbaba as a new pipeline to Bonaberi came on-stream.

Three new customers began taking gas during December after the Bonaberi extension. This new supply and increased consumption from state energy company ENEO as the dry season starts had a beneficial impact in January, said Victoria.

"GDC [its local subsidiary] has set a record in monthly supply figures averaging 14.5mmscf/d and peaking at 17.1mmscf/d up to 31 January."

Bonaberi is an industrial part of Douala, Cameroon's second city.

In the three months to December, gas sales were a gross 654mln cubic feet (mmscf), up 5% on the previous year, with average production of 7.64mmscf per day. Revenues eased slightly to US\$4.6mln (US\$4.7mln).

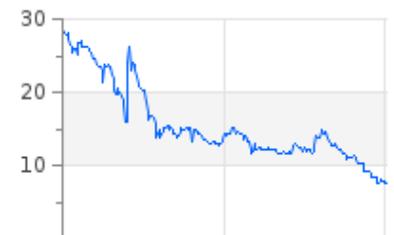
For 2016 in total, sales rose 24% to 3,566mmscf at a daily average rate of 10.23mmscf, up 26%.

Ahmet Dik, chief executive, said: "The Bonaberi pipeline extension provides gas to the western industrial area of Douala, which is fast becoming a new hub for future developments looking to access Douala's port, power and road networks

**Price:** 7.8756

**Market Cap:** £20.23 m

### 1 Year Share Price Graph



October 2018    April 2019    October 2019

### Share Information

**Code:** VOG

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	29.25	7.5

**Sector:** Energy

**Website:** [www.victoriaoilandgas.com](http://www.victoriaoilandgas.com)

### Company Synopsis:

AIM-quoted Victoria Oil & Gas Plc ("VOG" or "the Company") has pioneered the monetisation of onshore gas in Cameroon from its 57% owned Logbaba gas and condensate project.

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Watch: 'Good start' to 2017 Read: Victoria Oil starts development drilling at Logbaba in Cameroon

#### Matanda can dwarf Logbaba

In addition, VOG has a 75% stake in the Matanda block, an asset potentially 60 times larger than Logbaba.

The North Matanda field alone is estimated to hold 1.8trn cubic feet (Tcf) of gas and 136mln barrels of condensate on a p50 (50% probability) basis.

That compares with 208bcf of gas and 3.1mmbbls of condensate at Logbaba.

The North Matanda Field is an extension of the Logbaba structure and wells drilled already alongside extensive 2D and 3D seismic data have shown a strong geological continuation between the two.

Next steps are a work programme to be agreed by the Cameroon government.

The plan initially is to explore onshore licence areas within a few kilometres of Logbaba and send any discoveries through the pipeline network operated by GDC.

#### Broker upbeat

House broker Shore Capital added that with Phases Two and Three of the Bonaberi pipeline extension completed and new customers coming on stream, Victoria Oil & Gas has made a 'highly encouraging' start to the current year.

The ENEO contract is a two year gas supply agreement that expires in the second quarter of 2017. Negotiations are underway to renew the contract.

Exploration at Logbaba is progressing well though costs have risen, while net cash at the end of 2016 was US\$1.3mln against Shore's expectation of debt.

The broker has retained a very punchy 170p share price target set last year and sees lots of potential as VOG adds reserves, expands customer supply and delivers higher earnings.

- updates for sales in 2016 --

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