



VICTORIA PETROLEUM N.L.

ABN 50 008 942 827

Incorporated in Western Australia

17 January 2008

Announcements
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

EXPLORATION AND DEVELOPMENT STATUS REPORT JANUARY 2008

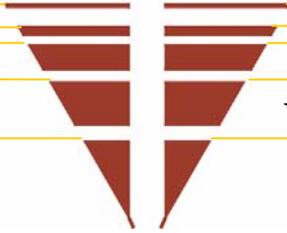
Please find attached the Exploration and Development Status Report January 2008.

Yours Sincerely,

JOHN KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM N.L.

Information in this report was completed by the Managing Director of Victoria Petroleum N.L., J T Kopcheff BSc (Hons Eco.Geol), FAIMM, MAAPG, MSPE, MPESA, with 36 years experience in petroleum exploration geology and geophysics.

For information on Victoria Petroleum N. L. drilling activities visit our website at
www.vicpet.com.au



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15 January 2008

Dear Shareholder,

EXPLORATION AND DEVELOPMENT STATUS REPORT JANUARY 2008

Further to the December 2007 Exploration and Development Status Report, your Company can advise of further developments in its current exciting phase of growth as an active exploration and production company in two core areas in Australia - Coal Seam Gas in the Surat Basin, Queensland and oil in the Cooper Basin of South Australia and Queensland.

The prime gas focus for your Company in Australia is your Company's potential Coal Seam Gas (CGS) resource in four permits in the Surat Basin, Queensland.

Your Company has decided that with the establishment of coal seam gas in the Surat Basin as a viable commercial resource by companies such as QGC and Arrow Energy, it has now started work proving up the potential coal seam gas resource in these four permits in the Surat Basin.

Initial investigations indicate the gross coal seam gas resource for all these permits could be as high as 2 trillion cubic feet of coal seam gas with a potential net resource to your company in excess of 600 billion cubic feet of recoverable gas, if gas is present.

I can report that following the first well in the coal seam gas exploration drilling program with Bow Energy in the Don Juan CSG Project area which reported a very strong gas flow of 0.37 million cubic feet per day, the initial three CSG wells have been completed as CSG pilot wells.

While the results of the first well were exceptional, we can report that gas flows to surface of a lesser but still significant magnitude have been observed from the two subsequent wells in the Don Juan CSG Project area. This is a result we did not expect with every CGS well we drill in the Don Juan Project CSG area as the industry norm in not seeing immediate gas flows to surface while drilling.

However, the gas flows to surface for these first three wells drilled in the Don Juan CSG Project area is very encouraging for the presence of a potential coal seam gas resource in this portion of the project.

As the Don Juan Project is immediately adjacent to the Sunshine Gas CGS Project with a reported reserve of up to 1.1 million cubic feet of gas (3P), we are excited about the potential of the Don Juan CSG Project.

Starting in February 2008, your Company will commence an aggressive CSG drilling program in the Don Juan CSG Project with Bow Energy N.L. as operator with some 18 wells planned to be drilled with the aim of proving up a gross certifiable recoverable CSG reserves of up to 200 billion cubic feet of gas by late 2008.

In addition, 7 CSG wells are planned to be drilled in the other CSG permit interests held by your Company in separate joint ventures with Queensland Gas Company and Roma Petroleum N.L. where the aim is to prove up additional gross certifiable recoverable CSG reserves of up to 50 billion cubic feet.

This accelerated CSG drilling program over three permits will be funded by the proceeds of the recent placement and the Share Purchase Plan (SPP) extended to January 31, 2008 now on offer to Victoria Petroleum N.L. shareholders.

The SPP has been extended to January 31, 2008 so that those shareholders who have not taken up their SPP entitlement are made aware of the encouraging initial results from the Don Juan Coal Seam Gas Project and potential future impact on the Company with continuing drilling success and so can exercise their SPP entitlement, if they so wish.

To those shareholders who have already exercised their entitlement under the SPP, your support of the Company and its continuing exploration and development efforts is greatly appreciated.

The prime oil focus for your Company in Australia is its extensive holdings in the Cooper Basin of South Australia and Queensland where 14 wells are planned to be drilled over the next 12 months.

In South Australia and Queensland industry and investor focus will be on the fourteen exploration wells planned to be drilled in 2008, initially the two wells Cuisinier and Hudson to be drilled in Queensland under farmout to Santos in late February 2008 and the five wells in the Western Margin Oil Project where your company will bring into production in February 2008, the new Growler Oil Field.

With further exploration drilling in 2008 planned for the Warhawk Prospect, your company believes it is possible that the potential gross resource within your Company's permits in the Western Margin Oil Project could increase up to 100 million barrels of oil in place, if oil is present. The drilling success rate for the Western Margin Oil Project stands at an exceptionally high 75%.

In summary, Victoria Petroleum will strive to ensure that the investment community becomes aware of current and future exploration and development success and associated growth in net revenues, as we believe that your company is significantly undervalued relative to its peers with the same current market capitalisation or similar assets.

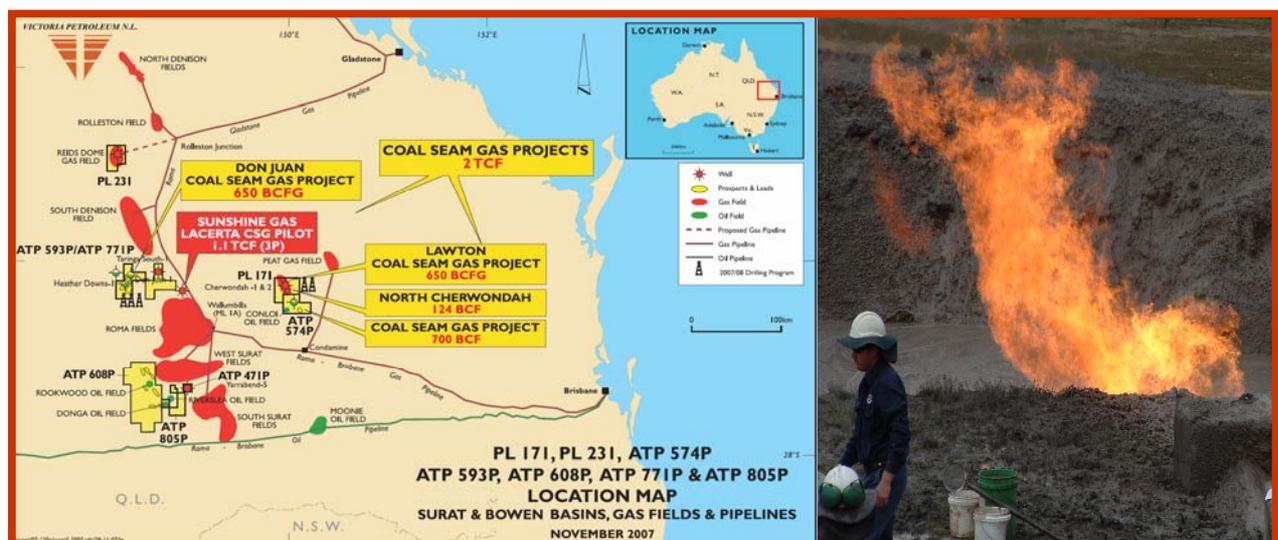
Growth in your Company's asset base from success in developing its coal seam gas interests as well as its oil interests is a real possibility.

Yours faithfully

JOHN T KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM NL

Information of this report was completed by the Managing Director of Victoria Petroleum N.L, J T Kopcheff BSc (Hons Eco.Geol), FAIMM, MAAPG, MSPE, MPESA, with over 30 years experience in petroleum geology and geophysics.

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Map showing Victoria Petroleum coal seam gas interests in Surat Basin Queensland scheduled for drilling in 2008 with Taringa South-1 gas flare 0.37 million cubic feet per day, Don Juan CSG Project, November 2007