

5 June 2017

Volga Gas plc
(“Volga Gas”, the “Company” or the “Group”)

PRODUCTION REPORT FOR MAY 2017

Volga Gas plc, the oil and gas exploration and production group operating in the Volga Region of Russia, is pleased to announce its average production volumes for May 2017.

In May 2017, average gas processing capacity was reduced, as expected, in order to permit full industrial testing of the new gas sweetening process. This is expected to continue through June 2017, but thereafter plant capacity is expected to be fully available enabling Group production to return progressively to over 8,000 boe per day. The implementation of the new Redox processing is expected to reduce processing costs materially and since Redox is regenerative, will substantially eliminate the requirement to dispose of spent chemicals.

At the Uzen oil field, with road conditions restored after a wet period in April, oil trucking and production was restored to normal operating levels.

Group average production in May 2017 was 5,420 barrels of oil equivalent per day (c.28% lower than April 2017).

Average production comprised:

	May 2017 Average	April 2017 average	Jan-May 2017 average
Gas:	22.4 mmcf/d	32.6 mmcf/d	28.9 mmcf/d
Condensate	1,232 bpd	1,896 bpd	1,627 bpd
Oil	460 bpd	206 bpd	509 bpd
Total	5,420 boepd	7,533 boepd	6,947 boepd

Production data is based on preliminary monthly production reports prepared for the purposes of submissions to tax authorities for Mineral Extraction Tax purposes.

The chart below shows the monthly production since January 2015



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Editors' notes:

The information contained in this announcement has been reviewed and verified by Mr. Andrey Zozulya, Chief Executive Officer of Volga Gas plc, for the purposes of the Guidance Note for Mining, Oil and Gas companies issued by the London Stock Exchange in June 2009. Mr. Andrey Zozulya holds a degree in Geophysics and Engineering from the Groznensky Oil & Gas Institute and is a member of the Society of Petroleum Engineers.

This announcement contains inside information as defined in EU Regulation No. 596/2014 and is in accordance with the Company's obligations under Article 17 of that Regulation.

The Company records production in metric tonnes (for oil and condensate) and in cubic metres (for gas). Conversions from metric to standard oil field units are used for illustrative purposes only and are based on the Company's estimate of the applicable ratios. The ratios used are 7.833 barrels per tonne for oil and 8.75 barrels per tonne for condensate. Gas volumes are translated using 35.3 cubic feet per cubic metre and 6,000 cubic feet per barrel of oil equivalent.

Glossary:

bpd	Barrels per day
boepd	Barrels of oil equivalent per day
mmcfcd	Millions of standard cubic feet per day