

3 November 2017

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

PRODUCTION REPORT FOR OCTOBER 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 October 2017.

In October 2017, average gas processing capacity utilisation increased by 5% compared to September 2017, while test production continued using exclusively the new Redox gas sweetening process. During October 2017, the Dobrinskoye gas plant performed well in spite of some temporary disruptions caused by scheduled maintenance operations on the regional Gazprom pipeline system which constrained input of gas from the plant for seven days.

In the coming months, implementation of the new process will continue with gradual increases in production. During this period it is expected that the average daily production of gas and condensate would be in the region of 3,600 boepd resulting in Group production of approximately 4,300 boe per day, excluding additional potential production from the Uzen well #101 and incremental volumes from the LPG project on which construction is close to completion and commissioning expected during December 2017.

The Uzen well #101 test production commenced in September 2017, utilizing electrical submersible pumps. While the absence of the necessary storage capacity at the well site has constrained the ability to conduct a full, extended well test; the data collected from the production testing operations indicate that the well would be able to sustain a flow rate within the range of management’s expectations of 600 barrels of oil per day. Production testing continues while construction of a well site storage facility and a flow line to the main Uzen oil field facility is concluded – expected during December 2017.

The average production in October 2017 was 3,432 barrels of oil equivalent per day (1% higher than September 2017).

Average production comprised:

	October 2017 Average	September 2017 Average	Jan-Oct 2017 Average
Gas:	12.0 mmcfd	11.4 mmcfd	19.3 mmcfd
Condensate	862 bpd	944 bpd	1,149 bpd
Oil	577 bpd	572 bpd	552 bpd
Total	3,432 boepd	3,409 boepd	4,914 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





Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

For further information, please contact:

Volga Gas plc

Andrey Zozulya, Chief Executive Officer

+7 (903) 385 9889

Vadim Son, Chief Financial Officer

+7 (905) 381 4377

Tony Alves, Investor Relations Consultant

+44 (0)7824 884 342

S.P. Angel Corporate Finance LLP

Richard Redmayne, Richard Morrison, Richard Hail

+44 (0)20 3470 0470

FTI Consulting

Edward Westropp, Alex Beagley

+44 (0)20 3727 1000

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
mmcf/d	Millions of standard cubic feet per day