

5 December 2017

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

PRODUCTION REPORT FOR NOVEMBER 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 November 2017.

In November 2017, average gas processing capacity utilisation increased by 50% compared to October 2017, while test production continued using exclusively the new Redox gas sweetening process. Due to extensive Redox process set-up in November 2017, only about 60% of produced gas managed to be supplied into the pipeline with the rest being flared.

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. Construction and commissioning of the LPG project is close to completion but is now expected in Q1-2018.

The increase in oil production reflects the Uzen well #101 test production which commenced in October 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.

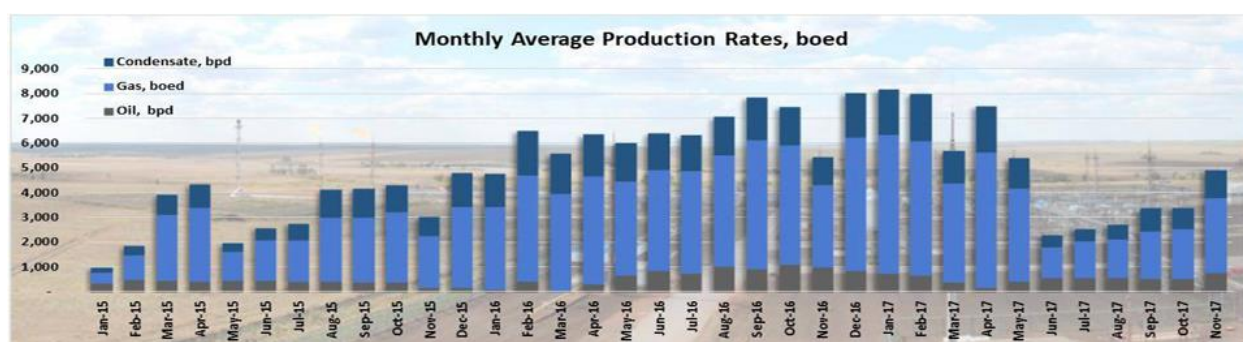
The average production in November 2017 was 4,946 barrels of oil equivalent per day (44% higher than October 2017).

Average production comprised:

	November 2017 Average	October 2017 Average	Jan-Nov 2017 Average
Gas:	18.0 mmcf/d	12.0 mmcf/d	19.2 mmcf/d
Condensate	1,134 bpd	862 bpd	1,147 bpd
Oil	811 bpd	577 bpd	575 bpd
Total	4,946 boepd	3,432 boepd	4,916 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.

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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
mmcf/d	Millions of standard cubic feet per day