

**DEED OF SHAREHOLDER'S IRREVOCABLE UNDERTAKING
NICOLAS MATHYS**

To: Gem Capital Holdings (CY) Ltd (the **Offeror**)
2 Arch.Makariou III Ave.
Atlantis Building
2nd Floor, Office 201
Mesa Geitonia, 4000
Limassol
Cyprus

From: Nicolas Mathys

16 November 2020

Dear Sirs

Proposed acquisition of Volga Gas plc - Irrevocable undertaking

1 Background

- 1.1 We refer to the offer proposed to be made by the Offeror to acquire the entire issued and to be issued ordinary share capital of Volga Gas plc (the **Company**) to be effected by way of a takeover offer pursuant to Part 28 of the Companies Act 2006 and the City Code on Takeovers and Mergers (the **Code**), substantially on the terms and conditions set out in the attached draft press announcement (the **Press Announcement**), subject to such additional or amended terms and conditions as may be required to comply with the requirements of the Code, the Panel on Takeovers and Mergers (the **Panel**) or London Stock Exchange plc, (the **Offer**, as such term is further defined in paragraph 12.2 below).
- 1.2 Defined terms shall have the meanings given in paragraph 12.2, unless otherwise stated.

2 Undertaking

Nicolas Mathys (the **Shareholder**) irrevocably and unconditionally undertakes to the Offeror on the terms set out in paragraphs 3 - 11 (inclusive) of this deed.

3 Irrevocable Undertakings

The Shareholder irrevocably and unconditionally undertakes to the Offeror that:

- 3.1 it is the registered holder and/or beneficial owner of (or is otherwise able to control the exercise of all rights, including voting rights attaching to) the number of ordinary shares of £0.01 each in the capital of the Company set out in the Schedule (the **Shares**, as such term is further defined in paragraph 12.2 below);
- 3.2 it holds (or the registered holder holds) the Shares fully paid and free of any Encumbrances;

- 3.3 other than as set out in the Schedule, it does not have any Interest in securities of the Company or any rights to subscribe for, purchase or otherwise acquire any such securities or any short positions in any such securities;
- 3.4 if the Acquisition is implemented by way of an Offer:
- (a) it shall accept or where relevant procure the acceptance of the Offer in respect of the Shares in accordance with the procedure for acceptance set out in the formal document containing the terms of the Offer (the **Offer Document**) as soon as possible and in any event not later than fourteen (14) days after the Offeror sends the Offer Document to the Company's shareholders;
 - (b) it shall cause the registered holder of any Shares in respect of which it is the beneficial owner to accept the Offer in respect of such Shares in accordance with the procedure for acceptance set out in the Offer Document as soon as possible and in any event not later than fourteen (14) days after the Offeror sends the Offer Document to the Company's shareholders;
 - (c) unless and until this undertaking has lapsed in accordance with paragraph 7 below, it shall not withdraw or otherwise revoke any acceptances of the Offer and shall cause the registered holder of any Shares of which it is the beneficial owner not to do so; and
 - (d) it agrees that the Offeror shall acquire the Shares with full title guarantee, free from any Encumbrances and together with all rights attaching to them as envisaged by the terms of the Offer;
- 3.5 unless and until this undertaking has lapsed in accordance with paragraph 7 below:
- (a) it shall exercise or where relevant procure the exercise of the votes attaching to the Shares on a Relevant Resolution only in accordance with the Offeror's directions;
 - (b) it shall exercise or where relevant procure the exercise of the rights attaching to the Shares to requisition or join in requisitioning any general or class meeting of the shareholders of the Company pursuant to section 303 of the Companies Act 2006 for the purposes of considering a Relevant Resolution and to require the Company pursuant to section 314 of the Companies Act 2006 to circulate a statement with respect to any business to be dealt with at such meeting to members of the Company in each case only in accordance with the Offeror's directions; and
 - (c) for the purposes of voting on a Relevant Resolution, it shall execute, or where relevant procure the execution of, any form of proxy required by the Offeror appointing any person nominated by the Offeror to attend and vote at the relevant meeting (including any adjournment thereof) in respect of the Shares, and shall not revoke the terms of any such proxy whether in writing, by attendance or otherwise;
- 3.6 unless and until this undertaking has lapsed in accordance with paragraph 7 below, it shall not itself, or permit any registered holder of any Shares in respect of which it is the beneficial owner to, without the Offeror's prior written consent:
- (a) (other than pursuant to the Acquisition) sell, transfer, dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in, or permit any of the foregoing in relation to, any of the Shares or any Interest in them (whether conditionally or unconditionally);

- (b) unless the Offer becomes or is declared unconditional in all respects or the Scheme, if applicable, becomes effective in accordance with its terms, acquire any shares or exercise any rights to acquire any shares of the Company or acquire any other securities of the Company or any Interest therein without prior confirmation from the Panel to the Offeror's financial adviser, duly appointed to act on matters relating to, *inter alia*, the Offer and Code, that the acquisition or the exercise of such rights in such circumstances will not result in the Shareholder being treated as acting in concert with the Offeror pursuant to Note 9 of the definition of "acting in concert" set out in the Code, and, if any such shares, securities or Interest are acquired by the Shareholder before the Offer becomes or is declared unconditional in all respects or the Scheme, if applicable, becomes effective in accordance with its terms, such shares, securities or Interest (as the case may be) shall be deemed to be included in the expression "Shares" for the purposes of paragraphs 3.3 to 3.6 of this deed;
- (c) accept or give any undertaking to accept any offer made or proposed to be made in respect of securities in the Company by any person other than the Offeror (or its nominee) or any other transaction made in competition with or which might otherwise be expected to frustrate, impede or delay the Acquisition;
- (d) cast the votes attaching to any Shares to approve a scheme of arrangement or vote in favour of any resolution to approve an acquisition or any other transaction or corporate action which is proposed in competition with or which might otherwise be expected to frustrate, impede or delay the Acquisition (including, without limitation, any matter which requires the approval of the Company's shareholders under Rule 21.1 of the Code);
- (e) requisition or join in the requisitioning of any general or class meeting of the Company's shareholders pursuant to section 303 of the Companies Act 2006 for the purpose of considering any resolution referred to in sub-paragraph (d) above; or
- (f) enter into any agreement, arrangement or obligation with (or give any indication of intent to) any person, whether conditionally or unconditionally, to do any of the acts referred to in sub-paragraphs (a) to (e) above which would or might frustrate, impede or delay the implementation of the Acquisition or the Shareholder's ability to comply with its Obligations under this deed,

and, for the avoidance of doubt, references in this paragraph 3.6 to any agreement, arrangement or obligation includes any agreement, arrangement or obligation whether or not legally binding or subject to any condition or which is to take effect if the Offer closes or lapses or the Scheme, if applicable, becomes effective in accordance with its terms or lapses or if this undertaking ceases to be binding or following any other event;

- 3.7 the Shareholder has full power and authority and the right (free from any legal or other restrictions), and will at all times whilst it continues to hold Shares, continue to have all relevant power and authority and the right, to enter into and perform its Obligations under this deed; and
- 3.8 in respect of any Shares not registered in its name, the Shareholder is able to, and shall, cause the registered holder of such Shares to comply with (and it shall take all actions as may be necessary or desirable in order to enable the registered holder of such Shares to comply with) the Obligations in this deed.

4 Implementation by way of a Scheme

The Shareholder irrevocably and unconditionally undertakes to the Offeror that if the Offeror elects to implement the Acquisition by way of a Scheme, it shall:

- (a) exercise or where relevant procure the exercise of all voting rights attaching to the Shares to vote in favour of all resolutions to approve and/or give effect to the Scheme and/or the Acquisition, and any related matters, proposed at any general or class meeting of the Company (**General Meeting**) and the Court convened meeting of the Company (**Court Meeting**) to be convened and held in connection with the Scheme, or at any adjournment of any such meeting;
- (b) execute or where relevant procure the execution of any forms of proxy in respect of the Shares required by the Offeror appointing any person nominated by the Offeror to attend and vote at any General Meeting or Court Meeting (or any adjournment thereof) in favour of the resolutions to approve the Scheme and/or the Acquisition, and any related matters, and shall ensure that such executed forms of proxy are received by the Company's registrars not later than 1.00 p.m. on the seventh day after the Company sends the formal document setting out the terms and conditions of the Scheme (the **Scheme Document**) to the Company's shareholders and, if applicable, in respect of any Shares held in uncertificated form, take or where relevant procure the taking of any action which may be required in order to make a valid proxy appointment and give valid proxy instructions (voting to approve the Scheme and/or Acquisition, and any related matters), as soon as possible and in any event within seven (7) days after the posting of the Scheme Document;
- (c) not revoke (or amend or submit a new form of) the terms of any proxy submitted in accordance with sub-paragraph (b) above, either in writing or by attendance at any General Meeting or Court Meeting (including any adjournment thereof) or otherwise;
- (d) cause the registered holder of any Shares in respect of which it is the beneficial owner to comply with the undertakings in sub-paragraphs (a) to (c) above in respect of such Shares; and
- (e) ensure that the Offeror shall acquire the Shares pursuant to the Scheme free from any Encumbrances and together with all rights attaching to them as envisaged by the terms of the Acquisition.

5 Documentation

5.1 The Shareholder consents to:

- (a) this undertaking being disclosed to the Panel;
- (b) the inclusion of references to it and the registered holder of any Shares in respect of which it is the beneficial owner, and particulars of this undertaking and its holding(s) of and dealing(s) in relevant securities of the Company, being included in the Press Announcement and any other press announcement required in connection with this undertaking under the Code and any Offer Document or Scheme Document, and any other announcement made, or document issued, by or on behalf of the Offeror in connection with the Acquisition;

- (c) this undertaking being available for inspection as required by Rule 26.1 of the Code (including, without limitation, being posted and publicly available on the Offeror's and Company's websites); and
 - (d) otherwise being disclosed as may be required by the Code, the Panel or any other applicable law or regulation.
- 5.2 The Shareholder undertakes to provide the Offeror promptly with all such further information in relation to the Interests and dealings after the date of this undertaking of itself and those of the registered holder of any Shares in respect of which it is the beneficial owner as the Offeror may reasonably require in connection with the preparation of any document required in connection with the Offer or to comply with the rules and requirements of the Panel, the Court, the Companies Act 2006, the Financial Conduct Authority and/or the London Stock Exchange. The Shareholder undertakes, promptly after becoming aware of the same, to notify the Offeror in writing of any material change in the accuracy or import of any information previously supplied to the Offeror or its advisers by it.
- 5.3 The Shareholder acknowledges that it is obliged to make appropriate disclosure under Rule 2.10 of the Code promptly after becoming aware that it will not be able to comply with the terms of this undertaking or no longer intends to do so.

6 Secrecy

Save as may be required to comply with any applicable law or regulation or required by any competent governmental or regulatory body, the Shareholder shall, and where relevant shall procure that the registered holder of the Shares shall, keep secret the possibility, terms and conditions of the Acquisition, the name of the Offeror in connection with the Acquisition and the existence and terms of this undertaking until the Press Announcement is released provided that the Shareholder may disclose the same on a similarly confidential basis to the Company and the Shareholder's advisers. To the extent any of the foregoing information is inside information for the purposes of the Criminal Justice Act 1993 or the Market Abuse Regulation (Regulation 596/2014), the Shareholder will comply with the applicable restrictions in those enactments on dealing in securities and disclosing inside information. The obligations in this paragraph 6 shall survive termination of this deed.

7 Lapse of Undertaking

- 7.1 This undertaking shall lapse on the earlier of the following events:
- (a) if the Press Announcement has not been released by 5.00 p.m. on the date hereof;
 - (b) if the Offer Document has not been posted within 28 days following the date of the release of the Press Announcement (or within such longer period as the Offeror may, with the consent of the Panel, determine);
 - (c) if the Offer or the Scheme lapses or is withdrawn without becoming or being declared unconditional in all respects and no new, revised or replacement Offer or Scheme is announced by the Offeror in accordance with Rule 2.7 of the Code, in its place or is announced in accordance with Rule 2.7 of the Code, within ten (10) business days of such lapse or withdrawal; or
 - (d) if the Offeror announces, with the consent of the Panel, that it does not intend to proceed with the Offer.

- 7.2 For the avoidance of doubt, this undertaking shall not lapse if the Offeror elects to implement the Acquisition by way of a Scheme, having previously proceeded with the implementation of the Acquisition by way of an Offer (and vice-versa).

8 Power of Attorney

- 8.1 In order to secure the performance of its Obligations contained in this deed, the Shareholder appoints each director of the Offeror severally as its attorney, if the Shareholder fails to comply with the undertakings set out in paragraph 3 of this deed, in its name and on its behalf to do all things and to execute all deeds and other documents as may be necessary to ensure compliance with such undertakings.
- 8.2 The Shareholder agrees that this power of attorney is given by way of security for the performance of its Obligations contained in this deed and is irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 until this deed of undertaking lapses in accordance with paragraph 7 above.

9 Specific Performance

Without prejudice to any other rights or remedies which the Offeror may have, the Shareholder acknowledges that damages would not be an adequate remedy if the Shareholder fails to fulfil or otherwise breaches any of its Obligations, and accordingly the Offeror shall be at liberty to use the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of any such Obligation and no proof of special damages shall be necessary for the enforcement by the Offeror of such rights.

10 Time of the Essence

Any time, date or period mentioned in this deed may be extended by mutual agreement but as regards any time, date or period originally fixed or as extended, time shall be of the essence.

11 Rule 21.2

The Shareholder acknowledges and agrees that if the Panel determines any provision of this undertaking that requires the Company to take or not to take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.

12 General

- 12.1 In this deed, references to the Acquisition, Scheme and Offer shall include any new, increased, extended, renewed or revised offer or proposal as represents no diminution in the value of the consideration, nor change to the currency of the consideration nor provides for non-cash consideration offered under the terms set out in the Press Announcement made by or on behalf of the Offeror, howsoever implemented.
- 12.2 In this deed:
- (a) **Acquisition** means the proposed acquisition by the Offeror of the entire issued and to be issued ordinary share capital of the Company whether pursuant to the Offer or the Scheme;

- (b) **business day** has the meaning set out in the Code;
 - (c) **Encumbrance** means any lien, charge, option, equity, encumbrance, rights of pre-emption and any other third-party rights and interests of any nature whatsoever and **Encumbrances** shall be interpreted accordingly;
 - (d) **Interest** has the meaning given to "interest in securities" in the Code;
 - (e) **Obligations** means the undertakings, agreements, appointments, consents and waivers set out in this deed;
 - (f) **Offer** includes any new, increased, renewed or revised offer made by or on behalf of the Offeror to acquire shares in the Company;
 - (g) **Relevant Resolution** means:
 - (i) a resolution (whether or not amended) proposed at a general or class meeting of the Company, or at any adjourned meeting, the passing of which is necessary to implement the Acquisition or which, if passed, might be expected to result in any condition of the Acquisition not being fulfilled or which might be expected to frustrate, impede or delay the Acquisition in any way (including, for the avoidance of doubt, any resolution to approve any scheme of arrangement in relation to the Company which is proposed in competition with the Acquisition or which might be expected to frustrate, impede or delay the Acquisition) or which is to approve a matter for the purposes of Rule 21.1 of the Code;
 - (ii) a resolution to adjourn a general or class meeting of the Company whose business includes the consideration of a resolution falling within sub-paragraph (g)(i) above; and
 - (iii) a resolution to amend a resolution falling within sub-paragraph (f)(i) or sub-paragraph (g)(ii) above;
 - (h) **Scheme** means any scheme of arrangement of the Company under Part 26 of the Companies Act 2006 for the acquisition by the Offeror of the entire issued and to be issued ordinary share capital of the Company, and a reference in this deed to the Scheme also includes any new, increased, renewed or revised scheme of arrangement for the acquisition by the Offeror of shares in the Company provided that it represents no diminution in the value of the consideration, nor change to the currency of the consideration nor provides for non-cash consideration offered under the terms set out in the Press Announcement made by or on behalf of the Offeror; and
 - (i) **Shares** means the shares in the capital of the Company set out in the Schedule and any shares in the capital of the Company allotted and/or issued or which the Company agrees to allot and/or issue to the Shareholder while the Offer shall remain open for acceptance and any other shares in the capital of the Company acquired by us after the date of this undertaking.
- 12.3 Except to the extent otherwise specified, the Obligations set out in this deed are unconditional and irrevocable.
- 12.4 In this deed, references to times of day are to London time.

- 12.5 The Shareholder acknowledges that the release of the Press Announcement is at the sole discretion of the Offeror, and nothing in this deed shall create any obligation on the Offeror to release or procure the release of the Press Announcement or make the Offer.
- 12.6 The Shareholder confirms that it has been given an adequate opportunity to consider whether or not to execute this deed and to obtain independent advice.
- 12.7 A person who is not party to this deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this deed.
- 12.8 The invalidity, illegality or unenforceability of any term of this deed shall not affect the continuation in force of the remainder of this deed.
- 12.9 The rights, powers, remedies and privileges in this deed are not exclusive of any rights, powers, privileges and remedies provided by law.
- 12.10 Any failure or delay by the Offeror in exercising any right, power or privilege under this deed shall not operate as a waiver of such right, power or privilege and no single or partial exercise of any such right, power or privilege by the Offeror shall preclude any further exercise of such right, power or privilege or the exercise of any other right, power or privilege.
- 12.11 The Offeror may assign any of its rights under this deed to any of its subsidiary undertakings (as defined in section 1162 of the Companies Act 2006).

13 Governing Law

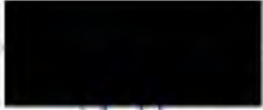
This deed and any non-contractual obligations arising out of or in relation to it or its formation shall be governed by and construed in accordance with the laws of England. The Shareholder submits to the exclusive jurisdiction of the English courts for all purposes in connection with this deed and that accordingly any proceedings arising out of or in connection with this deed shall be brought in such courts. The Shareholder waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

In witness whereof this document has been duly executed and delivered as a deed on the date above mentioned.

Executed as a deed, but not delivered until the)
first date specified on page 1,)
by **Nicolas Mathys** in the presence of)



.....
Signature of witness



Name of witness

Nicolas Mathys

Address of witness



.....

Schedule - Shares to which this deed relates

The Shareholder's Interest in securities of the Company on the date hereof are as follows:

	Number of ordinary shares of £0.01 each in the Company	Registered holder* and address	Beneficial owner* and address
Shares held as at the date of this deed	12,383,000	Nicolas Mathys [REDACTED]	Nicolas Mathys [REDACTED]

* Where more than one, indicate number of Shares attributable to each.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION (INCLUDING THE UNITED STATES) WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

For immediate release

16 November 2020

ALL CASH OFFER
for
VOLGA GAS PLC
by
GEM CAPITAL HOLDINGS (CY) LTD

Summary and Highlights:

- The board of directors of GEM Capital Holdings (CY) Ltd (“**GEM**”) is pleased to announce the terms of a cash offer (the “**Offer**”) to be made by GEM for the entire issued and to be issued ordinary share capital of Volga Gas plc (“**Volga Gas**” or the “**Company**”).
- GEM is a private, limited liability, company incorporated in Cyprus with registration number HE401550, wholly owned by Anatoly Paliy, which makes investments directly and through its subsidiaries in, *inter alia*, specialised chemicals, nanomaterials and technology companies. In addition, Anatoly Paliy holds interests in several oil and gas assets. The consideration payable to Volga Gas Shareholders under the terms of the Offer will be funded by a loan from Anatoly Paliy to GEM.
- Volga Gas (AIM: VGAS) is an AIM-quoted, independent oil and gas exploration and production group operating in the Volga Region of Russia, engaged in geological exploration and the production of oil, gas and gas condensate in Saratov and Volgograd, as well as in the Republic of Bashkortostan. Volga Gas has a 100 per cent. interest in five oil and gas licences in the Saratov, Volgograd and Bashkiriya regions.
- **Under the terms of the Offer, Volga Gas Shareholders will be entitled to receive 23.71 pence in cash for each Volga Gas Share held, valuing the entire existing issued ordinary share capital of Volga Gas at approximately £19.16 million (excluding Treasury Shares).**
- The Offer Price of 23.71 pence per Volga Gas Share represents:
 - (i) a premium of approximately 10.28 per cent. to the Closing Price of 21.50 pence per Volga Gas Share on 6 April 2020 (being the last Business Day prior to the commencement of the Formal Sale Process and resultant Offer Period); and
 - (ii) a discount of approximately 3.22 per cent. to the Closing Price of 24.50 pence per Volga Gas Share on 13 November 2020 (being the last Business Day prior to the date of this Announcement).
- If any dividend, other distribution or return of capital is authorised, declared, made or paid or becomes payable in respect of Volga Gas Shares on or after the date of this Announcement, GEM reserves the right to reduce the Offer Price by the aggregate amount of such dividend, distribution or return of capital.

- It is intended that the Offer will be implemented by means of a takeover offer under Part 28 of the Companies Act 2006 (although GEM reserves the right to elect to implement the Offer by means of a Scheme of Arrangement (subject to Panel consent)).
- The Offer will be conditional on valid acceptances of the Offer being received in respect of not less than 90 per cent. (or such lower percentage as GEM may decide) of the Volga Gas Shares to which the Offer relates and of the voting rights attached to those shares.
- Should GEM receive acceptances to its Offer that represent at least 75 per cent. of the Volga Gas Shares and its Offer becomes, or is declared, wholly unconditional, GEM intends to procure that Volga Gas makes an application to the appropriate authorities for the cancellation of the admission of Volga Gas Shares to trading on AIM. Should GEM proceed with the intended cancellation, a notice period of not less than 20 Business Days will be given on or after the date on which the Offer becomes, or is declared, unconditional in all respects. Should GEM not receive sufficient acceptances to proceed with procuring such an application, then GEM intends, following completion of the Offer, to seek the cancellation of the admission of Volga Gas Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules.
- The Offer will be subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Offer Document, which will be despatched to Volga Gas Shareholders within 28 days of this Announcement.
- One of the Conditions of the Offer, being Condition 1(b)(ii), set out in Appendix I to this Announcement (the “**FAS Condition**”), is the Federal Antimonopoly Service of the Russian Federation (“**FAS Russia**”) approving the acquisition of control of Volga Gas, or any subsidiary of Volga Gas, by GEM. The GEM Board is confident that the relevant approval will be forthcoming, such that the FAS Condition will be satisfied within the Panel’s prescribed Code timetable.
- If Volga Gas Shareholders wish to accept the Offer, it is important that they follow the instructions to be set out in the Offer Document and the accompanying Form of Acceptance.
- **GEM has received irrevocable undertakings to accept (or procure the acceptance of) its Offer from certain institutional and other Volga Gas Shareholders, including the Baring Vostok Funds, in respect of, in aggregate, 64,710,349 Volga Gas Shares, representing approximately 80.07 per cent. of Volga Gas’s existing issued ordinary share capital (excluding Treasury Shares).**
- Further details of the abovementioned irrevocable undertakings are set out in section 5 of, and Appendix III to, this Announcement.

Thomas Keane, Director of GEM, commented:

“We are delighted to be announcing this all cash offer for Volga Gas. We believe that Volga Gas has significant potential but that, given its size, operating environment and geographic focus, it would fare far better as a private company with a simplified and more cost effective corporate structure, while benefitting from our support and assistance. Our Offer provides Volga Gas Shareholders with a certain cash exit, in full, at a premium to the prevailing market share price, prior to the Company’s launch of its Formal Sale Process.”

This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including the Appendices). The Offer will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Offer Document.

Appendix II to this Announcement contains the sources of certain information and bases of calculation of certain information contained in this Announcement. Appendix III to this Announcement contains a summary of the irrevocable undertakings in respect of the Offer received by GEM. Appendix IV to this Announcement contains definitions of certain terms used in this summary and the following content of this Announcement.

A copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection, along with certain other documentation required to be posted online pursuant to the Code, on Volga Gas's website at www.volgagas.com and on GEM's website at www.gem.capital.

Enquiries:

GEM

Thomas Keane, Director

+357 252 62622

Strand Hanson Limited

(Financial Adviser to GEM)

Stuart Faulkner

Rory Murphy

Matthew Chandler

James Dance

Jack Botros

+44 (0) 20 7409 3494

Volga Gas plc

Andrey Zozulya, Chief Executive Officer

Vadim Son, Chief Financial Officer

Tony Alves, Investor Relations Consultant

+7 (903) 385 9889

+7 (905) 381 4377

+44 (0) 7824 884 342

Renaissance Capital - Financial Consultant Limited

(Financial Adviser to Volga Gas)

Sergey Sedov

+7 (916) 678 3214

+7 (499) 956 4060

Auctus Advisors LLP

(Rule 3 Adviser to Volga Gas)

Jonathan Wright

+44 (0) 7711 627 449

SP Angel Corporate Finance LLP

(Nominated Adviser and Broker to Volga Gas)

Richard Morrison, Richard Hail, Adam Cowl

+44 (0) 20 3470 0470

FTI Consulting

(Financial PR Adviser to Volga Gas)

Alex Beagley, Fern Duncan

+44 (0) 20 3727 1000

Important Notice

Strand Hanson Limited ("Strand Hanson"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to GEM and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other

than GEM for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Strand Hanson nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson in connection with this Announcement, any statement contained herein or otherwise.

Renaissance Capital - Financial Consultant Limited ("Renaissance Capital") is an affiliate of Renaissance Capital Limited, which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. Renaissance Capital is acting exclusively as financial adviser to Volga Gas and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of Renaissance Capital nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to in herein. Neither Renaissance Capital nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Renaissance Capital in connection with this Announcement, any statement contained herein or otherwise.

Auctus Advisors LLP ("Auctus") is an authorised representative of Tamesis Partners LLP, which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. Auctus is acting exclusively as Rule 3 adviser to Volga Gas and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of Auctus nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Auctus nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Auctus in connection with this Announcement, any statement contained herein or otherwise.

SP Angel Corporate Finance LLP ("SP Angel"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as nominated adviser and broker to Volga Gas and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of SP Angel nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither SP Angel nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of SP Angel in connection with this Announcement, any statement contained herein or otherwise.

Further information

THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 2.7 OF THE CODE AND IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM ANY PART OF, AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OR THE SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION PURSUANT TO THE OFFER OR OTHERWISE, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS ANNOUNCEMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The Offer will be subject to the Conditions and to the further terms and conditions to be set out in the Offer Document and the Form of Acceptance. The Offer is being made solely through the Offer Document (or any other document by which the Offer is made), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance in relation to the Offer should be made only on

the basis of the information contained in the Offer Document. Volga Gas Shareholders are advised to read the Offer Document carefully, once it has been despatched.

This Announcement does not constitute a prospectus or prospectus equivalent document.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Overseas jurisdictions

The availability of the Offer and the release, publication and distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this Announcement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to participate in the Offer may be affected by the laws of the relevant jurisdictions in which they are located.

This Announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.

The Offer will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Panel and the rules of the London Stock Exchange (including the AIM Rules).

Unless otherwise determined by GEM or required by the Code, and permitted by applicable law and regulation, the Offer will not be made available directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement, the Offer Document, the Form of Acceptance and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction unless otherwise determined by GEM and as permitted by applicable law, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. All persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) should observe these restrictions and any applicable legal or regulatory requirements of their jurisdiction and must not mail or otherwise forward, send or distribute this Announcement in, into or from any Restricted Jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Further details in relation to Overseas Shareholders will be contained in the Offer Document.

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference in this Announcement) contains certain statements that are, or may be deemed to be, forward-looking statements with respect to GEM and/or Volga Gas. These forward-looking statements can be identified by the fact that they do not relate to historical or

current facts. Forward-looking statements also often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of GEM’s or Volga Gas’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on GEM’s or Volga Gas’s business. These statements are based on assumptions and assessments made by GEM and/or Volga Gas (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate.

Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. Neither GEM or the GEM Group nor Volga Gas or the Volga Gas Group assumes any obligation to update publicly or revise any forward-looking statement or other statements contained in this Announcement as a result of new information, future events or otherwise, except to the extent required by applicable law, the Panel or the Code.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates, and future business combinations or dispositions.

No member of the GEM Group or the Volga Gas Group nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

Except as expressly provided in this Announcement, no forward-looking or other statements have been reviewed by the auditors of the GEM Group or the Volga Gas Group. All subsequent oral or written forward-looking statements attributable to any member of the GEM Group or the Volga Gas Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

No profit forecasts, quantified financial benefit statements or estimates

No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings per Volga Gas Share for the current or future financial years would necessarily match or exceed the historical published earnings per Volga Gas Share.

Dealing and Opening Position Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of Volga Gas or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details

of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Volga Gas and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of Volga Gas or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Volga Gas or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of Volga Gas or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Volga Gas and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Volga Gas or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Volga Gas and by any offeror and Dealing Disclosures must also be made by Volga Gas, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website and availability of hard copies

This Announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Volga Gas's website at www.volgagas.com and on GEM's website at www.gem.capital by no later than 12.00 noon (London time) on the Business Day following this Announcement.

Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

A hard copy of this Announcement will be sent to Volga Gas Shareholders (other than Volga Gas Shareholders who have elected to receive electronic communications) in the near future. Volga Gas Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) free of charge by contacting the Receiving Agent, Link Group, on 0371 664 0321 from within the UK or +44 (0) 371 664 0321 if calling from outside the UK between 9.00 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to the Receiving Agent at Link Group, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Volga Gas Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form. If you have received this Announcement in electronic form,

hard copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

Rule 2.9 information

In accordance with Rule 2.9 of the Code, Volga Gas confirms that, as at the date of this Announcement, it has 80,818,452 ordinary shares of 1p each in issue (other than shares held in treasury), each share having equal voting rights. The Company holds 199,348 shares in treasury. The International Securities Identification Number of Volga Gas's ordinary shares is GB00B1VN4809.

Information relating to Volga Gas Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Volga Gas Shareholders, persons with information rights and other relevant persons for the receipt of communications from Volga Gas may be provided to GEM during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Time

All times shown in this Announcement are London times, unless otherwise stated.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION (INCLUDING THE UNITED STATES) WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

16 November 2020

ALL CASH OFFER
for
VOLGA GAS PLC
by
GEM CAPITAL HOLDINGS (CY) LTD

1. Introduction

The GEM Board is pleased to announce the terms of a cash offer to be made by GEM for the entire issued and to be issued ordinary share capital of Volga Gas. The Offer of 23.71 pence per Volga Gas Share values the entire existing issued ordinary share capital of Volga Gas at approximately £19.16 million (excluding Treasury Shares).

The Offer, to be made by way of a takeover offer pursuant to Part 28 of the Companies Act 2006, will be conditional on valid acceptances of the Offer being received in respect of not less than 90 per cent. (or such lower percentage as GEM may decide) of the Volga Gas Shares to which the Offer relates and of the voting rights attached to those shares.

GEM is a private, limited liability, company incorporated in Cyprus with registration number HE401550, wholly owned by Anatoly Paliy, which makes investments directly and through its subsidiaries in, *inter alia*, specialised chemicals, nanomaterials and technology companies. In addition, Anatoly Paliy holds interests in several oil and gas assets. Further information on GEM is set out in section 7 below.

On 7 April 2020, Volga Gas announced the commencement of a formal review of the various strategic options available, including a Formal Sale Process, following the investment advisor to the Company's majority shareholders, the Baring Vostok Funds, indicating a desire for such funds to monetise their long term investment in the Company in a structured manner. GEM opted to participate in the Formal Sale Process, affording it and certain of its professional advisers access to undertake a period of legal, financial and commercial due diligence, culminating in the Offer.

The Volga Gas Directors have reviewed and considered the terms of the Offer and have taken independent advice from Auctus on those terms. Their respective views and conclusions are set out in section 4 below.

GEM has received irrevocable undertakings to accept (or procure the acceptance of) its Offer from certain institutional and other major Volga Gas Shareholders, including the Baring Vostok Funds, in respect of, in aggregate, 64,710,349 Volga Gas Shares, representing approximately 80.07 per cent. of Volga Gas's existing issued ordinary share capital (excluding Treasury Shares). Further details of the irrevocable undertakings are set out in section 5 of, and Appendix III to, this Announcement.

2. The Offer

Under the terms of the Offer, which will be subject to the Conditions and further terms summarised below and in Appendix I to this Announcement and to the full terms and conditions to be set out in the Offer Document, Volga Gas Shareholders will be entitled to receive:

for each Volga Gas Share	23.71 pence in cash
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The Offer values the entire existing issued ordinary share capital of Volga Gas at approximately £19.16 million (excluding Treasury Shares) and the Offer Price represents:

- a premium of approximately 10.28 per cent. to the Closing Price of 21.50 pence per Volga Gas Share on 6 April 2020 (being the last Business Day prior to the commencement of the Formal Sale Process and resultant Offer Period); and
- a discount of approximately 3.22 per cent. to the Closing Price of 24.50 pence per Volga Gas Share on 13 November 2020 (being the last Business Day prior to the date of this Announcement).

If, on or after the date of this Announcement and before the Offer becomes or is declared wholly unconditional, any dividend, other distribution and/or return of capital is authorised, declared, made or paid or becomes payable in respect of the Volga Gas Shares, GEM reserves the right to reduce the Offer Price by an amount of up to the amount of such dividend, distribution and/or return of capital. To the extent that any such dividend, distribution and/or other return of capital is authorised, declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles GEM to receive the dividend, distribution or return of capital and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by GEM of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

The Offer Document will be published within 28 days of this Announcement (or within such longer period as the Panel may agree).

3. Background to and reasons for the Offer

On 7 April 2020, Volga Gas announced the commencement of a formal review of the various strategic options available, including a Formal Sale Process, following the investment advisor to the Company's majority shareholders, the Baring Vostok Funds, indicating a desire for such funds to monetise their long term investment in the Company in a structured manner.

GEM opted to participate in the Formal Sale Process, affording it, and certain of its professional advisers, access to undertake a period of legal, financial and commercial due diligence, culminating in the Offer.

The GEM Board is pleased to confirm that it has full confidence in the management of Volga Gas, its existing strategy and the overall prospects for the Volga Gas Group's operating businesses. However, the GEM Board believes that in order to achieve its full potential, the Company would be better suited to a private company environment where, with GEM's support and assistance, particularly with regard to potentially accessing and providing additional growth capital, management would be in a stronger position to deliver its longer term business plan, with a simplified corporate structure, free from requirements to, *inter alia*, meet the UK public equity market's shorter term expectations.

The GEM Board believes that, should Volga Gas remain publicly quoted on AIM, it will, as a relatively small, Russia-focused, oil and gas exploration and production company, continue to find it difficult to attract and

retain sufficient interest and research coverage in its activities to generate stock liquidity and a level of market rating that would make retaining its existing AIM quotation worthwhile.

If the Offer is successful, the GEM Board intends that Volga Gas will continue to invest in the growth of its production base, with a view to maintaining economic gas production, maximising the extraction of remaining reserves and supporting its execution of a sustained exploration drilling programme in the Karpenskiy licence area, with the aim of discovering material new hydrocarbon reserves, along with continued business development activities. The GEM Board also intends to maintain a tight control of costs at Volga Gas reflecting the reduced regulatory burden and elimination of the numerous expenses associated with maintaining a UK public quotation.

4. Views of the Volga Gas Directors

The Volga Gas Directors consider that the financial terms of the Offer inadequately value Volga Gas. In providing this view, the Volga Gas Directors have been advised by Auctus that the financial terms of the Offer are not fair and reasonable as they undervalue Volga Gas.

In providing its advice to the Volga Gas Directors, Auctus has undertaken a valuation exercise in respect of Volga Gas which has considered a variety of valuation methodologies customary for companies such as Volga Gas. Auctus has also taken into account the commercial assessments of the Volga Gas Directors.

Despite the Offer inadequately valuing Volga Gas, the Volga Gas Directors consider there to be a number of reasons for Volga Gas Shareholders to seriously consider the Offer. These are set out below.

Outcome of the Formal Sale Process

Pursuant to the Formal Sale Process instigated on 7 April 2020, the Company reported on 26 June 2020 that it had received a number of non-binding proposals regarding the sale of the Company or its entire business and assets and that the Board was engaged in ongoing discussions with certain of these parties about the sale of the Company (or its entire business and assets). Thereafter, on 28 September 2020, the Company announced that it was continuing to engage in active discussions with a number of parties regarding the sale of the Company (or its entire business and assets). These discussions have resulted in the Offer from GEM.

The Volga Gas Directors recognise that the Formal Sale Process undertaken by Renaissance Capital represented a comprehensive test of the market for the most likely buyers of Volga Gas and that GEM's Offer represents the highest price offered from the potential buyers who participated in this process.

Discussions with other potential offerors have ceased.

Major shareholders' intentions

As noted above, the Formal Sale Process commenced following the investment advisor to the Baring Vostok Funds indicating a desire for such funds to monetise their long term investment in the Company in a structured manner.

The Volga Gas Directors recognise this desire and that the Baring Vostok Funds have moved from the investing stage to the harvesting stage of their life-cycle. As a result, even if the Offer were to be unsuccessful, the Baring Vostok Funds' desire to monetise their Volga Gas Shares would continue which would likely have a detrimental impact on the market price of Volga Gas Shares pending and, in particular, during such monetisation.

Basis of GEM's proposal

GEM indicated that the Offer would only proceed on the basis of, *inter alia*, the Baring Vostok Funds and

Nicolas Mathys providing irrevocable undertakings to accept the Offer.

Both the Baring Vostok Funds and Nicolas Mathys have entered into irrevocable undertakings to accept the Offer in respect of their entire holdings, representing, in aggregate, approximately 80.07 per cent. of the Volga Gas Shares in issue (excluding Treasury Shares).

Prospects as an independent public company

In the Company's annual report and financial statements for the year ended 31 December 2019 and its interim results for the six months ended 30 June 2020, the Volga Gas Directors set out the strategic challenge to rebuild the Company's reserves and production base and re-establish a growth profile, and the progress made in meeting this challenge.

Liquidity

The Volga Gas Directors believe that Volga Gas Shareholders should be given the opportunity to consider the Offer as it provides the potential for liquidity at a certain price per Volga Gas Share that is worthy of consideration by Volga Gas Shareholders in circumstances where the daily average trading volume in Volga Gas Shares over the last 90 days is less than 16,500 shares.

GEM's intentions for Volga Gas

GEM recognises the skills, expertise and operational experience of Volga Gas's management and employees and has indicated that it does not expect to implement material changes to the senior executive management structure and expects that existing management will play an important role in the future development of Volga Gas.

GEM has also indicated that it has no intention to redeploy the fixed assets of the Volga Gas Group or to change Volga Gas's headquarters location or headquarters functions in Saratov.

Consequences of the Offer becoming unconditional

If the Offer becomes or is declared unconditional in all respects, a Volga Gas Shareholder who does not accept the Offer in respect of his/her holding of Volga Gas Shares while the Offer remains open for acceptances after it has been declared unconditional may be in a minority position and therefore may be exposed to certain risks. In particular:

- i. GEM, as the majority shareholder, would be able to determine the timing and amount of any future dividends and would be under no obligation to reinstate regular dividend payments; and
- ii. GEM has indicated its intention to cancel the admission of the Volga Gas Shares to trading on AIM which, if it occurs, would significantly reduce the liquidity and marketability of any Volga Gas Shares in respect of which the Offer has not been accepted at that time and the value of any such Volga Gas Shares may be adversely affected as a consequence.

Conclusions of the Volga Gas Directors

The Volga Gas Directors, who have been so advised by Auctus as to the financial terms of the Offer, consider that the terms of the Offer inadequately value Volga Gas and are not sufficiently compelling that the Volga Gas Directors are able to provide a recommendation to Volga Gas Shareholders that they should accept the Offer.

However, taking into account the considerations detailed above, the Volga Gas Directors believe that it is appropriate to allow GEM to make its Offer to Volga Gas Shareholders for their consideration.

Volga Gas Shareholders should carefully consider the factors and information set out above in making their

decision as to whether to accept the Offer. If Volga Gas Shareholders are in any doubt about the action they should take in respect of the Offer they should consult an independent financial adviser without delay.

Each of the Volga Gas Directors who currently hold or control Volga Gas Shares, namely Mikhail Ivanov, Andrey Zozulya and Stephen Ogden, do not intend to accept (or procure the acceptance of) the Offer in respect of their own beneficial shareholdings (or the shareholdings which they control), amounting, in aggregate, to 1,726,652 Volga Gas Shares representing approximately 2.14 per cent. of the existing issued ordinary share capital of Volga Gas (excluding Treasury Shares). However, these Volga Gas Directors reserve the right to accept the Offer should it be declared unconditional as to acceptances.

The Offer Document, which will be despatched to Volga Gas Shareholders within 28 days of this Announcement, will contain, *inter alia*, further details of the Offer and the procedure for acceptance.

5. Irrevocable undertakings

GEM has received irrevocable undertakings to accept (or procure the acceptance of) its Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such Scheme of Arrangement at the Scheme Meetings) from the Baring Vostok Funds and Nicolas Mathys, in respect of, in aggregate, 64,710,349 Volga Gas Shares, representing approximately 80.07 per cent. of the existing issued ordinary share capital of Volga Gas (excluding Treasury Shares).

The irrevocable undertakings from the Baring Vostok Funds and Nicolas Mathys shall lapse and cease to be binding, *inter alia*, if (i) the Offer Document is not posted within 28 days of this Announcement (or within such longer period as GEM may, with the consent of the Panel, determine); (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects, unless: (a) this is as a result of Volga Gas exercising its right to implement the Offer by way of a Scheme of Arrangement; or (b) a new, revised or replacement Offer or Scheme of Arrangement is announced by GEM within ten (10) business days of the lapse or withdrawal of the Offer provided that it represents no diminution in the value of the consideration, nor change to the currency of the consideration nor provides for non-cash consideration; or (iii) GEM announces, with the consent of the Panel, that it does not intend to proceed with the Offer.

Further details of the irrevocable undertakings received by GEM are set out in Appendix III to this Announcement.

Copies of the irrevocable undertakings will be put on display on Volga Gas's website at: www.volgagas.com and on GEM's website at www.gem.capital by no later than 12.00 noon (London time) on 17 November 2020.

6. Information relating to the Volga Gas Group

Volga Gas is an AIM-quoted, independent oil and gas exploration and production group, operating in the Volga Region of Russia, which is engaged in geological exploration and production of oil, gas and gas condensate in Saratov and Volgograd, as well as in the Republic of Bashkortostan. Volga Gas has a 100 per cent. interest in five oil and gas licences in the Saratov, Volgograd and Bashkiriya regions. The Volga Gas Group generates revenue through the sale of oil, gas, LPG and condensate, primarily to the local domestic market. The Volga Gas Group has approximately 180 employees, all of which are situated in Russia.

Volga Gas was incorporated in England and Wales on 25 July 2006 and its ordinary shares were admitted to trading on AIM on 25 April 2007. Volga Gas Shares are currently admitted to trading on AIM under the symbol VGAS and with an ISIN of GB00B1VN4809.

As at the last Business Day prior to the date of this Announcement, Volga Gas's issued ordinary share capital comprises 80,818,452 Volga Gas Shares (excluding Treasury Shares). Based on the Closing Price of a Volga

Gas Share of 24.50 pence on 13 November 2020 (being the last Business Day prior to the date of this Announcement), this equates to a market capitalisation of approximately £19.80 million.

In its latest financial year to 31 December 2019, the Volga Gas Group reported audited total revenue of US\$46.0 million (2018: US\$45.9 million) and a loss after taxation of US\$10.0 million (2018: profit after taxation of US\$8.4 million).

On 30 September 2020, Volga Gas announced its unaudited interim results for the six months ended 30 June 2020, where it reported Group revenue of US\$13.4 million (2019: US\$26.3 million), a loss after taxation of US\$8.0 million (2019: US\$2.5 million) and net assets as at 30 June 2020 of US\$35.8 million (2019: US\$48.3 million).

Current trading and prospects

The Volga Gas Group continues to trade in line with the Volga Gas Directors' expectations.

Further financial and other information on Volga Gas will be set out in the Offer Document.

7. Information relating to GEM

GEM was incorporated in September 2019 with registration number HE401550. It is a private, limited liability, company incorporated in Cyprus, which makes investments directly and through its subsidiaries in, *inter alia*, specialised chemicals, nanomaterials and technology companies.

The GEM Directors are Christina Vgenopoulou and Thomas Keane, both of whom are based in Cyprus and are partners at Limassol-based law firm, Keane Vgenopoulou & Associates LLC.

GEM is wholly owned by its founder, Anatoly Paliy (aged 40). Prior to founding GEM, Anatoly spent more than 10 years in a senior management position at one of the largest oil and gas companies in Russia, where he was responsible for its LPG, LNG and petrochemical businesses.

Subsequently, he founded 1Oil Holdings Limited, a private oil and gas group, whose assets collectively produce more than 500 thousand tons of oil per year in two regions of the Russian Federation: the Khanty-Mansi Autonomous Okrug and the Komi Republic. In the first half of 2019, Anatoly sold a controlling stake in 1Oil Holdings, retaining a large minority interest.

In his earlier career, Anatoly worked at PwC in Paris and Moscow, where he was engaged in the audit of, and consulting for, large companies in the oil & gas sector. Anatoly received MA degrees from the Financial University under the Government of the Russian Federation and Jean Moulin University Lyon III (France).

8. Financing of the Offer

GEM is wholly owned by Anatoly Paliy, who has committed to support GEM with regard to the financing of the Offer.

The cash consideration payable under the Offer will be funded by way of a loan being made by Anatoly Paliy to GEM, at an interest rate of two per cent. per annum, accruing monthly, repayable in January 2022 and otherwise on the terms of the Loan Agreement.

There is no requirement for any funding from third party providers to the GEM Group.

In accordance with Rule 2.7(d) of the Code, Strand Hanson, financial adviser to GEM, is satisfied that sufficient financial resources are available to GEM to enable it to implement the Offer in full. Assuming that the cash consideration is payable to all Volga Gas Shareholders (excluding Volga Gas Shares held by the Company

as Treasury Shares), full implementation of the Offer would require a maximum cash payment of approximately £19.16 million by GEM.

9. Volga Gas share option schemes

There are currently no options outstanding under any incentivisation scheme run by the Volga Gas Group or any other outstanding rights to acquire Volga Gas Shares. Accordingly, no proposals regarding the effect of the Offer need to be made to participants in any such schemes or otherwise.

10. Volga Gas's Directors, management, employees, research and development, capital structure, assets and locations

GEM recognises the significant skills, expertise and operational experience of the existing Volga Gas executive team and, following completion of the Offer, does not expect to implement material changes to the senior executive management structure and expects that existing management will play an important role in the future development of Volga Gas. GEM intends to augment the Volga Gas Group's finance and strategic development functions with appropriate GEM appointed personnel.

The GEM Directors intend to support Volga Gas's management in continuing to execute and refine their existing business plan and strategy for the development of the Volga Gas Group. However, on completion of the Offer, GEM intends to commence a review of the Volga Gas Group in order to confirm and potentially identify operational efficiencies. Such review process is expected to occur within 12 months following completion of the Offer, and may result in a limited number of cost savings and redundancies where operational efficiencies are identified, likely to be focused on head office and administrative related functions, especially those related to Volga Gas's current status as a publicly quoted company on AIM.

All of the non-executive Volga Gas Directors, being Mikhail Ivanov, Aleksey Kalinin, Stephen Ogden, Stewart Dickson and Andrei Yakovlev, have agreed to resign with effect from completion of the Offer or, if later, on the date when admission of the Volga Gas Shares to trading on AIM is cancelled. They will each receive remuneration in line with the termination provisions of their letters of appointment by way of compensation.

Accordingly, the GEM Board does not have any plans to make any material headcount reductions or other material changes to the terms and conditions of employment or in the balance of the skills and functions of the management and employees of the Volga Gas Group or the GEM Group, other than as set out above with regard to the non-executive directors of Volga Gas and anticipated limited number of cost savings and redundancies focused on the areas outlined above. Volga Gas has no dedicated research and development function and the GEM Board generally expects that, following successful completion of the Offer, Volga Gas will operate principally as it does today but as a subsidiary of GEM, although the GEM Board does intend to carry out a review of the Volga Gas Group's corporate structure, with a view to simplifying the legal ownership of its subsidiaries.

The GEM Board has given assurances to the Volga Gas Directors that, following the Offer becoming or being declared wholly unconditional, the existing contractual and statutory employment rights and terms and conditions of employment of the management and employees of the Volga Gas Group will be fully safeguarded. The Volga Gas Group has no defined benefit pension schemes and GEM does not intend to make any changes with regards to any current pension arrangements.

Furthermore, the GEM Board has no intentions to redeploy the fixed assets of the Volga Gas Group. The GEM Directors also have no intention to change Volga Gas's headquarters location or headquarters functions in Saratov.

The GEM Directors believe that the Offer, if successfully completed, will provide a stable and well capitalised future for Volga Gas. In addition, the GEM Board intends, over the short to medium term, to undertake a review in order to optimise the capital structure of Volga Gas.

This review may, *inter alia*, lead to GEM sourcing additional financing, including external debt and/or equity, for Volga Gas, with the form of such funding being dependent on what the GEM Board believes maximises the capital efficiency of Volga Gas, whilst also having regard to the financing and wider macro-economic background prevailing at that time.

It is intended that the appointments of the executive directors of Volga Gas will remain unchanged following successful completion of the Offer. However, there are no agreements or arrangements between GEM and the directors, management or employees of Volga Gas in relation to their on-going involvement in the business and the Offer will not be conditional on reaching agreement with such persons.

In addition, GEM has not entered into, nor is it in discussions on any proposals to enter into, any form of incentivisation arrangements with members of Volga Gas's management who are interested in Volga Gas Shares and has no plans so to do. Following completion of the Offer, GEM may put in place incentive arrangements for certain members of the Volga Gas management team. No proposals have been made on the terms of any incentive arrangements for relevant management.

As set out in section 12 below, the GEM Board intends to seek the cancellation of the admission of the Volga Gas Shares to trading on AIM shortly following the Offer becoming, or being declared, unconditional in all respects, thereby enabling Volga Gas's management to be entirely focussed on the growth and development of the business, rather than AIM investor and UK publicly quoted company related matters.

11. Structure and implementation of the Offer and compulsory acquisition

Process

It is intended that the Offer will be implemented by means of a takeover offer under Part 28 of the Companies Act 2006, the provisions of which will be set out in full in the Offer Document (although GEM reserves the right to elect to implement the Offer by means of a Scheme of Arrangement (subject to Panel consent)).

The Volga Gas Shares shall be acquired under the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

The Offer Document and the accompanying Form of Acceptance will be published within 28 days of this Announcement (or within such longer period as the Panel may agree). Volga Gas Shareholders are urged to read the Offer Document and the accompanying Form of Acceptance carefully once they have been dispatched.

Conditions

The Offer will lapse unless all the Conditions to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, determined by GEM to have been or remain satisfied by midnight (London time) on the date which is 21 days after the later of the First Closing Date and the date on which the Offer becomes, or is declared, unconditional as to acceptances (or such later date (if any) as GEM may, with the consent of the Panel or in accordance with the Code, decide).

One of the Conditions of the Offer, being Condition 1(b)(ii) set out in Appendix I to this Announcement, is the FAS Russia approving the acquisition of control of Volga Gas, or any subsidiary of Volga Gas, by GEM. The Board of GEM is confident that the relevant approval will be forthcoming, such that the FAS Condition will be satisfied within the Panel's prescribed Code timetable.

Compulsory acquisition

If GEM receives acceptances under the Offer in respect of, and/or otherwise acquires, not less than 90 per cent. of the Volga Gas Shares, and the voting rights attaching to such shares, to which the Offer relates and assuming that all of the Conditions have been satisfied or waived (if capable of being waived), GEM intends to exercise its right, pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act 2006, to acquire compulsorily the remaining Volga Gas Shares in respect of which the Offer has not been accepted on the same terms as the Offer.

Anticipated timetable

It is expected that the Offer Document, together with the Form of Acceptance, will be dispatched to Volga Gas Shareholders and, for information only, to persons with information rights within 28 days of this Announcement (or within such longer period as the Panel may agree).

A full expected timetable of principal events will be set out in the Offer Document.

12. Cancellation of admission to trading on AIM and re-registration

On completion of the Offer, Volga Gas will become a subsidiary of GEM. Following the Offer becoming, or being declared, unconditional in all respects and if GEM has by virtue of acceptances of the Offer acquired, or agreed to acquire, Volga Gas Shares which represent not less than 75 per cent. of the voting rights attaching to the Volga Gas Shares, GEM intends to procure that Volga Gas makes an application to the London Stock Exchange for the cancellation of the admission of the Volga Gas Shares to trading on AIM. It is anticipated that the intended cancellation would take effect no earlier than 20 Business Days after the date on which the Offer becomes, or is declared, unconditional in all respects and GEM has reached the 75 per cent. threshold. Should GEM not receive sufficient acceptances to the Offer to proceed with procuring such an application, then GEM intends, following completion of the Offer, to seek the cancellation of the admission of Volga Gas Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules.

The cancellation of the admission of the Volga Gas Shares to trading on AIM would significantly reduce the liquidity and marketability of any Volga Gas Shares in respect of which the Offer has not been accepted at that time and the value of any such Volga Gas Shares may be adversely affected as a consequence.

It is also intended that following the Offer becoming or being declared unconditional in all respects and the admission to trading on AIM of Volga Gas Shares having been cancelled, GEM will seek to re-register Volga Gas as a private limited company under the relevant provisions of the Companies Act 2006.

13. Offer-related arrangements

Confidentiality Agreement

A consultant of GEM entered into a confidentiality agreement with Volga Gas on 13 April 2020, which was superseded by a confidentiality agreement between GEM and Volga Gas entered into on 26 October 2020 (the "**Confidentiality Agreement**"). Pursuant to the Confidentiality Agreement, GEM has undertaken to keep confidential information relating to the Volga Gas Group and not disclose it to third parties (other than to permitted persons) unless required by applicable law or regulation.

The Confidentiality Agreement also contains customary standstill and non-solicitation undertakings by GEM which apply until 26 October 2021 in connection with the acquisition of interests in the securities of Volga Gas and certain existing Volga Gas employees.

Break Fee Agreement

Dehus Dolmen Nominees Limited (which holds Volga Gas Shares for the benefit of certain Baring Vostok Funds) and Baring Vostok Investment Managers Limited on behalf of Baring Vostok Investments PCC Limited (together the “**Baring Parties**”) entered into an agreement with GEM on 24 August 2020, which was amended on 28 September 2020 and 30 October 2020 (the “**Break Fee Agreement**”), under which the Baring Parties agreed to pay to GEM up to a maximum amount of US\$200,000 on account of GEM’s professional advisers’ due diligence costs if the Offer did not complete and certain other conditions were satisfied (the “**Break Fee**”). One condition of the Break Fee Agreement was that GEM announced the Offer prior to 13 November 2020. Accordingly, the Break Fee will not become payable under the terms of the Break Fee Agreement.

14. Disclosure of interests in the Volga Gas Group’s relevant securities

GEM confirms that within 10 Business Days of the date of this Announcement, it will make an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the Code.

Save for the irrevocable undertakings referred to in section 5 above, as at the close of business on 13 November 2020 (being the last Business Day prior to the date of this Announcement), neither GEM nor any of the directors of GEM, nor so far as the directors of GEM are aware, any other person acting, or deemed to be acting, in concert (within the meaning of the Code) with GEM for the purposes of the Offer had:

- (a) any interest in, or right to subscribe for, any relevant securities of Volga Gas;
- (b) any short positions in respect of any relevant securities of Volga Gas (whether conditional or absolute and whether in-the-money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Volga Gas;
- (c) borrowed or lent any relevant securities of Volga Gas (save for any borrowed shares which have been either on-lent or sold);
- (d) procured an irrevocable commitment or letter of intent to accept the Offer or to vote in favour of a Scheme of Arrangement in respect of any relevant securities of Volga Gas; nor
- (e) any arrangement in relation to any relevant securities of Volga Gas.

For these purposes, an “arrangement” includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to the relevant securities of Volga Gas which is, or may be, an inducement to deal or refrain from dealing in such securities.

15. General

GEM reserves the right to elect, with the consent of the Panel, to implement the Offer by way of a Scheme of Arrangement as an alternative to the Offer. In such event, the Scheme of Arrangement would be made on substantially the same terms as those which would apply to the Offer (subject to appropriate amendments, including the requirement of Volga Gas Shareholders to vote, or procure the vote, in favour of a Scheme of Arrangement at the Scheme Meetings and the requirement for the sanction, or approval, of the Scheme of Arrangement by the High Court of England and Wales).

The Offer will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions to be set out in the Offer Document and Form of Acceptance.

The sources of certain information and bases of calculation of certain information contained in this Announcement are set out in Appendix II to this Announcement. A summary of the irrevocable undertakings is set out in Appendix III to this Announcement. Certain terms used in this Announcement are defined in Appendix IV to this Announcement.

The Offer Document will include full details of the Offer, together with the expected timetable of principal events, and will be accompanied by the Form of Acceptance. The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules and the FCA.

This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (“**MAR**”). Accordingly, on publication of this Announcement, such inside information is now considered to be in the public domain.

16. Consents

Strand Hanson has given and not withdrawn its consent to the publication of this Announcement with the inclusion in it of the references to its name and (where applicable) advice in the form and context in which they appear.

Auctus has given and not withdrawn its consent to the publication of this Announcement with the inclusion in it of the references to its name and (where applicable) advice in the form and context in which they appear.

Renaissance Capital has given and not withdrawn its consent to the publication of this Announcement with the inclusion in it of the references to its name and (where applicable) advice in the form and context in which they appear.

17. Documents available on Volga Gas’s and GEM’s websites

Copies of the following documents will be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on Volga Gas’s website at www.volgagas.com and on GEM’s website at www.gem.capital by no later than 12.00 noon (London time) on 17 November 2020 until the end of the Offer Period:

- this Announcement;
- the Loan Agreement;
- the irrevocable undertakings referred to in section 5 above and summarised in Appendix III to this Announcement;
- the Confidentiality Agreement;
- the Break Fee Agreement; and
- the written consents provided by Strand Hanson, Auctus and Renaissance Capital referred to in section 16 of this Announcement.

Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

Enquiries:

GEM

Thomas Keane, Director

+357 252 62622

Strand Hanson

(Financial Adviser to GEM)

Stuart Faulkner

Rory Murphy

Matthew Chandler

James Dance

Jack Botros

+44 (0) 20 7409 3494

Volga Gas

Andrey Zozulya, Chief Executive Officer

Vadim Son, Chief Financial Officer

Tony Alves, Investor Relations Consultant

+7 (903) 385 9889

+7 (905) 381 4377

+44 (0) 7824 884 342

Renaissance Capital - Financial Consultants Limited

(Financial Adviser to Volga Gas)

Sergey Sedov

+7 (916) 678 3214

+7 (499) 956 4060

Auctus Advisors LLP

(Rule 3 Adviser to Volga Gas)

Jonathan Wright

+44 (0) 7711 627 449

SP Angel Corporate Finance LLP

(Nominated Adviser and Broker to Volga Gas)

Richard Morrison, Richard Hail, Adam Cowl

+44 (0) 20 3470 0470

FTI Consulting

(Financial PR Adviser to Volga Gas)

Alex Beagley, Fern Duncan

+44 (0) 20 3727 1000

Important Notice

Strand Hanson Limited ("Strand Hanson"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to GEM and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than GEM for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Strand Hanson nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson in connection with this Announcement, any statement contained herein or otherwise.

Renaissance Capital - Financial Consultant Limited ("Renaissance Capital") is an affiliate of Renaissance Capital Limited, which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. Renaissance Capital is acting exclusively as financial adviser to Volga Gas and no-one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of Renaissance Capital nor for providing advice

in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Renaissance Capital nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Renaissance Capital in connection with this Announcement, any statement contained herein or otherwise.

Auctus Advisors LLP (“Auctus”) is an authorised representative of Tamesis Partners LLP, which is authorised and regulated by the Financial Conduct Authority of the United Kingdom. Auctus is acting exclusively as Rule 3 adviser to Volga Gas and no-one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of Auctus or for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Auctus nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Auctus in connection with this Announcement, any statement contained herein or otherwise.

SP Angel Corporate Finance LLP (“SP Angel”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively as nominated adviser and broker to Volga Gas and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than Volga Gas for providing the protections afforded to clients of SP Angel nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither SP Angel nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of SP Angel in connection with this Announcement, any statement contained herein or otherwise.

Further information

THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 2.7 OF THE CODE AND IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM ANY PART OF, AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OR THE SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION PURSUANT TO THE OFFER OR OTHERWISE, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS ANNOUNCEMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The Offer will be subject to the Conditions and to the further terms and conditions to be set out in the Offer Document and the Form of Acceptance. The Offer is being made solely through the Offer Document (or any other document by which the Offer is made), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. Volga Gas Shareholders are advised to read the Offer Document carefully, once it has been despatched.

This Announcement does not constitute a prospectus or prospectus equivalent document.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Overseas jurisdictions

The availability of the Offer and the release, publication and distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this Announcement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to participate in the Offer may be affected by the laws of the relevant jurisdictions in which they are located.

This Announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.

The Offer will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Panel and the rules of the London Stock Exchange (including the AIM Rules).

Unless otherwise determined by GEM or required by the Code, and permitted by applicable law and regulation, the Offer will not be made available directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement, the Offer Document, the Form of Acceptance and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction unless otherwise determined by GEM and as permitted by applicable law, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. All persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) should observe these restrictions and any applicable legal or regulatory requirements of their jurisdiction and must not mail or otherwise forward, send or distribute this Announcement in, into or from any Restricted Jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Further details in relation to Overseas Shareholders will be contained in the Offer Document.

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference in this Announcement) contains certain statements that are, or may be deemed to be, forward-looking statements with respect to GEM and/or Volga Gas. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements also often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of GEM’s or Volga Gas’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on GEM’s or Volga Gas’s business. These statements are based on assumptions and assessments made by GEM and/or Volga Gas (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate.

Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. Neither GEM or the GEM Group nor Volga Gas or the Volga Gas Group assumes any obligation to update publicly or revise any forward-looking statement or other statements contained in this Announcement as a result of new information, future events or otherwise, except to the extent required by applicable law, the Panel or the Code.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates, and future business combinations or dispositions.

No member of the GEM Group or the Volga Gas Group nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

Except as expressly provided in this Announcement, no forward-looking or other statements have been reviewed by the auditors of the GEM Group or the Volga Gas Group. All subsequent oral or written forward-looking statements attributable to any member of the GEM Group or the Volga Gas Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

No profit forecasts, quantified financial benefit statements or estimates

No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings per Volga Gas Share for the current or future financial years would necessarily match or exceed the historical published earnings per Volga Gas Share.

Dealing and Opening Position Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of Volga Gas or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Volga Gas and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of Volga Gas or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Volga Gas or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of Volga Gas or of any securities exchange offeror. A Dealing

Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Volga Gas and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Volga Gas or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Volga Gas and by any offeror and Dealing Disclosures must also be made by Volga Gas, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website and availability of hard copies

This Announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Volga Gas's website at www.volgagas.com and on GEM's website at www.gem.capital by no later than 12.00 noon (London time) on the Business Day following this Announcement.

Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

A hard copy of this Announcement will be sent to Volga Gas Shareholders (other than Volga Gas Shareholders who have elected to receive electronic communications) in the near future. Volga Gas Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) free of charge by contacting the Receiving Agent, Link Group, on 0371 664 0321 from within the UK or +44 (0) 371 664 0321 if calling from outside the UK between 9.00 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to the Receiving Agent at Link Group, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Volga Gas Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form. If you have received this Announcement in electronic form, hard copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

Rule 2.9 information

In accordance with Rule 2.9 of the Code, Volga Gas confirms that, as at the date of this Announcement, it has 80,818,452 ordinary shares of 1p each in issue (other than shares held in treasury), each share having equal voting rights. The Company holds 199,348 shares in treasury. The International Securities Identification Number of Volga Gas's ordinary shares is GB00B1VN4809.

Information relating to Volga Gas Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Volga Gas Shareholders, persons with information rights and other relevant persons for the receipt of communications from Volga Gas may be provided to GEM during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Time

All times shown in this Announcement are London times, unless otherwise stated.

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

Part A: The Conditions

1. The Offer shall be subject to the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on the First Closing Date (or such later time(s) and/or dates(s) as GEM may, with the consent of the Panel or in accordance with the Code, decide) in respect of not less than 90 per cent. (or such lower percentage as GEM may decide) of the Volga Gas Shares to which the Offer relates and of the voting rights attached to those shares, provided that this Acceptance Condition will not be satisfied unless GEM and/or any of GEM's wholly owned subsidiaries shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Volga Gas Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Volga Gas;

and for the purposes of this Acceptance Condition:

- (i) Volga Gas Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they shall carry upon issue;
 - (ii) the expression "**Volga Gas Shares to which the Offer relates**" shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act 2006;
 - (iii) valid acceptances shall be deemed to have been received in respect of Volga Gas Shares which are treated for the purposes of Part 28 of the Companies Act 2006 as having been acquired or contracted to be acquired by Volga Gas, whether by virtue of acceptances of the Offer or otherwise; and
 - (iv) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue outside treasury;
- (b) subject to Part B below and to the requirements of the Panel in accordance with the Code, the Offer will also be conditional upon the satisfaction or, where relevant, waiver of the following conditions:
 - (i) all notifications and filings which are necessary or reasonably appropriate in connection with the Offer having been made by the relevant party, all necessary waiting periods (including any extension to them) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with and all Authorisations which in each case are necessary or reasonably appropriate for or in respect of the Offer, its implementation or any acquisition of any shares in, or control or management of, Volga Gas or any other member of the Wider Volga Gas Group by any member of the Wider GEM Group, having been obtained on terms and in a form reasonably satisfactory to GEM

from all Relevant Authorities or persons with whom any member of the Wider Volga Gas Group has entered into contractual arrangements, and all such Authorisations, together with all Authorisations necessary to carry on the business of any member of the Wider Volga Gas Group, remaining in full force and effect at the time when the Offer becomes wholly unconditional and there being no intimation of any intention to revoke or not to renew, withdraw, suspend, withhold, modify or amend the same in consequence of the Offer becoming wholly unconditional;

- (ii) without limitation to Condition 1(b)(i) above, in accordance with Russian Federal Law No. 135-FZ On Protection of Competition, dated 26 July 2006 (as amended), FAS Russia approving the acquisition of control of Volga Gas or any subsidiary undertaking of Volga Gas, by GEM, and if such approval is subject to any conditions or restrictions applicable to GEM, such conditions or restrictions also being satisfactory and acceptable to GEM;
- (iii) no Relevant Authority having instituted, implemented or threatened any action, suit, proceedings, investigation, reference or enquiry, or enacted, made or proposed any statute, regulation, order or decision, or having taken any other steps or measures that would or might reasonably be expected to:
 - (A) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control over, Volga Gas or any member of the Wider Volga Gas Group by GEM or any member of the Wider GEM Group, illegal, void or unenforceable under the laws of any relevant jurisdiction or otherwise directly or indirectly materially restrict, restrain, prohibit, delay, frustrate or interfere in the implementation of or impose additional material conditions or obligations with respect to or otherwise materially challenge the Offer or such proposed acquisition (including without limitation, taking any steps which would entitle the Relevant Authority to require any member of the Wider GEM Group to dispose of all or some of its Volga Gas Shares or restrict the ability of any member of the Wider GEM Group to exercise voting rights in respect of some or all of such Volga Gas Shares);
 - (B) require, prevent or materially delay a divestiture by any member of the Wider GEM Group of any shares or other securities in Volga Gas or any member of the Wider Volga Gas Group;
 - (C) impose any material limitation on, or result in a material delay in, the ability of GEM or Volga Gas or any member of the Wider GEM Group to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities in any member of the Wider Volga Gas Group or voting rights or management control over any member of the Wider Volga Gas Group;
 - (D) other than pursuant to the Offer or Part 28 of the Companies Act 2006, require any member of the Wider GEM Group or the Wider Volga Gas Group to acquire or offer to acquire any shares, other securities (or the

equivalent) or interest in any member of the Wider Volga Gas Group or any asset owned by any third party;

- (E) require, prevent or materially delay a divestiture by any member of the Wider GEM Group or the Wider Volga Gas Group of all or any portion of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties, which in any case is material in the context of the Wider GEM Group or the Wider Volga Gas Group as the case may be taken as a whole;
- (F) result in any member of the Wider Volga Gas Group or the Wider GEM Group ceasing to be able to carry on their business under any name under which it presently does so to an extent which is material and adverse to the relevant group taken as a whole;
- (G) impose any limitation on the ability of any member of the Wider GEM Group or of the Wider Volga Gas Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider GEM Group or of the Wider Volga Gas Group, which is material in the context of the Wider GEM Group or the Wider Volga Gas Group as the case may be taken as a whole; or
- (H) otherwise affect adversely any or all of the businesses, assets, prospects or profits of any member of the Wider GEM Group or any member of the Wider Volga Gas Group in any way, which would be material in the context of the Wider GEM Group or the Wider Volga Gas Group as the case may be, taken as a whole;

and all applicable waiting and other time periods during which any such Relevant Authority could institute, or implement or threaten any proceedings, suit, investigation or enquiry or enact, make or propose any such statute, regulation or order or take any other such step having expired, lapsed or been terminated;

- (iv) except as Disclosed, there being no provision of any Authorisation or other instrument to which any member of the Wider Volga Gas Group is a party, or by or to which any such member, or any of its assets, is bound or subject, which would or might reasonably be expected, as a consequence of the Offer or of the proposed acquisition by GEM of any shares or other securities (or the equivalent) in Volga Gas or because of a change in, or control or management of, any member of the Wider Volga Gas Group, to result, in any case to an extent which is material in the context of the Wider Volga Gas Group taken as a whole, in:
 - (A) any assets or interests of any member of the Wider Volga Gas Group being or falling to be disposed of or charged, or any right arising under which any such assets or interests could be required to be disposed of or charged or could cease to be available to any member of the Wider Volga Gas Group, other than in the ordinary course of business;
 - (B) any monies borrowed by or other indebtedness or material liabilities (actual or contingent) of, or any grant available to, any member of the

Wider Volga Gas Group becoming repayable or being capable of being declared repayable immediately or earlier than its stated repayment date or the ability of such member of the Wider Volga Gas Group to incur any indebtedness becoming or being capable of being or becoming withdrawn or prohibited;

- (C) any such Authorisation or other instrument being terminated or materially adversely modified, affected, amended or varied or any materially adverse action being taken or any onerous obligation or liability arising thereunder;
- (D) the business or interests of any member of the Wider Volga Gas Group with any firm, body or person (or any arrangements relating to such business or interests) being terminated, modified, affected, amended or varied in any materially adverse manner;
- (E) the value of or the financial or trading position or prospects of any member of the Wider Volga Gas Group being prejudiced or adversely affected;
- (F) the creation of any liability (actual or contingent) by any member of the Wider Volga Gas Group other than in the ordinary course of business consistent with past practice;
- (G) any liability of any member of the Wider Volga Gas Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
- (H) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Volga Gas Group or any such mortgage, charge or security (whenever arising or having arisen) becoming enforceable; or
- (I) any member of the Wider Volga Gas Group ceasing to be able to carry on business under any name under which it currently does so,

and, except as Disclosed, no event having occurred which, under any provision of any Authorisation or other instrument to which any member of the Wider Volga Gas Group is a party, or by or to which any such member, or any of its assets, is bound, or subject, would reasonably be expected to result, in any case to an extent which is material in the context of the Wider Volga Gas Group taken as a whole or which is material in the context of the Offer, in any of the events or circumstances as are referred to in items (A) to (I) inclusive of this Condition (iv);

(v) since 31 December 2019 and except as Disclosed:

- (A) save in connection with an application to FAS for the purposes referred to in Condition 1(b)(ii) above, no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the Wider Volga Gas Group or no criminal proceedings, litigation, arbitration proceedings, mediation proceedings, prosecution or other legal proceedings to which any member of the

Wider Volga Gas Group is or may become a party (whether as claimant, defendant or otherwise) having been instituted or threatened or remaining outstanding against or in respect of any member of the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole;

- (B) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits of any member of the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole;
 - (C) no contingent or other liability having arisen, become apparent or increased which in any case is material in the context of the Wider Volga Gas Group taken as a whole; and
 - (D) no steps having been taken which would reasonably be expected to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Volga Gas Group which is necessary for the proper carrying on of its business, where such withdrawal, cancellation, termination or modification is material in the context of the Wider Volga Gas Group taken as a whole;
- (vi) since 31 December 2019 and except as Disclosed, neither Volga Gas nor any other member of the Wider Volga Gas Group having:
- (A) save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, issued or agreed to issue or authorised or announced its intention to authorise or propose the issue or grant of additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire any such shares or convertible securities or transferred or sold any Volga Gas Shares out of treasury;
 - (B) sold or transferred or agreed to sell or transfer any Treasury Shares;
 - (C) save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, purchased, redeemed or repaid any of its own shares or other securities or reduced or made any other changes to its share capital;
 - (D) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus or other distribution whether payable in cash or otherwise, other than to Volga Gas or a wholly-owned subsidiary of Volga Gas;
 - (E) save pursuant to the Offer and save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with, demerged or acquired any body corporate, partnership or business or, save in the ordinary course of trading, acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in subsidiaries and trade investments);

- (F) save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, issued or authorised the issue of any debentures or, save in the ordinary course of trading, incurred or increased any indebtedness or liability or become subject to a contingent liability;
- (G) other than in the ordinary course of trading, entered into, varied or authorised any arrangement, transaction, contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term, onerous or unusual nature or which involves an obligation of a nature and magnitude which is material in the context of the Wider Volga Gas Group taken as a whole;
- (H) save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement (other than the Offer) which would be materially restrictive on the business in relation to itself or another member of the Wider Volga Gas Group;
- (I) otherwise than in the ordinary course of business, waived or compromised any claim;
- (J) taken any corporate action or had any legal proceedings started or threatened against it for its winding up (whether voluntary or otherwise), dissolution or reorganisation or analogous proceedings in any jurisdiction or for the appointment of a receiver, trustee, administrator, administrative receiver or similar officer in any jurisdiction of all or any of its assets and revenues or had any such person appointed;
- (K) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments or a moratorium of any indebtedness;
- (L) been unable or admitted in writing that it is unable to pay its debts or having stopped or suspended (or threatened to do so) payments of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (M) save as between Volga Gas and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or authorised any change in its loan capital;
- (N) entered into or varied in any material respect the terms of any letter of appointment or service agreement (as the case may be) with any of the executive directors, non-executive directors or senior executives of Volga Gas or any of the directors or senior executives of any other member of the Wider Volga Gas Group;
- (O) proposed, agreed to provide or modified in any material respect the terms of any share option scheme, incentive scheme or, other than in

the ordinary course of business, any other benefit relating to the employment or termination of employment of any person employed by the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole;

- (P) made any alteration to its articles of association or other incorporation or constitutional documents; or
 - (Q) entered into any agreement, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer which remains open for acceptance or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this paragraph (vi);
- (vii) GEM not having discovered that, except as Disclosed:
- (A) any financial, business or other information concerning the Wider Volga Gas Group disclosed publicly or disclosed to any member of the Wider GEM Group by any member of the Wider Volga Gas Group prior to the date of this Announcement is to a material extent misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information therein not misleading to a material extent and which was not corrected before the date of this Announcement either by public disclosure through a Regulatory Information Service or by a written disclosure to the Wider GEM Group and which is material in the context of the Wider Volga Gas Group taken as a whole; or
 - (B) any information which affects the import of any information disclosed to any member of the Wider GEM Group at any time by or on behalf of any member of the Wider Volga Gas Group which is material in the context of the Wider Volga Gas Group taken as a whole; or
 - (C) any member of the Wider Volga Gas Group has not complied with any applicable legislation or regulations of any relevant jurisdiction with regard to the use, storage, transport, treatment, handling, disposal, release, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person where non-compliance would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole; or
 - (D) there has been an emission, discharge, disposal, spillage or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health which would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole; or

- (E) there is or is likely to be any liability (whether actual or contingent) to improve or install new plant or equipment or make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Volga Gas Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority or any other person or body in any jurisdiction which in any case is material in the context of the Wider Volga Gas Group taken as a whole; or
 - (F) circumstances exist whereby a person or class of person would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Volga Gas Group which in any case is material in the context of the Wider Volga Gas Group taken as a whole; or
 - (G) any past or present member of the Wider Volga Gas Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010 or any other applicable anti-corruption legislation; or
 - (H) any past or present member of the Wider Volga Gas Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
 - (I) any asset of any member of the Wider Volga Gas Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); and
- (viii) no member of the Wider Volga Gas Group having established any pensions arrangements for the benefit of the directors or employees (or their dependants) of any member of the Wider Volga Gas Group.

Part B: Waiver of Conditions and further terms of the Offer

1. GEM reserves the right (subject to the requirements of the Code and the Panel) to waive in whole or in part all or any of the above Conditions, other than the Acceptance Condition.
2. If GEM is required by the Panel to make an offer for Volga Gas Shares under the provisions of Rule 9 of the Code, GEM may make such alterations to the terms and conditions of the Offer (including the Acceptance Condition) as are necessary to comply with the provisions of that Rule, and such offer shall be subject to the terms and conditions as so amended.
3. The Offer will lapse unless all the Conditions to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, determined by GEM to have been or remain satisfied by midnight (London time) on the date which is 21 days after the later of the First Closing Date and the date on

which the Offer becomes, or is declared, unconditional as to acceptances (or such later date (if any) as GEM may, with the consent of the Panel or in accordance with the Code, decide).

4. GEM shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions except for the Acceptance Condition by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. The Offer will lapse if, before 1.00 p.m. (London time) on the First Closing Date or the date on which the Offer becomes, or is declared, unconditional as to acceptances (whichever is later):
 - a. in so far as the Offer or any matter arising from or relating to the Offer constitutes a concentration with a Community dimension within the scope of Council Regulation (EC) 139/2004 (the "**Regulation**"), the European Commission initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral under Article 9(1) of the Regulation to the CMA and the CMA makes a CMA Phase 2 Reference; or
 - b. in so far as the Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference.
6. If the Offer lapses, not only will the Offer cease to be capable of further acceptance but also Volga Gas Shareholders and GEM will thereafter cease to be bound by prior acceptances.
7. GEM reserves the right to elect (with the consent of the Panel) to implement the Offer by way of a court-sanctioned Scheme of Arrangement. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Offer, subject to appropriate amendments to reflect the change in method (including statutory voting requirements).
8. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the Restricted Jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. Further details in relation to Overseas Shareholders will be contained in the Offer Document.
9. Unless otherwise determined by GEM or required by the Code and permitted by applicable law and regulation, the Offer is not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or other forms of electronic transmission) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
10. Under Rule 13.5 of the Code, GEM may only invoke a Condition so as to cause the Offer not to proceed, to lapse or to be withdrawn where the circumstances which give rise to the right to invoke the Condition are of material significance to GEM in the context of the Offer. The Acceptance Condition is not subject to Rule 13.5 of the Code.
11. The Volga Gas Shares shall be acquired under the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

12. If, on or after the date of this Announcement and before the Offer becomes or is declared wholly unconditional, any dividend, other distribution and/or other return of capital is authorised, declared, made or paid or becomes payable in respect of the Volga Gas Shares, GEM reserves the right to reduce the consideration payable under the terms of the Offer for the Volga Gas Shares by an amount of up to the amount of such dividend, distribution and/or return of capital, in which case any reference in this Announcement or in the Offer Document to the consideration payable under the terms of the Offer will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend, distribution and/or other return of capital is authorised, declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles GEM to receive the dividend, distribution or return of capital and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by GEM of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.
13. The Offer and any dispute or claim arising out of, or in connection with, it (whether contractual or non-contractual in nature) will be governed by the laws of England and Wales and be subject to the jurisdiction of the courts of England and Wales. The Offer will also be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules and the FCA. In addition, it will be subject to the terms and conditions set out in the Offer Document.
14. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

APPENDIX II

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. The value attributed to the entire existing issued ordinary share capital of Volga Gas is based upon the Offer Price and the 80,818,452 Volga Gas Shares in issue (excluding Treasury Shares) as at 13 November 2020 (being the last Business Day prior to the date of this Announcement).
2. The maximum cash consideration payable pursuant to the Offer is based upon the Offer Price and the 80,818,452 Volga Gas Shares in issue (excluding Treasury Shares) as at 13 November 2020 (being the last Business Day prior to the date of this Announcement).
3. Unless otherwise stated, all prices for Volga Gas Shares are Closing Prices for the particular date(s) concerned.
4. Unless otherwise stated, the financial information relating to the Volga Gas Group has been extracted or derived (without material adjustment) from Volga Gas's audited consolidated financial statements for the financial year ended 31 December 2019 and unaudited consolidated financial statements for the six months ended 30 June 2020 prepared in accordance with IFRS.
5. All information relating to GEM has been provided by persons duly authorised by the GEM Board.
6. All information relating to Volga Gas has been extracted from published sources and/or provided by persons duly authorised by Volga Gas.
7. Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

APPENDIX III

DETAILS OF IRREVOCABLE UNDERTAKINGS

The following institutional and other major Volga Gas Shareholders have given irrevocable undertakings to accept, or procure the acceptance of, the Offer (or if GEM exercises its right to structure the Offer as a Scheme of Arrangement, to vote in favour of such Scheme of Arrangement at the Scheme Meetings) as follows:

Name of Volga Gas Shareholder	Number of Volga Gas Shares to which undertaking relates	Percentage of Volga Gas's existing issued ordinary share capital*
Dehus Dolmen Nominees Limited**	47,526,889	58.81%
Nicolas Mathys	12,383,000	15.32%
Baring Vostok Investments PCC Limited***	4,800,460	5.94%
TOTAL:	64,710,349	80.07%

Notes:

* - excluding Treasury Shares.

** - Dehus Dolmen Nominees Limited is a nominee vehicle which holds the interests of the limited partnerships which comprise the Baring Vostok Private Equity Funds III and IV.

*** - Baring Vostok Investments PCC Limited is a closed-end investment company registered in Guernsey and advised by BVCPGL.

The irrevocable undertakings from such institutional and other Volga Gas Shareholders shall lapse and cease to be binding, *inter alia*, if:

- (i) the Offer Document is not published within 28 days of this Announcement (or within such longer period as GEM may, with the consent of the Panel, determine);
- (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects unless: (a) this is as a result of GEM exercising its right to implement the Offer by way of a Scheme of Arrangement; or (b) a new, revised or replacement Offer or Scheme of Arrangement is announced by GEM within ten (10) business days of the lapse or withdrawal of the Offer, provided that it represents no diminution in the value of the consideration, nor change to the currency of the consideration nor provides for non-cash consideration; or
- (iii) GEM announces, with the consent of the Panel, that it does not intend to proceed with the Offer.

APPENDIX IV

DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

“Acceptance Condition”	the Condition as to acceptances set out in paragraph 1(a) of Part A of Appendix I to this Announcement;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time);
“Announcement”	this announcement including its Appendices made pursuant to Rule 2.7 of the Code dated 16 November 2020;
“Appendices”	the appendices to this Announcement and “Appendix” shall be construed accordingly;
“Auctus”	Auctus Advisors LLP, the Rule 3 adviser to Volga Gas;
“Authorisations”	regulatory authorisations, grants, orders, recognitions, confirmations, arrangements, consents, licences, clearances, certificates, permissions, exemptions or approvals;
“Baring Vostok Funds”	funds advised by BVCPGL, comprising Baring Vostok Private Equity Fund III, Baring Vostok Private Equity Fund IV and Baring Vostok Investments PCC Limited;
“Board”	the board of directors of Volga Gas or GEM (as applicable) and the terms “Volga Gas Board” and “GEM Board” shall be construed accordingly;
“Business Day”	a day (other than a Saturday, Sunday or UK public holiday) on which clearing banks in the City of London are open for the transaction of general commercial business;
“Break Fee Agreement”	the break fee agreement described in section 13 of this Announcement;
“BVCPGL”	Baring Vostok Capital Partners Group Limited;
“Closing Price”	the closing middle market price of a Volga Gas Share on a particular trading day as derived from the AIM Appendix to the Daily Official List for that trading day;
“CMA”	the Competition and Markets Authority, a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;
“CMA Phase 2 Reference”	a referral to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
“Code”	the City Code on Takeovers and Mergers in the UK issued by the Panel;
“Companies Act 2006”	the Companies Act 2006 (as amended from time to time);

“Conditions”	the conditions to implementing the Offer as set out in Appendix I to this Announcement and to be set out in the Offer Document;
“Confidentiality Agreement”	the non-disclosure agreement described in section 13 of this Announcement;
“Daily Official List”	the Daily Official List published by the London Stock Exchange;
“Data Room”	the electronic data room to which GEM and certain of its professional advisers were afforded access by the Company pursuant to the Formal Sale Process;
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Code;
“Disclosed”	the information disclosed by, or on behalf of, Volga Gas (i) in Volga Gas’s audited consolidated financial statements for the financial year ended 31 December 2019; (ii) in Volga Gas’s unaudited consolidated financial statements for the six months ended 30 June 2020; (iii) in any announcement to a Regulatory Information Service by, or on behalf of, Volga Gas prior to this Announcement; (iv) in writing by or on behalf of Volga Gas to GEM or its advisers prior to this Announcement; (v) in the Data Room; or (vi) in this Announcement;
“FAS Condition”	the Condition relating to approval by FAS Russia set out in paragraph 1(b)(ii) of Part A of Appendix I to this Announcement;
“FAS Russia”	Federal Antimonopoly Service of the Russian Federation;
“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA, including its successor(s) from time to time;
“First Closing Date”	the date which falls 21 days after the date of posting of the Offer Document;
“Formal Sale Process”	the formal sale process (as set out in the Code) commenced by Volga Gas on 7 April 2020;
“Form of Acceptance”	the form of acceptance and authority relating to the Offer, which will accompany the Offer Document;
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time);
“GEM”	GEM Capital Holdings (CY) Ltd., a company with limited liability incorporated and registered in Cyprus with registered number HE 401550 whose registered office is at 2 Arch. Makarios III Ave., Atlantis Building, 2nd Floor, Office 201, Mesa Geitonia, 4000, Limassol, Cyprus;
“GEM Directors”	the board of directors of GEM as at the date of this Announcement;
“GEM Group”	GEM and its subsidiary undertakings;
“IFRS”	International Financial Reporting Standards as adopted by the European Union;

“ISIN”	International Securities Identification Number;
“Loan Agreement”	the loan agreement entered into on 11 November 2020 between Anatoly Paliy and GEM pursuant to which Anatoly Paliy has lent to GEM the monies required to fund the Offer on the terms thereof;
“London Stock Exchange”	London Stock Exchange plc, a public company incorporated in England and Wales under number 02075721, together with any successors thereto;
“LNG”	liquified natural gas;
“LPG”	liquefied petroleum gas;
“Offer”	the all cash offer to be made by GEM at the Offer Price for the entire issued and to be issued ordinary share capital of Volga Gas on the terms and conditions to be set out in the Offer Document (or, if GEM elects (subject to the consent of the Panel), in the document relating to the Scheme of Arrangement), including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
“Offer Document”	the formal document containing the Offer to be posted to Volga Gas Shareholders and others containing, <i>inter alia</i> , the terms and conditions of the Offer;
“Offer Period”	the offer period (as defined by the Code) relating to Volga Gas, which commenced on 7 April 2020, being the date of the announcement of the Formal Sale Process, and ending on the latest of: (i) 1.00 p.m. (London time) on the First Closing Date; (ii) the time and date on which the Offer becomes or is declared unconditional as to acceptances; and (iii) the time and date on which the Offer lapses or (with the permission of the Panel) is withdrawn (or such other date as the Panel may decide);
“Offer Price”	23.71 pence per Volga Gas Share;
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Code;
“Overseas Shareholders”	Volga Gas Shareholders (or nominees of, or custodians or trustees for, Volga Gas Shareholders) not resident in, or nationals or citizens of, the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers in the UK;
“Receiving Agent”	Link Group of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Regulatory Information Service”	a primary information provider which has been approved by the FCA to disseminate regulated information and is included in the list maintained on the London Stock Exchange’s website;
“Relevant Authority”	any central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, agency (including any trade agency), association or institution, any environmental body employee

	representative body or any other applicable body whatsoever in any jurisdiction;
“Renaissance Capital”	Renaissance Capital - Financial Consultant Limited, financial adviser to Volga Gas;
“Restricted Jurisdiction”	Canada, Australia, Japan the United States or any other jurisdiction where making the Offer or making information concerning the Offer available may (i) constitute a violation of the relevant laws or regulations of such jurisdiction, or (ii) result in the requirement to comply with any governmental or other consents or any registration, filing or other formality which GEM and Volga Gas regard as unduly onerous;
“Rule”	a rule of the Code;
“Scheme of Arrangement”	a statutory arrangement effected in accordance with Part 26 of the Companies Act 2006;
“Scheme Meetings”	the court meeting and, if applicable, the general meeting convened in connection with a Scheme of Arrangement if GEM elects (subject to the consent of the Panel) to implement the Offer by means of a Scheme of Arrangement;
“Strand Hanson”	Strand Hanson Limited, the financial adviser to GEM;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all areas subject to its jurisdiction or any political sub-division thereof;
“Treasury Shares”	the 199,348 Volga Gas Shares held in treasury;
“US\$”	US dollars, the currency of the United States;
“Volga Gas” or the “Company”	Volga Gas plc, a public limited company incorporated in England and Wales with registered number 05886534 whose registered office is at 6th Floor, 65 Gresham Street, London EC2V 7NQ;
“Volga Gas Directors”	the board of directors of Volga Gas as at the date of this Announcement;
“Volga Gas Group” or “Group”	Volga Gas and its subsidiary undertakings;
“Volga Gas Shareholders”	holders of Volga Gas Shares;
“Volga Gas Shares”	the existing issued or unconditionally allotted and fully paid (or credited as fully paid) ordinary shares of 1 penny each in the capital of Volga Gas and any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptance or, subject to the provisions of the Code, by such earlier date as GEM may determine;
“Wider GEM Group”	the GEM Group, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which members of the GEM Group (aggregating their interests) have a direct or indirect interest of not less than 20 per cent. of the voting

or equity capital or the equivalent; and

“Wider Volga Gas Group”

the Volga Gas Group, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which members of the Volga Gas Group (aggregating their interests) have a direct or indirect interest of not less than 20 per cent. of the total voting rights or equity share capital or the equivalent.

For the purposes of this Announcement, **“subsidiary”**, **“subsidiary undertaking”**, **“parent undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act 2006.

All references to **“GBP”**, **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All times referred to in this Announcement are London times unless otherwise stated.

In this Announcement, references to the singular include the plural and *vice versa*, unless the context otherwise requires and words importing the masculine gender shall include the feminine or neutral gender.

All references to legislation in this Announcement are to English legislation unless the contrary is stated.

Any references to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

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