



PRODUCTION & DRILLING UPDATE REPORT FOR OCT 2020

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Volga Gas plc
("Volga Gas", the "Company" or the "Group")

PRODUCTION & DRILLING UPDATE REPORT FOR OCTOBER 2020

Volga Gas plc, the oil and gas exploration and production group operating in the Volga Region of Russia, is pleased to provide the following update on its average production volumes for October 2020.

Production Report

The average production in October 2020 was 3,680 barrels of oil equivalent per day (7.4% lower than September 2020). This decrease was driven by the temporary shut-in of well VM-4 (the main condensate producer on the VM field) pending installation of replacement parts for the downhole pump in the well.

Average production comprised:

	Oct 2020 Average	Sep 2020 Average	Jan-Oct 2020 Average
Gas:	9.1 mmcf	9.1 mmcf	8.8 mmcf
Condensate	1,442 bpd	1,664 bpd	1,564 bpd
Oil	494 bpd	579 bpd	501 bpd
LPG	227 bpd	220 bpd	185 bpd
Total	3,680 boepd	3,976 boepd	3,713 boepd

Production data is based preliminary on monthly production reports prepared for submissions to the tax authorities for Mineral Extraction Tax purposes. Final monthly production reports may vary marginally from preliminary monthly production reports.

As at 31 October 2020, the Group held cash balances of US\$10.9 million, and has no debt.

Pricing update

Domestic pricing for oil was slightly increased in RUR, whereas for condensate it was slightly lower. The LPG price decreased as is normal for winter seasons, although shortages in local supplies kept the LPG price higher than normally expected. Average pricing was:

Pricing ex VAT, USD	Oct 2020 Average	Sep 2020 Average	Jan-Oct 2020 Average
Exchange Rate (RUR/USD)	77.5924	75.6621	71.4704
Gas price per mcf	1.67	1.71	1.81
Condensate price per bbl	24.26	24.94	26.33
Oil price per bbl	32.37	32.14	31.69
LPG price per bbl	29.68	33.93	27.02

Novo Kurilovskiy prospect update

Further to the announcement of 6 October 2020, testing operations have started at the Novo Kurilovskiy prospect. The formation will be tested by several perforation intervals in order to gather detailed information about the saturation and reservoir properties. The Group anticipates to complete the testing programme by the end of 2020.

Market Abuse Regulation (MAR) Disclosure

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

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Notes

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

The Company records production in metric tonnes (for oil and condensate) and in cubic meters (for gas). Conversions from metric to standard oil field units are used for illustrative purposes only and are based on the Company's estimate of the applicable ratios. The ratios used are 7.833 barrels per tonne for oil and 8.75 barrels per tonne for condensate and 11.735 barrels per tonne for LPG. Gas volumes are translated using 35.3 cubic feet per cubic meter and 6,000 cubic feet per barrel of oil equivalent.

Glossary

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

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