



PRODUCTION REPORT FOR MARCH 2020 - Replacement

Released : 14.04.2020

RNS Number : 6145J
Volga Gas PLC
14 April 2020

The following amendment has been made to the "PRODUCTION REPORT FOR MARCH 2020" announcement released on 2 April 2020 at 07:00 under RNS No 4912I. The average realised prices for the three month period January to March 2020 and the gas price average for March 2020 were incorrectly stated and have been corrected below:

| Pricing ex VAT, USD | March 2020 Average | Jan-March 2020 Average |
|--------------------------|-----------------------|---------------------------|
| Gas price per mcf | 1.76 | 1.95 |
| Condensate price per bbl | 24.89 | 36.84 |
| Oil price per bbl | 31.72 | 42.47 |
| LPG price per bbl | 20.10 | 26.83 |

All other details remain unchanged.

The full amended text is shown below.

14 April 2020

Volga Gas plc
("Volga Gas", the "Company" or the "Group")
PRODUCTION REPORT FOR MARCH 2020
UPDATE RE: COVID-19

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 March 2020.

Production Report

The average production in March 2020 was 4,070 barrels of oil equivalent per day (3% lower than February 2020). The gas plant unit was working without disruption during the month.

Average production comprised:

| | March 2020 Average | February 2020 Average | Jan-March 2020 Average |
|--------------|-----------------------|--------------------------|---------------------------|
| Gas: | 10.3 mmcf | 10.8 mmcf | 10.7 mmcf |
| Condensate | 1,623 bpd | 1,679 bpd | 1,673 bpd |
| Oil | 492 bpd | 477 bpd | 485 bpd |
| LPG | 233 bpd | 260 bpd | 257 bpd |
| Total | 4,070 boepd | 4,208 boepd | 4,203 boepd |

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

As at 31 March, the Group held cash balances of US\$ 12.3 million, and has no debt.

Pricing update

International oil pricing drop had a significant impact on oil / condensate local pricing added with Russian Ruble (RUR) devaluation. Gas price is fixed in RUR but still impacted with local currency devaluation against USD (official Central Bank of Russia exchange rate at the end of March - 77.7325 RUR vs 61.9057 RUR as of January 01, 2020). Average pricing was:

| Pricing ex VAT, USD | March 2020 Average | Jan-March 2020 Average |
|---------------------|-----------------------|---------------------------|
|---------------------|-----------------------|---------------------------|

| | | |
|--------------------------|-------|-------|
| Gas price per mcf | 1.76 | 1.95 |
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Covid-19 update

Whilst our operations to date have seen little direct impact from the Covid-19 pandemic, other than the significant downturn in international oil prices, we have focused on implementing measures to ensure the safety of our employees and contractors, the integrity of our operational facilities and to prepare the business to face potential challenges that emerge. The potential impacts are currently unknown but could include production disruption due to government restrictions or customer sales, impact on our workforce and supply chain disruption.

The following actions have been implemented to mitigate the risks associated with the Covid-19 pandemic:

- Majority of office staff are working from home with meetings conducted online.
- Working shifts extended for field staff to minimise travel by the workforce.
- Safe distancing guidelines and sanitising initiatives implemented across office and operating facilities.
- All business travel suspended.
- Forward purchased catering to maintain buffer stock for field canteens.
- Work underway to build a six month inventory of production consumables to mitigate possible lack of supply or logistics issues.

Andrey Zozulya, Chief Executive of Volga Gas, commented:

"In the current Covid-19 global crisis, our first priority is the health and safety of all the people who work for and with Volga Gas. We are also determined to play our part in protecting the communities in which we operate.

"The Group remains cash flow positive at an operational level at current oil prices, assuming no extensive disruptions, and thanks to our strong balance sheet and our ability to delay or cancel capital investment projects as necessary, the Board of Volga Gas is confident that the Group will be able to withstand the current crisis and continue as a viable business for the long term."

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 metres (for gas). Conversions from metric to standard oil field units are used for illustrative purposes only and are based on the Company's estimate of the applicable ratios. The ratios used are 7.833 barrels per tonne for oil and 8.75 barrels per tonne for condensate 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/d | Millions of standard cubic feet per day |

