



DRILLING UPDATE AND PRODUCTION REPORT FOR MAY 2019

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

DRILLING UPDATE AND PRODUCTION REPORT FOR MAY 2019

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 drilling operations and to announce its average production volumes for May 2019.

Drilling Update

Drilling of the Uzen 4 horizontal sidetrack into the shallower Albian reservoir commenced on 16 March 2019 and completed on 1 May 2019. The total metres drilled in the sidetrack was 1,132 meters including a 407 metres horizontal section at vertical depth of 795 metres. Initial flow testing resulted in gas and oil production with well testing and hydro-dynamic measurements on-going during June.

Production Report

The average production in May 2019 was 4,221 barrels of oil equivalent per day (13.9% lower than April 2019). The decline in production was due to Gazprom pipeline maintenance which resulted in lower gas processing capacity during the month. From 1 June 2019, capacity has started to gradually resume to normal levels.

During April 2019, as in March 2019, oil production was restricted by seasonal muddy road conditions to Uzen field.

Average production comprised:

	May 2019 Average	April 2019 Average	Jan-May 2019 Average
Gas:	13.6 mmcf/d	17.6 mmcf/d	19.7 mmcf/d
Condensate	1,228 bpd	1,341 bpd	1,469 bpd
Oil	468 bpd	330 bpd	417 bpd
LPG	257 bpd	304 bpd	355 bpd
Total	4,221 boepd	4,905 boepd	5,523 boepd

Management's expectation for 2019 remains unchanged and for production to average 5,900 boe per day including LPG volumes.

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

Market Abuse Regulation (MAR) Disclosure

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

For further information, please contact:

Volga Gas plc

Andrey Zozulya, Chief Executive Officer
Vadim Son, Chief Financial Officer
Tony Alves, Investor Relations Consultant

+7 (903) 385 9889
+7 (905) 381 4377
+44 (0) 7824 884 342

S.P. Angel Corporate Finance LLP

Richard Redmayne, Richard Morrison, Richard Hail

+44 (0) 20 3470 0470

FTI Consulting

Alex Beagley, Fern Duncan

+44 (0) 20 3727 1000

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
mmcfcd	Millions of standard cubic feet per day

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