

3 January 2017

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

PRODUCTION REPORT FOR DECEMBER 2016

Volga Gas plc, the oil and gas exploration and production group operating in the Volga Region of Russia, is pleased to announce its average production volumes for December 2016 and for the full year 2016.

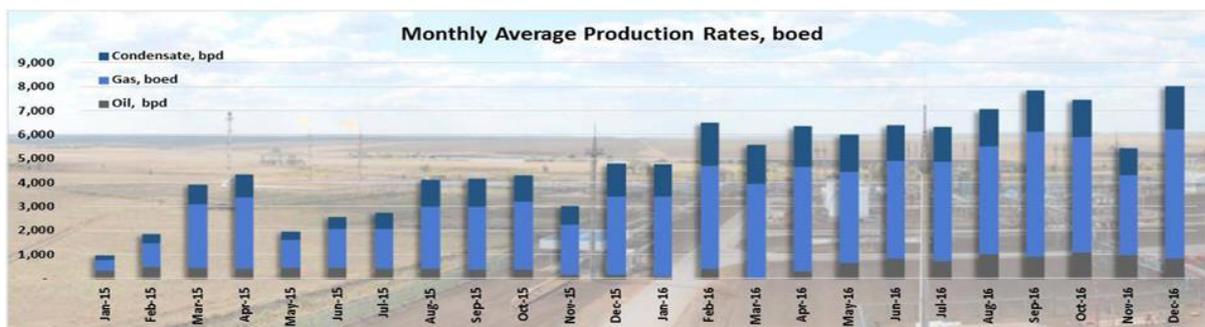
In December 2016, gas processing capacity returned to its normal level after a temporary reduction due to the testing of new chemicals for gas sweetening and for scheduled maintenance. The average production in December 2016 was the highest in the Group’s history of 8,060 barrels of oil equivalent per day (48% higher than November 2016) and compares to an average annual production of 3,278 boepd for 2015.

Average production comprised:

	December 2016 average	FY 2016 average	FY 2015 average
Gas:	32.2 mmcf/d	25.5 mmcf/d	12.5 mmcf/d
Condensate	1,799 bpd	1,557 bpd	784 bpd
Oil	893 bpd	706 bpd	418 bpd
Total	8,060 boepd	6,507 boepd	3,278 boepd

Production data is based on monthly production reports submitted to tax authorities for Mineral Extraction Tax purposes.

The chart below shows the monthly production since January 2015



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Editors' notes:

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

This announcement contains inside information as defined in EU Regulation No. 596/2014 and is in accordance with the Company's obligations under Article 17 of that Regulation.

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

Glossary:

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