

3 August 2017

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

PRODUCTION REPORT FOR JULY 2017

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 July 2017.

In July 2017, average gas processing capacity utilisation increased slightly compared to June 2017 while test production continued using the new Redox gas sweetening process. During July 2017, the Dobrinskoye gas plant worked successfully and exclusively using the Redox based gas sweetening process.

In the coming months implementation of the new process will continue with gradual increases in production. With the new process, it is expected that more downtime will be necessary so that the average daily production of gas and condensate over a normal month would be in the region of 6,300 boepd resulting in Group production of approximately 7,000 boe per day, excluding additional potential production from the Uzen well #101 and incremental volumes from the LPG project which is currently under construction.

The average production in July 2017 was 2,593 barrels of oil equivalent per day (c.11% higher than June 2017).

Average production comprised:

	July 2017 Average	Jun 2017 Average (revised)	Jan-Jul 2017 Average
Gas:	8.9 mmcf/d	7.5 mmcf/d	22.9 mmcf/d
Condensate	500 bpd	483 bpd	1,301 bpd
Oil	612 bpd	597 bpd	537 bpd
Total	2,593 boepd	2,334 boepd	5,658 boepd

Production data is based on preliminary monthly production reports prepared for the purposes of submissions to tax authorities for Mineral Extraction Tax purposes. The gas production number for June 2017 has been revised upwards from 7.0 mmcf/d, as stated in the Production Statement issued on 4 July 2017, to 7.5 mmcf/d, in line with the final official submissions. Oil and condensate volumes are unchanged. The total production number for June 2017 is consequently revised from 2,246 to 2,334 boepd.

The chart below shows the monthly production since January 2015



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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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
mmcfcd	Millions of standard cubic feet per day