



PRODUCTION REPORT FOR JANUARY 2018

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Volga Gas PLC

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

PRODUCTION REPORT FOR JANUARY 2018

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 January 2018.

In January 2018, average gas processing capacity utilisation decreased by 28% compared to December 2017, while test production continued using exclusively the new Redox gas sweetening process. The decrease was a result of approximately one week of downtime at the gas processing plant for technological maintenance and continued Redox process set-up. The proportion of gas supplied into the pipeline remained at the same level against prior month - 85% of produced gas, the remaining 15% being flared.

In the coming months, implementation of the new process will continue and production is planned to be maintained at rates similar to the normal levels achieved in December 2017. During this period it is expected that the average daily production of gas and condensate would remain in the region of 4,500 boepd resulting in Group production of approximately 5,300 boe per day, excluding incremental volumes from the LPG project. Construction and commissioning of the LPG project is close to completion and expected in Q1-2018.

The average production in January 2018 was 4,131 barrels of oil equivalent per day (28% lower than December 2017).

Average production comprised:

	January 2018 Average	December 2017 Average	Jan-Jan 2018 Average
Gas:	13.6 mmcf/d	18.8 mmcf/d	13.6 mmcf/d
Condensate	981 bpd	1,338 bpd	981 bpd
Oil	876 bpd	814 bpd	876 bpd
Total	4,131 boepd	5,288 boepd	4,131 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 oil production number for December 2017 has been revised downwards from 815 bpd to 814 bpd as stated in the Production Report issued on 03 January 2018, in line with the final official submissions. Gas and condensate volumes are unchanged. The total production number for December 2017 is consequently revised from 5,289 to 5,288 boepd.

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. 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

This information is provided by RNS
The company news service from the London Stock Exchange

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