

5 June 2018

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

PRODUCTION REPORT FOR MAY 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 May 2018.

In May 2018, average gas processing capacity utilisation increased by 64% compared to April 2018 as LPG production testing commenced. While production continued using exclusively the new Redox gas sweetening process, there was also effectively full uptime at the gas plant during the month.

In the coming months, optimisation of the Redox gas sweetening process will continue. During this period, with normal levels of operational downtime, management expects to produce on average 3,800 boepd of gas and condensate, in line with earlier expectations, resulting in Group production of approximately 4,500 boe per day. This excludes incremental volumes from the LPG project, which are expected to add a further 400 boepd once the LPG facility is fully commissioned.

LPG production testing is expected to be completed by end of June 2018.

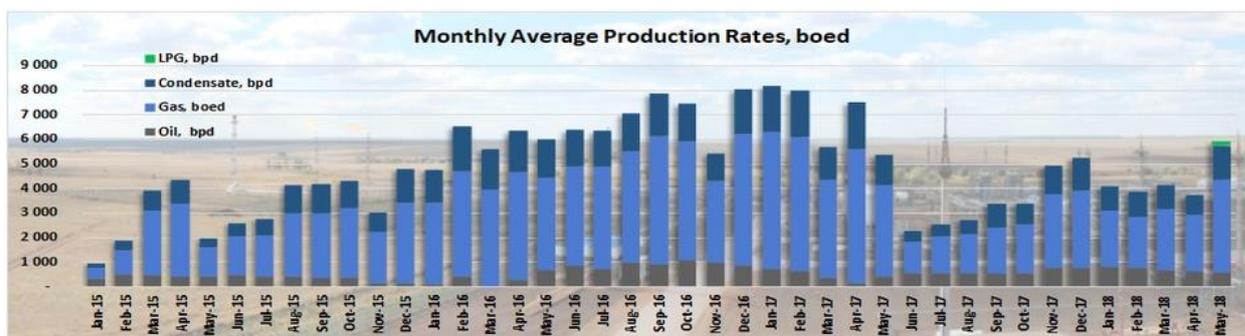
The average production in May 2018 was 5,919 barrels of oil equivalent per day (56% higher than April 2018).

Average production comprised:

| | May 2018 Average | April 2018 Average | Jan-May 2018 Average |
|--------------|-----------------------------|-------------------------------|---------------------------------|
| Gas: | 22.6 mmcf/d | 13.8 mmcf/d | 15.5 mmcf/d |
| Condensate | 1,371 bpd | 796 bpd | 1,037 bpd |
| Oil | 636 bpd | 688 bpd | 747 bpd |
| LPG | 142 bpd | - | 29 bpd |
| Total | 5,919 boepd | 3,788 boepd | 4,402 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 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 |
| mmcfd | Millions of standard cubic feet per day |