

3 January 2018

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

PRODUCTION REPORT FOR DECEMBER 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 December 2017.

In December 2017, average gas processing capacity utilisation increased by 8% compared to November 2017, while test production continued using exclusively the new Redox gas sweetening process. While the Redox process set-up continued in December 2017 the proportion of gas supplied into the pipeline increased to 85% of produced gas, compared to just 60% in November 2017, the remaining 15% being flared.

In the coming months, implementation of the new process will continue and current production rates planned to be maintained. 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 but is now expected in Q1-2018.

The average production in December 2017 was 5,289 barrels of oil equivalent per day (7% higher than November 2017).

Average production comprised:

	December 2017 Average	November 2017 Average	Jan-Dec 2017 Average
Gas:	18.8 mmcf/d	18.0 mmcf/d	19.1 mmcf/d
Condensate	1,338 bpd	1,134 bpd	1,163 bpd
Oil	815 bpd	811 bpd	596 bpd
Total	5,289 boepd	4,946 boepd	4,948 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
mmcf/d	Millions of standard cubic feet per day