



EXPLORATION AND PRODUCTION

STRATEGIC GOALS

Key performance indicators (KPI) for 2025

100

MN TOE
HYDROCARBON PRODUCTION
VOLUME

AT LEAST 15 YEARS

AVAILABILITY OF PROVEN RESERVES
(TP¹/PRODUCTION)

100%

ANNUAL REPLACEMENT RATIO
OF PROVEN AND PROBABLE
RESERVES (2P CATEGORY²)
EXCLUDING ACQUISITIONS

Gazprom Neft PJSC intends to increase hydrocarbon production to 100 million TOE per year by 2020 and continue to increase production until 2025. The Company plans to maintain a 15-year ratio of proven reserves to production. In order to achieve these goals, Gazprom Neft will strive to employ the most cost-effective methods to recover the remaining reserves from the current resource base by utilizing the best practices for optimizing field development, reducing the cost of proven technologies as well as acquiring and introducing new technologies.

The strategy involves the establishment of a new production centre in the north of the Yamal-Nenets Autonomous District (YNAD). Gazprom Neft is considering unconventional reserves as a growth opportunity and will develop this class of assets as a key component of its portfolio.

MILESTONES OF 2017

- The Neptune field was discovered on the shelf of the Sea of Okhotsk
- The Company acquired a 25.02% stake (with the right to increase the stake to 50%) in Evrotek-Yugra, which owns seven licenses for the geological study, exploration, and production of minerals in the KMAD-Yugra
- The Otdelnoye field in YNAD was put into commercial operation
- Pilot oil production was launched from the Achimov deposits of the Severo-Samburgskoye field
- The Alexander Zhagrin (KMAD-Yugra), Novozarinskoye (Orenburg Region) as well as the Kumane and Begeytsi-X (Serbia) fields were discovered
- Total production at the new Prirazlomnoye and Novoportovskoye fields reached 8.6 million tonnes
- A project to build a multilateral fishbone well with five cased boreholes at the TAML-3 complexity level was successfully implemented for the first time in Russia at the East Messoyakha. Oil and gas industry experts describe the operation carried out by Gazprom Neft specialists unique
- Oil started being delivered from the Kuyumbinskoye field to the Kuyumba-Taishet oil pipeline
- Licenses for the right to use the subsoil resources of the Tazovskoye and Severo-Samburgskoye fields in the YNAD were obtained
- Gazpromneft-Orenburg obtained a license for the right to use the subsoil resources of the Novosamarskoye field in the Orenburg Region. Geological oil reserves exceed 8 million tonnes
- Gazprom Neft started exploratory drilling at the Ayashsky licensed area located on the shelf of the Sea of Okhotsk
- Licenses were obtained for the right to use the subsoil resources of the Parabelsky, South Kamennomyssky and West Chistinny subsoil sections

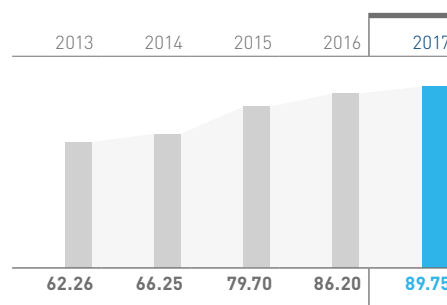
RESULTS OF 2017

The Gazprom Group increased hydrocarbon production by 4.1% YoY to 89.75 million TOE in 2017. Increased production at the Novoportovskoye, Messoyakha, and Prirazlomnoye fields as well as in Iraq enabled the Company to increase hydrocarbon production year-on-year.

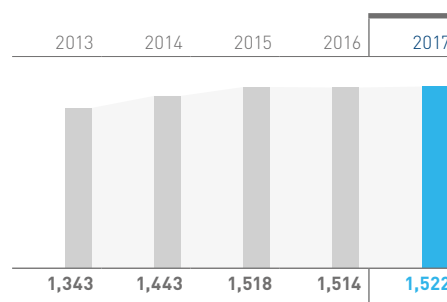
The Group boosted oil and condensate production by 4.3% YoY to 62.43 million tonnes. The Company ranked third in Russia in terms of oil production behind Rosneft and LUKOIL in 2017.

Gas production grew by 3.7% versus 2016 to 34 billion m3 due to an increase in APG utilization and expanded natural gas production in the Noyabrsk region.

HYDROCARBON PRODUCTION (MN TOE)



PROVEN HYDROCARBON RESERVES (PRMS-SPE)³ (MN TOE)



1 — TP (Total Proven) – proven reserves.
2 — 2P (Proven and Probable) – proven and probable reserves.
3 — Data does not include reserves and production volume at NIS.