

Geologic exploration and production of hydrocarbons (upstream)

THE UPSTREAM SEGMENT IS THE KEY SEGMENT FOR THE ZARUBEZHNEFT JSC GROUP OF COMPANIES. THE COMPANY'S STRATEGIC DEVELOPMENT IS BASED ON IMPROVEMENT OF ASSET PERFORMANCE AND DEVELOPMENT OF NEW PROSPECTIVE PROJECTS.

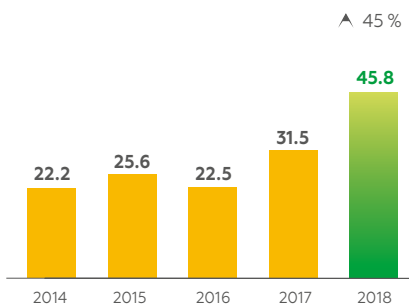
CONSOLIDATED INDICATORS FOR THE SEGMENT

The 2018 revenue level was 45% higher than for the previous year. The main factor behind the increase of this indicator was the growth of the average oil price (in 2017 – 16 thous.RUB/t, in 2018 – 23.3 thous. RUB/t) and the increase in sales from the main Russian assets – LLC JV RUSVIETPETRO and LLC ZARUBEZHNEFT Dobycha Kharyaga. On the part of JV "Vietsovetpetro", the significant growth of revenues is due to the increase of the contract price to 75 USD/bbl from May to November 2018 which resulted in a decrease of the JV's share retained for costs recovery and, therefore, in profit growth.

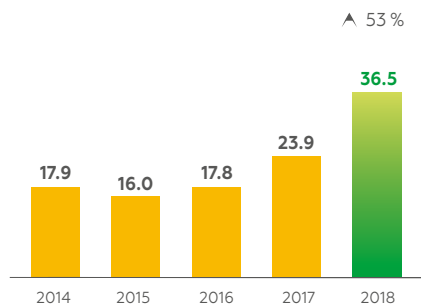
CURRENT PORTFOLIO OF ASSETS/PROJECTS IN THE SEGMENT

In 2018, Zarubezhneft Group of Companies owned 16 licenses, of which 9 were for prospecting and exploration of hydrocarbons, 2 licenses - for prospecting and evaluation of hydrocarbon deposits and 5 licenses - for geological survey, exploration and production of hydrocarbons. In the reporting year, the licenses of ULN 09135 NE of Slavkinskoye, ULN 14582 NE of Kondakovskoye were renewed for 20 years and NRM 16129 NE of Kharyaga field – for 15 years.

Revenue, bln RUB



EBITDA, bln RUB



Operator/mineral developer	Projects	Life cycle stage
SOCIALIST REPUBLIC OF VIETNAM		
JV "Vietsovetro"	Block 09-1, oil fields: White Tiger, Dragon, White Hare, Polar Bear, White Cat	Exploration and Production
	Block 04-3, oil and gas condensate Thien Yng - Mang Kau Field	Production
	Block 09-3/12	Exploration
	Block 12/11	Exploration
	Block 16-1/15	Exploration
PVEP	Block 42	Exploration
VRJ (Block 09-3)	Conjoint Plot of Block 09-3 and 09-1 South Dragon - Sea Turtle	Exploration and Production
REPUBLIC OF CUBA		
Zarubezhneft JSC subsidiary	Boca de Jaruco oil field	Enhanced oil recovery
RUSSIAN FEDERATION		
LLC "JC "RUSVIETPETRO"	Central Khoreyver Uplift Block 1, North-Khosedayu oil field	Production
	Central Khoreyver Uplift Block 2, oil fields: Visovoye, Verkhnekolvinskoye	Exploration and Production
	Central Khoreyver Uplift Block 3, oil fields: West-Khosedayu, Sikhoreyskoye, East- Sikhoreyskoye, North-Sikhoreyskoye	Exploration and Production
	Central Khoreyver Uplift Block 4, oil fields: Syurkharatinskoye, North-Oshkotynskoye, Puseyskoe, South-Syurkharatinskoye, Urernyrds koye, East-Yanemdeyskoye	Exploration and Production
Zarubezhneft-Kharyaga production LLC	Kharyaga oil field	Production
Orenburgnefteotdacha JSC	Pashkinskoye oil field	Exploration and Production
	Chernovskoye oil field	Production
Ul'yanovskneftegaz LLC	Ruzhevskoye oil field, Slavkinskoye oil field, Kondakovskoye oil field, Sulakskoye oil field	Production
	Radischevskiy plot, Yuzhno-Pcheliniy plot	Exploration
North-Karasevskoye Petroleum Enterprise LLC	Lutseyakhskoye oil field	Exploration