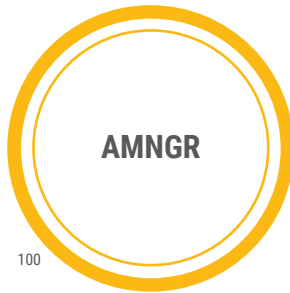


ARCTICMORNEFTEGAZRAZVEDKA JSC

Arcticmorneftegazrazvedka JSC is an enterprise providing services in the oil and gas sector.

Ownership structure, %



Zarubezhneft JSC



ACTIVITY AREAS

A high-priority area of the company's activity is the South-East Asia where it takes part in prospective projects for drilling wells on the shelf of the Socialist Republic of Vietnam.

The primary area of Arcticmorneftegazrazvedka JSC development is implementing projects of Zarubezhneft JSC for construction of wells on the sea shelf as a drilling contractor.

Arktikorneftegazrazvedka JSC assets	Brief description	
1. Murmanskaya self-elevating drilling rig	Year of manufacture/Upgrading	1991/2013
Self-elevating drilling rig (SPBU) for drilling wells up to 6,000 m deep with a maximum sea depth of 100 m	Dimensions	109 x 68 m
	Living spaces	84
2. Valentin Shashin drilling vessel	Year of manufacture/Upgrading	1982/2014
Drilling vessels (BS) to drill wells up to 7,000 m deep with a maximum sea depth of 1,715 m	Dimensions	149 x 28 m
	Living spaces	116
3. The onshore infrastructure of Arktikorneftegazrazvedka JSC includes:		
<ul style="list-style-type: none"> Operational and technical site (ETU) – (Kola, Kidinskoye sh., 2), School of Industrial and Technical Education (GTGO). 		

PERFORMANCE IN 2019

In 2019, Arcticmorneftegazrazvedka JSC showed the following performance:

- Supporting the operation of the Murmanskaya jack-up drilling rig for 225 days for construction and testing of exploration wells 1903 (Block 09-1) and EF-1X (Block 12/11).
- The Russian flag was again raised at the Valentin Shashin drill ship and its historical name was reinstated.
- Optimization of operating expenses by reducing personnel expenditures at the rig, transport expenses and other production expenditures;
- Development of the Vocational Education and Training (VET) School business line: 4,496 people trained (2% growth relative to 2018), including 1,042 persons trained remotely (7% growth relative to 2018), the basic scope of remote training courses enlarged from 19 to 26 disciplines.

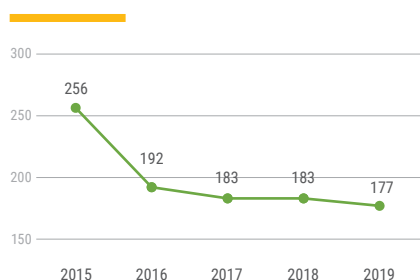


DEVELOPMENT PROSPECTS

The primary development objective is stabilization of Arcticmorneftegazrazvedka JSC financial position ensuring a basis for reaching the maximum possible production and economically efficient performance and minimization of during by Zarubezhneft JSC in a long-term perspective.:

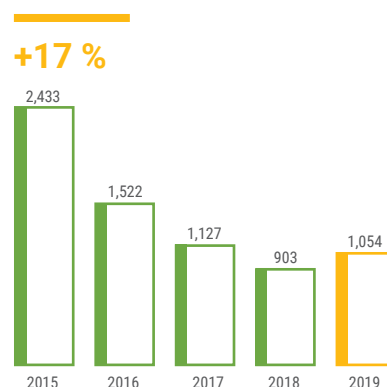
1. Ensuring loading of the Murmanskaya rig;
2. Transportation of the Valentin Shashin ship to the Russian Federation and transfer of the ship to the Federal Agency for State Property Management;
3. Providing educational services by the VET School during the entire planned mid-term period.
4. Optimization of general and administrative expenditures.

Average headcount, persons



In 2019, Arcticmorneftegazrazvedka JSC maintained the Company target personnel count defined by the corporate center.

OPEX, MM RUB



In general, operating expenses have shown a declining trend since 2015. Increased operating expenses in 2019 are related to the upgrade repair of the Murmanskaya jack-up drilling rig; this factor was partially compensated for by reducing expenditures on maintenance of the Valentin Shashin ship during downtime.