Gazprom's Major Strategic Investment Projects: Current State and Prospects

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Measures Aimed at Increasing Gazprom's Presence in Global Natural Gas Market and Related Markets

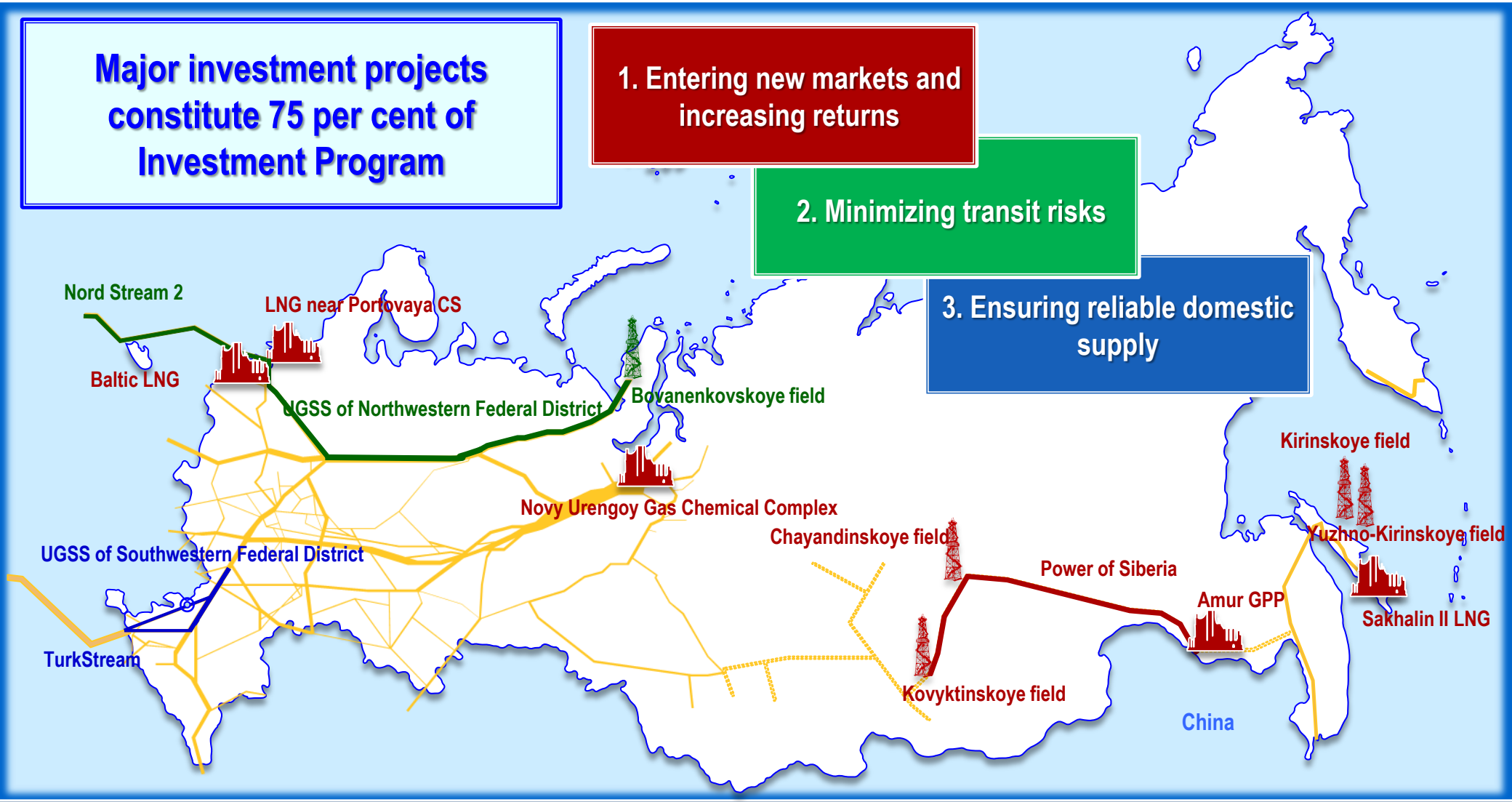
Approved by Gazprom's Board of Directors:

- improving contracting mechanisms in the field of gas deliveries via pipelines in accordance with current market conditions;
- ramping up natural gas exports via pipelines to Asia-Pacific countries;
- increasing LNG supplies from Gazprom Group's portfolio;
- scaling up the Company's LNG production in Russia and abroad;
- developing small-scale LNG production and supply;
- promoting production of gas derivatives and valuable components with high added value;
- enlarging the scope of the Company's activities in promoting natural gas as a vehicle fuel and in the power sector;
- effective cost management while implementing the measures.

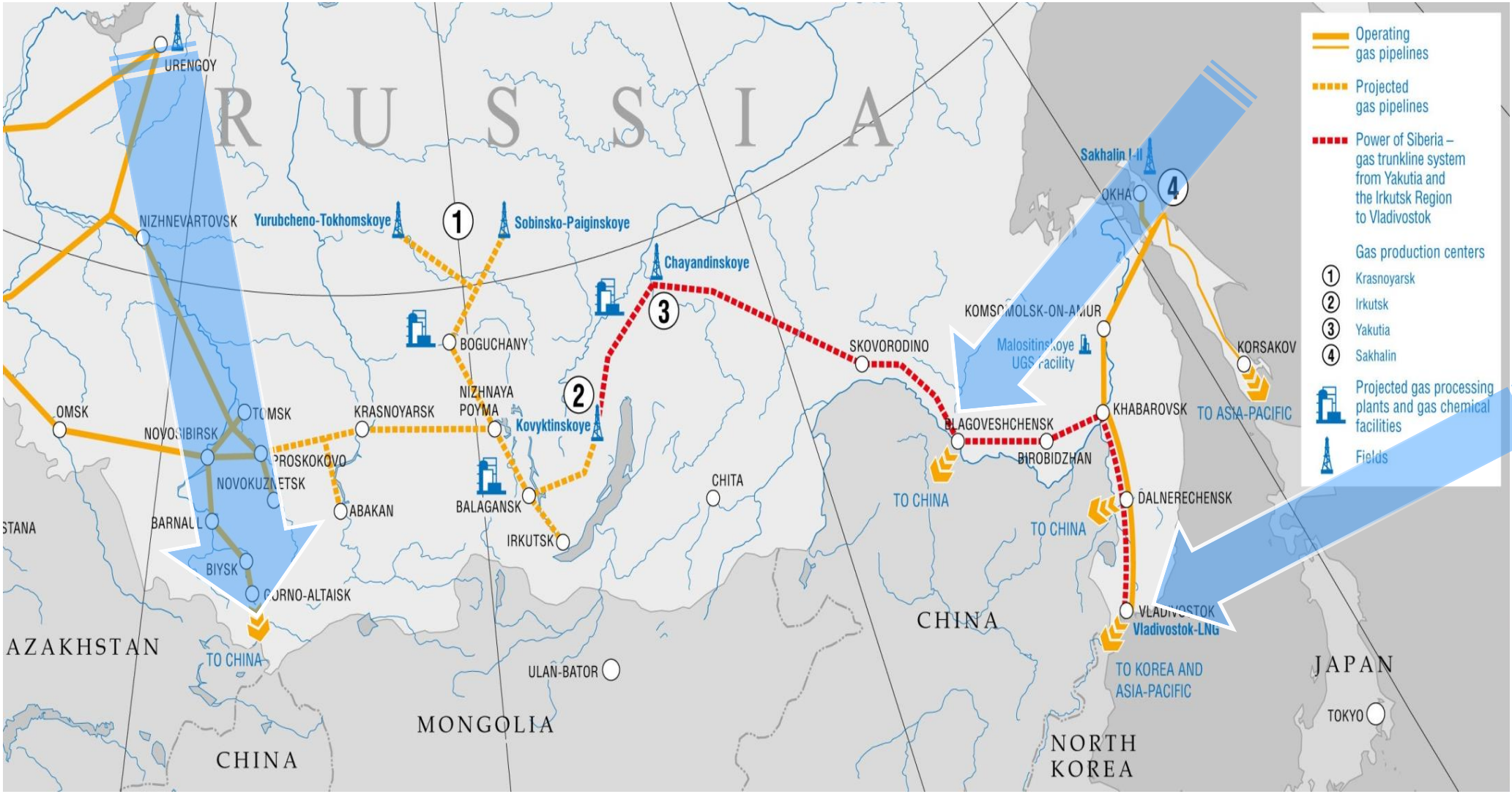
Major Investment Projects in Context of Gazprom's Strategy

Major investment projects constitute 75 per cent of Investment Program

1. Entering new markets and increasing returns
2. Minimizing transit risks
3. Ensuring reliable domestic supply



Pipeline Gas Supplies to China



Pipeline Gas Supplies to China

Pre-development of the oil rim in the Botuobinsky horizon of the Chayandinskoye field with a separate pilot production stage

- ✓ 7 wells, including 1 well in operation

Pre-development of the Chayandinskoye field

- ✓ 210 wells,
- ✓ CBCS – 1/164 MW,
- ✓ CGTU – 1/25.2 bcm per year

Power of Siberia trunkline Kovykta – Chayanda section

- ➢ LP – 850.5 km
- ➢ CS – 1/100 MW

Power of Siberia trunkline Chayanda – Chinese border section

- ➢ LP – 2,158.5 km
- ➢ CS – 8/1,186 MW

Pre-development of the Kovyktinskoye field

- ✓ CBCS at CGTU – 1/48 MW

Power of Siberia loop lines

- ➢ LP – 1,532.9 km

Amur GPP

Annual capacity:

- ➢ COMMERCIAL GAS – 38 BCM
- ➢ COMMERCIAL HELIUM – 60 MCM

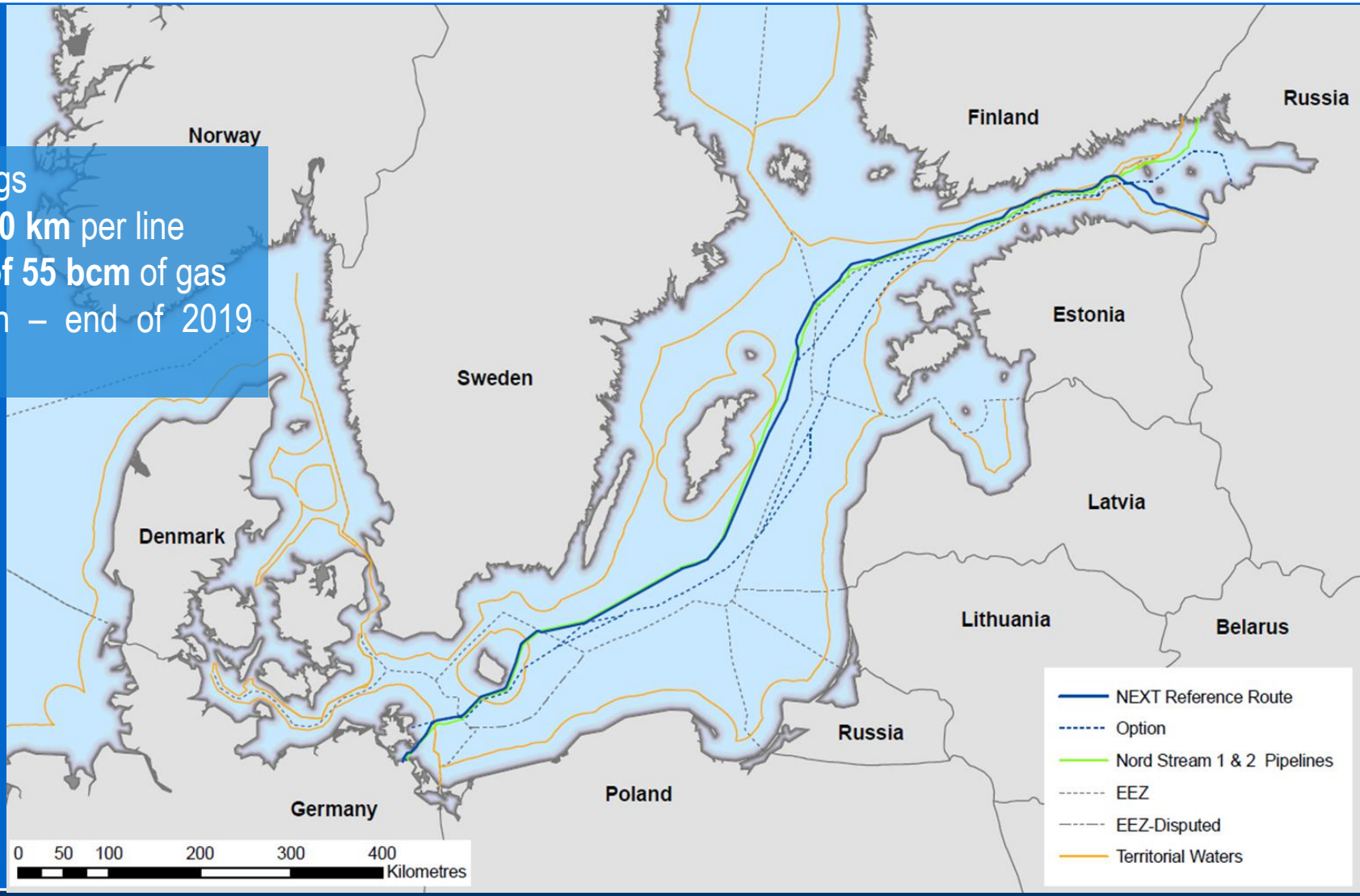
Total capacity:

- ➢ LP – 4,541.9 km
- ➢ CS – 9/1,286 MW*
- ➢ BCS – 2/212 MW*
- ➢ CGTU – 1/25.2 bcm per year*
- ➢ 210 gas wells*
- ➢ 11 oil wells

* Power specifications may be adjusted during design

Nord Stream 2

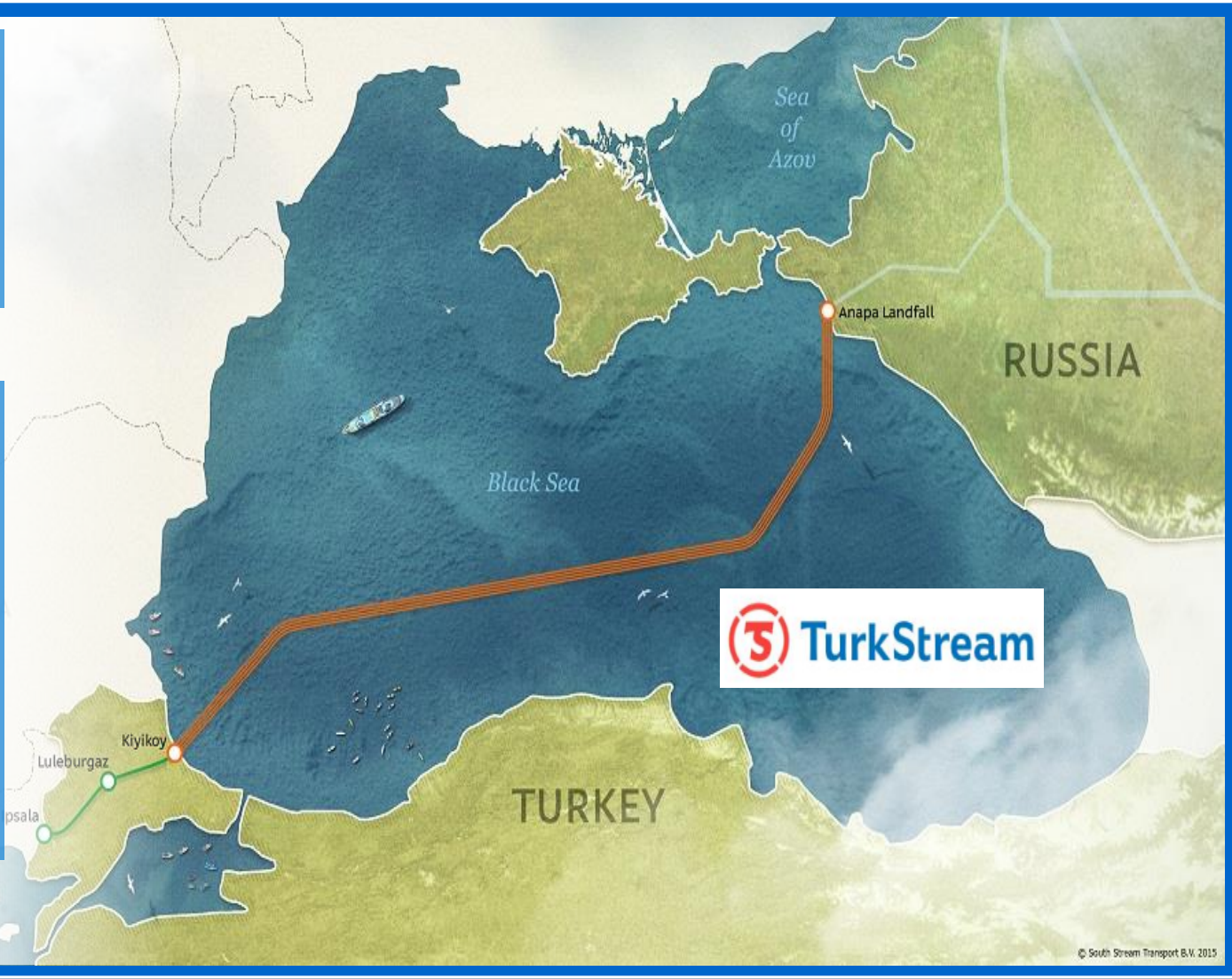
- two offshore strings
- length about **1,200 km** per line
- annual capacity **of 55 bcm** of gas
- start of operation – end of 2019 (both lines)



TurkStream

- up to **63 bcm** of transport capacity
- up to **4 offshore pipelines**
- **900 km** per line
- up to **2,200 m deep**

The offshore pipeline will run through the Black Sea from the Russian coast, near Anapa, to the Turkish coast some 100 km west of Istanbul, near the village of Kiyikoy and then across the territory of Turkey to the border with Greece.



LNG Projects in Russia

3rd train of Sakhalin II LNG plant

- Proximity to Asia-Pacific markets;
- Sakhalin II Project reputation as reliable LNG supplier;
- Feasibility of using existing LNG factory infrastructure and gas transportation infrastructure;
- Gas monetization of Sakhalin gas production center

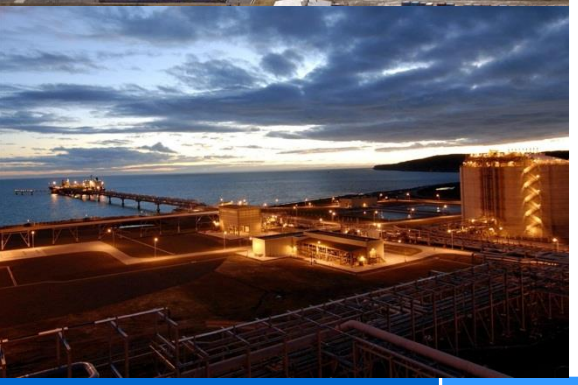
Baltic LNG

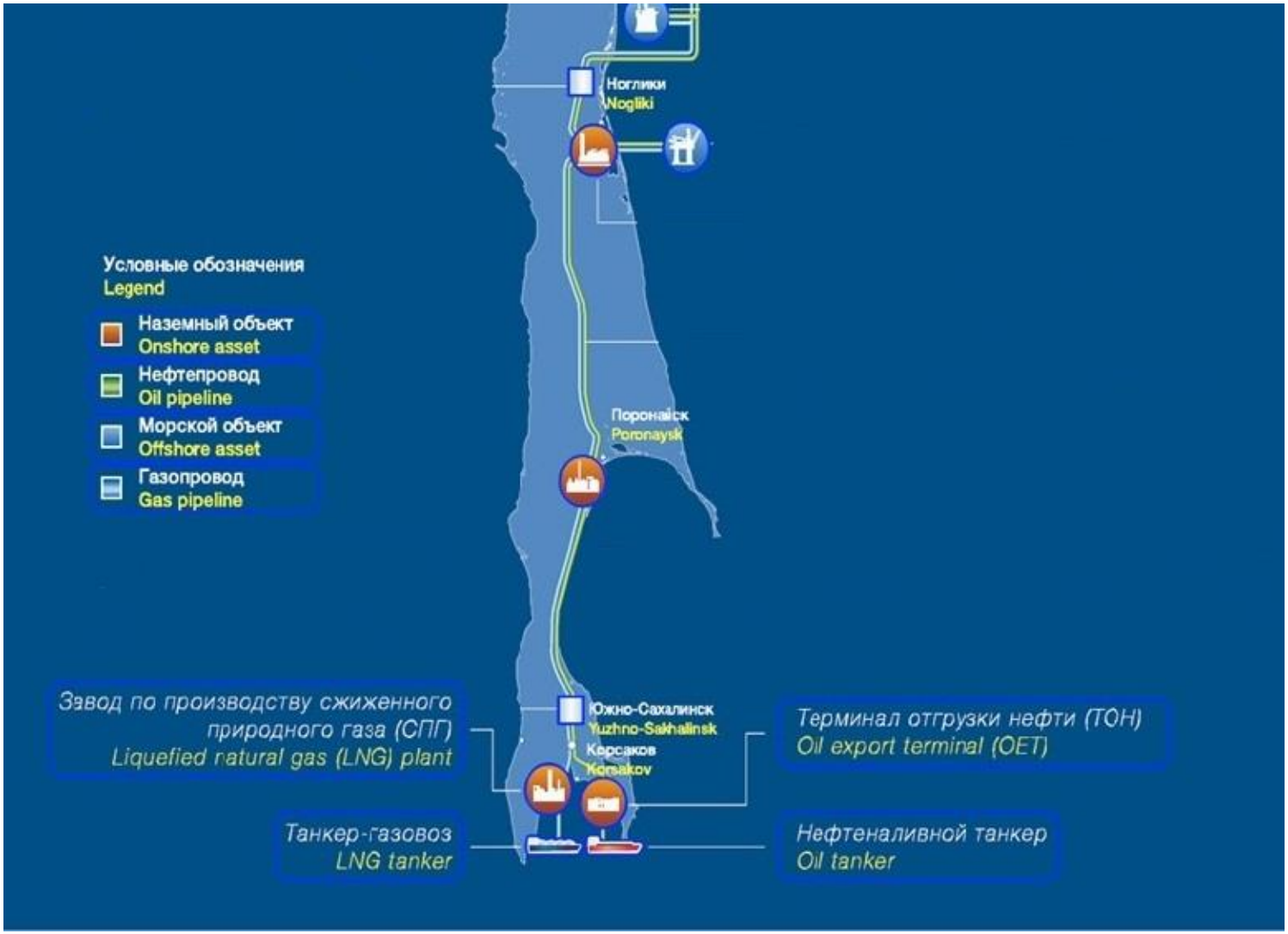
- Feed gas supply from unified gas supply system;
- Located in region with sea port with strong infrastructure

Vladivostok LNG

- Proximity to Asia-Pacific markets
- Gas monetization of Sakhalin gas production center

Sakhalin II LNG Plant





Current Status

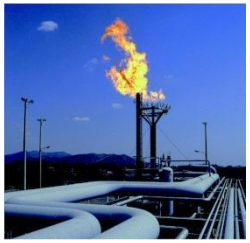
Partners	PJSC Gazprom and Administration of Leningrad Region signed MOU for realization of Baltic LNG Project
Pre-FEED	Feasibility study finalized by Russian design institute Giprospetsgaz (Saint Petersburg)
Project Co	The Gazprom LNG Saint Petersburg project company is established and domiciled in the Russian Federation. Ready to proceed to the FEED and investment phase.

Baltic LNG Project Profile

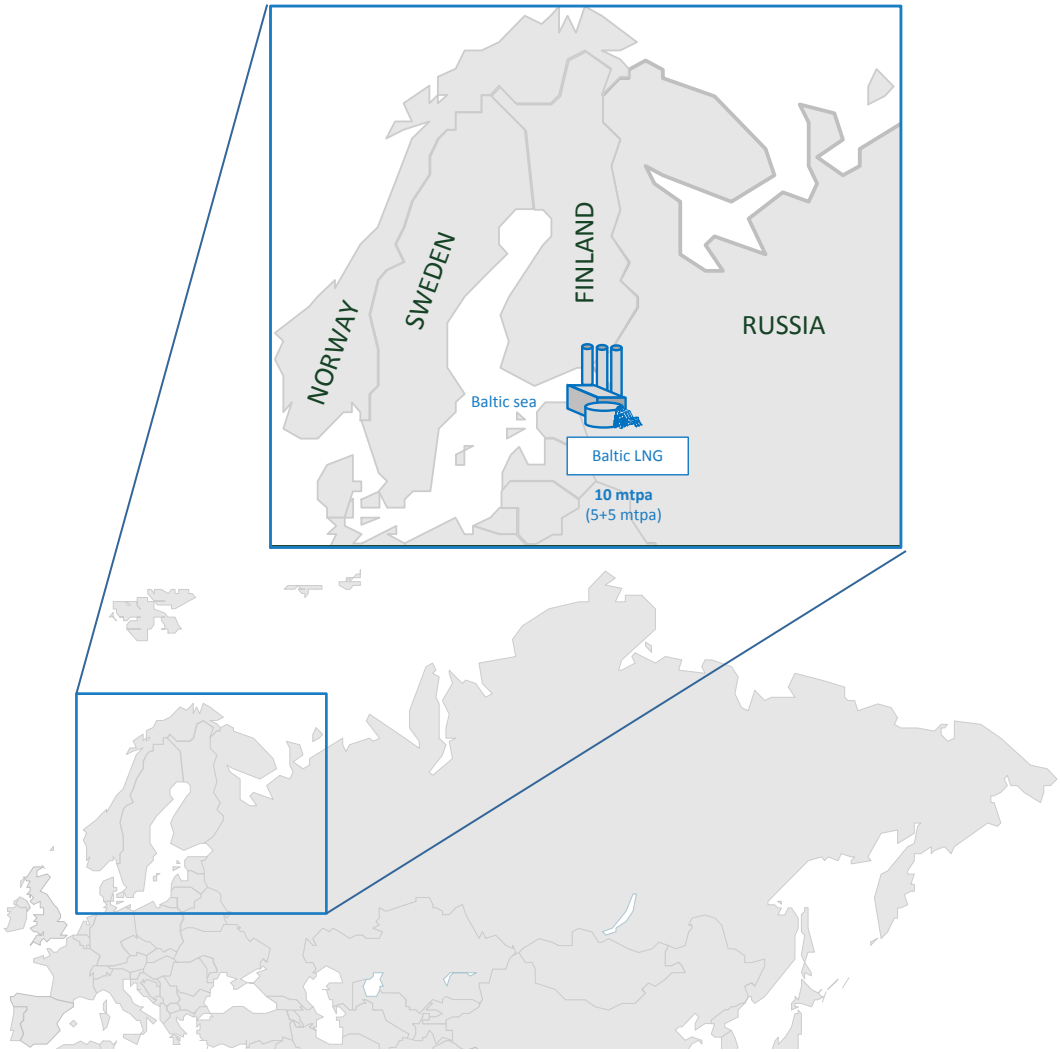
LNG Plant

- Planned capacity 10 mtpa (2 trains by 5 mtpa) with potential expansion to 15 mtpa (3rd train)
- Production Volume 10 mtpa needs 16 bcm of feed gas per year
- Commissioning in 2021

Feed gas (100% by Gazprom)



- Gazprom's gas reserves
- Gas transmission through Russia's Unified Gas Supply System operated by Gazprom

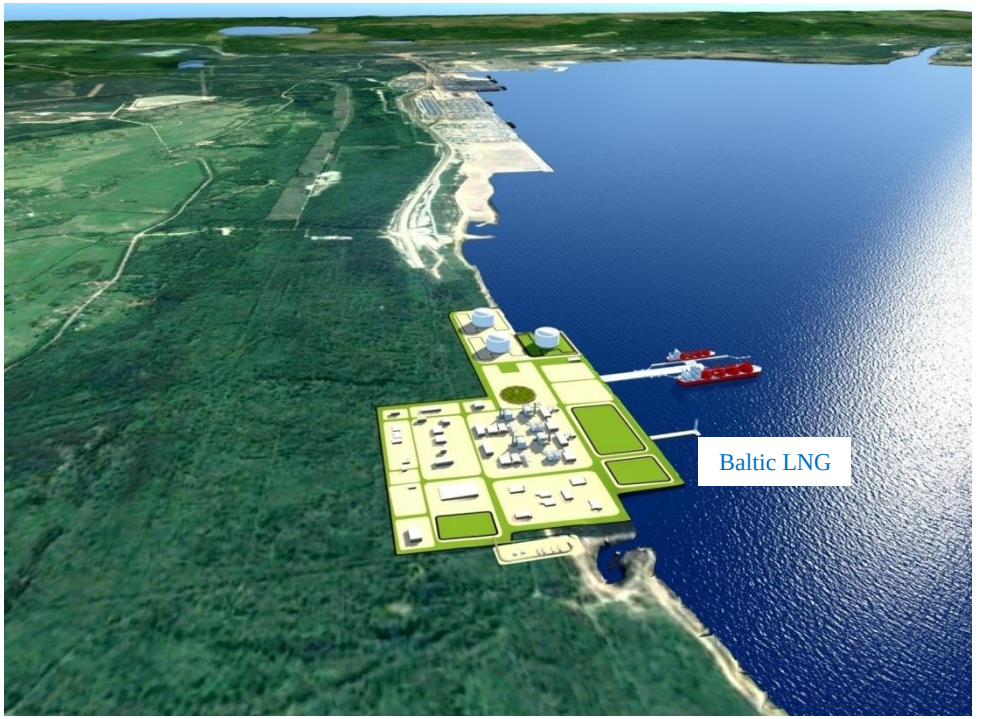


Site: Ust-Luga Seaport

Advantages:

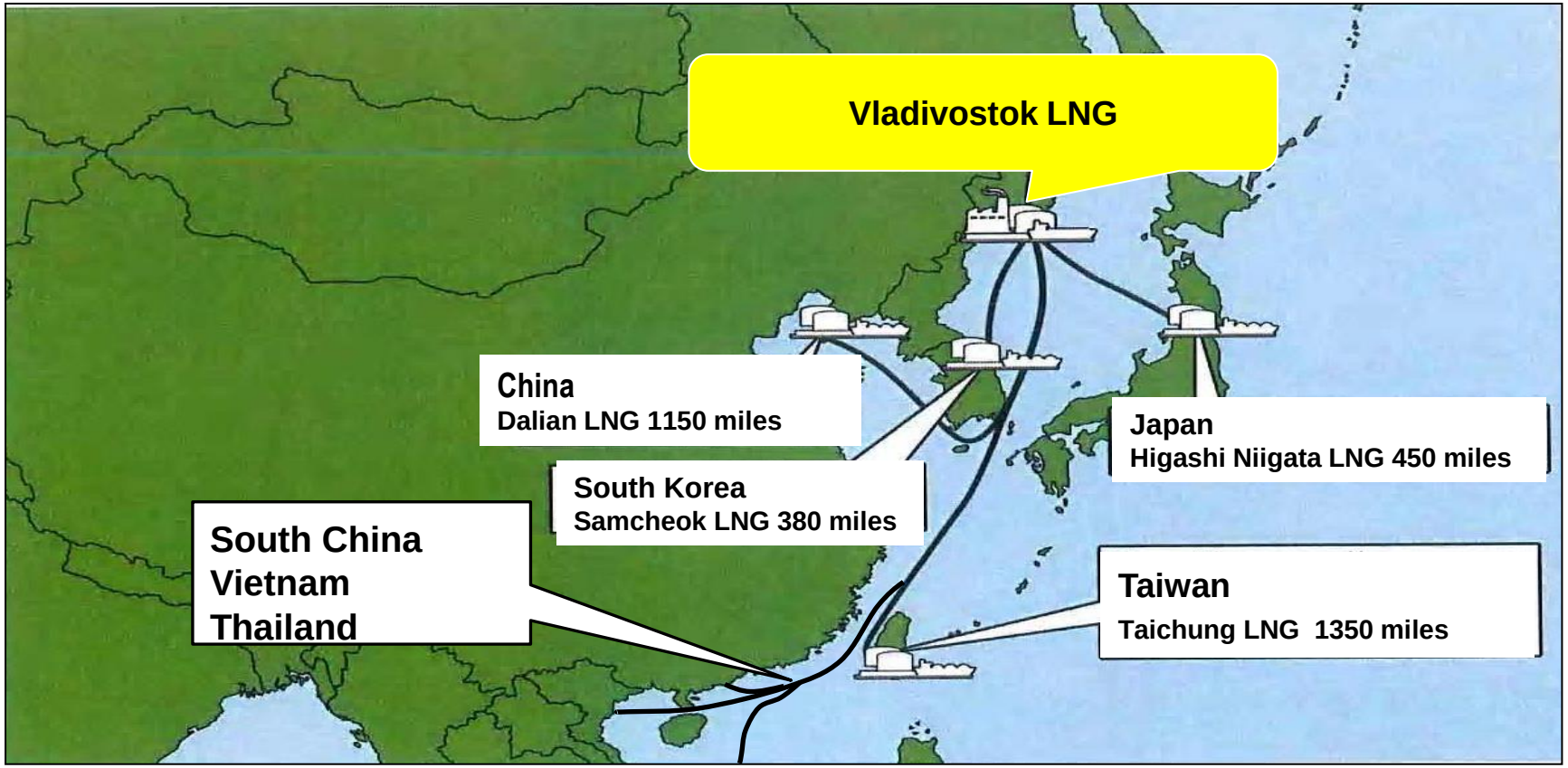
- Existing seaport, road and civil infrastructure

Existing Ust-Luga seaport



BLNG plant layout

Vladivostok LNG Project:
Prospective Natural Gas Hub for East Asia



Competitive Advantages of Vladivostok LNG Project

- Short distance to main demand areas and quick reaction in case of emergency or unexpected demand rise
- Zero dependence on Middle East situation
- Secure shipping routs (no Ormuz, Malacca and other Straits)
- Reliable resource base (more than 4 trln cubic meters of conventional gas at Sakhalin and Yakutia gas production centers)

Small-Scale LNG

- complementing large-scale LNG;
- developing domestic LNG deliveries to supply remote consumers;
- developing exports of LNG as a bunker fuel for ship and truck transport;

Objectives under Conditions of Low Gas Prices

- monitoring the structure and amount of financial and material costs;
- prioritizing within projects;
- maximizing profitability of marketing natural gas and its derivatives.

Gazprom is committed to attain the foregoing objectives by practicing effective management of corporate costs (capital and operational) related to project implementation across the entire value chain, including geological exploration, production, transportation, processing, and marketing.

Gazprom not only monitors expenditures for the implementation of those projects but also pursues opportunities for cost reduction by establishing joint ventures with Russian and international partners and conducting asset swaps.

Thank you for your attention !

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