

Exillon Energy plc

Consolidated report on payments to governments

30 June 2016 - Exillon Energy plc ("Exillon Energy", the "Company" or the "Group") (EXILLN), a London Premium listed oil producer with assets in two oil-rich regions of Russia, Timan-Pechora and West Siberia, is pleased to announce its consolidated report on payments to governments for the year ended 31 December 2015 ("the Period").

The Company has prepared the following consolidated report ("Report") on payments to governments in accordance with DTR 4.3A of the Financial Conduct Authority Disclosure and Transparency Rules and in compliance with the Reports on Payments to Governments Regulations 2014 (SI 2014/3209), as amended by the Reports on Payments to Governments (Amendment) Regulations 2015 (SI 2015/1928), (the "Regulations").

Basis of preparation

The Company is required to prepare a consolidated report on payments to governments for each financial year (starting from 1 January 2015) in relation to relevant activities of the Company and any of its subsidiary undertakings included in the consolidated Group accounts.

Activities relevant to the Report - Payments made to governments that relate to the Group's activities involving the exploration, prospecting, discovery, development, and extraction of crude oil ("extractive activities") are included in this Report.

Government - Under the Regulations, a "government" is defined as any national, regional or local authority of a country, and includes a department, agency or undertaking that is a subsidiary undertaking controlled by such an authority. During the period, all of the disclosed payments have been made to the Russian Federation government.

Reporting principles - The payments disclosed are based on where the obligation for the payment arose: payments levied at a project level have been disclosed at a project level and payments levied at an entity level have been disclosed on that basis. Corporate income tax, which is typically levied at an entity level, is an example of this.

Project definition - Under the Regulations, a project is defined as being the operational activities, which are governed by a single contract, licence, lease, concession or a similar legal agreement. The Group undertakes extractive activities only in the Russian Federation. Some of our individual licences cover more than one individual field; therefore, we have classified each individual oil field as a project for the purposes of our reporting.

Materiality threshold - In line with the Regulations, where a payment or a series of related payments do not exceed £86,000 within a financial year, they have not been disclosed.

Reporting currency - Payments in this report have been disclosed in US Dollars. All actual payments have been made in Russian Roubles. The translation into US Dollars was performed based on average monthly rates published by Central Bank of the Russian Federation. All amounts have been rounded to the nearest US Dollar thousand.

Payment Types - The Regulations define a "Payment" as an amount paid whether in money or in kind, for relevant activities where the payment is of any one of the types listed below:

Production entitlements - These entitlements are commonly paid in kind. This type of payment was not applicable to the Group during the period.

Taxes - The Report includes taxes levied on income and production, which are corporate income tax and mineral extraction tax for produced crude oil, respectively. Taxes levied on consumption, personnel, sales, property and environmental taxes are excluded from the Report.

**Royalties** - Export duties have been disclosed within the royalties category. Although taxes levied on sales are excluded from the list of payments under the Regulations, and trading (including export) is not within the scope of reportable activities, the Regulations require the disclosure of payments to reflect the substance of each payment. For reporting purposes, export duties are considered inherent element of taxation levied on the oil extracting subsidiaries of the Group.

**Dividends** - This includes dividends that are paid in lieu of a production entitlement or royalty. It does not include any dividends paid to a government as an ordinary shareholder. During the period, there were no reportable dividend payments to a government.

**Bonus payments** - This represents signature, discovery or production bonuses. This type of payment was not applicable to the Group during the period.

**Fees** - This represents licence fees, rental fees, entry fees and all other payments that are paid in consideration for new and existing licences. During the period these payments included rent fees for oil wells and associated land plots.

**Infrastructure improvements** - Such payments would include construction or improving local infrastructure such as roads, buildings, etc. There were no such payments made during the period.

#### Payments summary

The tables below show the relevant payments made to the Russian Federation government during the period. There were no relevant payments made to any governments in other countries. There were also no payments in kind.

US\$'000

Project/Entity level	Taxes (Mineral extraction tax)*	Taxes (Corporate income tax)	Royalties	Fees	Total
Payments at a project level:					
Kayumovskoe oil field	51,869	-	26,262	-	78,131
Lumutinskoe oil field	2,730	-	-	-	2,730
Zapadno-	7,555	-	-	-	7,555

Khatayakhskoye oil field					
Vostochno- Vozeiskoye oil field	5,938	-	-	-	5,938
Zapadno- Khatayakhskoye II oil field	3,555	-	-	-	3,555
Badyuskoye oil field	812	-	-	-	812
North- Kenyunskoye oil field	204	-	-	-	204
Payments at an entity level:					
Kayumneft JSC	-	4,946	-	140	5,086
Ucatex Ugra LLC	-	232	-	-	232
Nem Oil CJSC	-	198	-	163	361
Aslador Oil CJSC	-	-	-	9	9
Komi Resources CJSC	-	-	-	5	5
Total	72,663	5,376	26,262	317	104,618

\*In 2015, 0% mineral extraction tax rate was applied to the oil produced from the certain oil reservoir, which include oil production from the majority of oil wells located at Kayumovskoe and Lumutinskoe oil fields. The tax exemption for this oil reservoir was introduced in the second part of 2015, with effective date from 1 January 2015. In April 2016, Kayumneft JSC received a cash reimbursement in the amount of \$26,847 thousand for mineral extraction tax, which was receivable as of 31 December 2015.

US\$'000

Governments (Russian Federation)	Taxes (Mineral extraction tax)*	Taxes (Corporate income tax)	Royalties	Fees	Total
Federal budget	72,663	529	-	-	73,192
Federal Customs Service	-	-	26,262	-	26,262
Regional budget of the Khanty-Mansiysk Autonomous District	-	2,603	-	-	2,603
Regional budget of the	-	178	-	-	178

Komi Republic Regional budget of Moscow	-	2,066	-	-	2,066
The Forest Committee of the Komi Republic	-	-	-	76	76
Forest management	-	-	-	63	63
Municipality of- Urai	-	-	-	32	32
Municipality of- Kondinskiy Region	-	-	-	8	8
Federal Agency for State Property Management (Rosimushches tvo) in Komi Republic	-	-	-	72	72
Federal Agency for State Property Management (Rosimushches tvo) in Khanty- Mansiysk Autonomous District	-	-	-	37	37
Agency RK for - Property Management	-	-	-	29	29
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