PRESS RELEASE
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LUKOIL GROUP PROVED HYDROCARBON RESERVES TOTAL 16.6 BILLION BARRELS OF OIL EQUIVALENT

PJSC LUKOIL finished an evaluation and independent audit of its oil and gas reserves as of December 31, 2015. The evaluation was performed in accordance with the US Securities and Exchange Commission (SEC) standards until the economic limit of commercial production is reached.

The audit results by Miller and Lents, a US firm, suggest that the Company's proved hydrocarbon reserves as of December 31, 2015 came to 16.6 billion barrels of oil equivalent (boe), including 12.6 billion barrels (bbl) of oil and 23.8 trillion cubic feet of gas.*

The evaluation was performed given that the situation on the global product and raw material markets had deteriorated drastically. According to the standards, the Company's reserves were estimated based on the average oil quotations for 12 months of 2015, as of the 1st day of each month. Thus, the Urals oil price came to USD 52.8/bbl as compared to USD 100.1/bbl the year before. A 1.9-fold oil price drop affected the economic feasibility as to the development of some of the Company's reserves; as a result, 644 million boe of proved reserved were transferred to lower categories. As soon as the economic situation improves, the Company expects these hydrocarbon volumes to return to the proved reserves category.

Proved reserves increased due to geological exploration and related discoveries, as well as production drilling in the conventional regions of the Company's presence in Russia and abroad, and totaled 548 million boe.

The Company also completed an estimate of the contingent resources according to the PRMS classification. The contingent resources of the 3C** category totaled 13.9 billion boe as of December 31, 2015. An increase in the contingent resources by 1.9 billion boe as compared to 2014 is a result of efficient geologic exploration in the Baltic shelf area, West Siberia, the Komi Republic, as well as of the transfer of some of the reserves to the contingent resources category.

The oil and gas volumes currently classified as contingent resources are expected to be transferred to the reserves pool due to nearing the commissioning dates, progress in the implementation of the gas utilization program, completion of pilot

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operations, and application of new highly efficient techniques, enabling cost-effective development of hard-to-recover reserves.

In terms of proved hydrocarbon reserves, LUKOIL retains its leading positions among Russian and international companies.

LUKOIL Group Oil and Gas Reserves**

As of December 31, 2015	Oil	Gas	Oil + gas*
	million barrels	billion cubic feet	million barrels of oil equivalent
Proved reserves	**12585**	**23838**	**16558**
including:			
Developed reserves	8368	8054	9710
Undeveloped reserves	4217	15784	6848
Probable reserves	**5252**	**9050**	**6760**
Possible reserves	**2588**	**3770**	**3216**

Estimates of Future Cash Flow from LUKOIL Group's Reserves Development**

As of December 31, 2015, million USD	Proved	Probable	Possible
Future revenue from sales of oil and gas	467406	188820	90460
Future production and development cost	317634	134672	71541
Future non-discounted cash flow before income tax***	149772	54148	18919
Discounting (10%)	83481	43330	16565
Discounted cash flow before income tax***	66291	10818	2354

*Conversion ratio from cubic feet to barrels:

1 barrel = 6,000 cubic feet.

*** The values for OOO Bashneft-Polyus are included as part of LUKOIL's share in the proved reserves and cash flows from the Miller and Lents report for PJSOC Bashneft in accordance with the SEC standards; the values for probable, possible reserves and3C contingent resources – as part of the report in accordance with the PRMS classification.*

*** Income tax is included in the project calculation, where it affects the reserves volume.