PRESS RELEASE
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LUKOIL ADDED 0.7 BILLION BARRELS OF OIL EQUIVALENT TO PROVED RESERVES IN 2016

Based on the geological exploration results and the revision of previous estimates, LUKOIL (hereinafter also the "Company") added 0.7 billion barrels of oil equivalent to its proved reserves in 2016. The reserve replacement ratio reached 81% for proved hydrocarbon reserves, including 85% for crude oil. This performance was achieved despite the average annual oil price sliding to its minimum in 13 years and an increased tax burden.

As of December 31, 2016, the Company's proved hydrocarbon reserves under the SEC (US Securities and Exchange Commission) standards totaled 16.4 billion barrels of oil equivalent, of which 76% was crude oil. The Company's proved hydrocarbon reserves life is 20 years based on 2016 production volume.

The increase of 556 million barrels of oil equivalent in proved reserves was due to geological exploration and production drilling. The revision of the previous estimates added another 117 million barrels of oil equivalent, reflecting the increase in the Company's share in reserves of the projects in Uzbekistan and Iraq.

As of December 31, 2016, the Company's 3C contingent resources under the PRMS (Petroleum Resources Management System) standards totaled 14.4 billion barrels of oil equivalent, increasing by 0.5 billion barrels mainly due to resources additions in the Caspian region. The oil and gas volumes classified as contingent resources can be transferred to reserves as the macroeconomic situation improves, the commissioning dates of the fields approach, new technologies are introduced and the pilot operations are completed.

LUKOIL Group Oil and Gas Reserves as of December 31, 2016

	Oil	**Gas**	**Oil + gas**
	million barrels	billion cubic feet	million barrels of oil equivalent
Proved reserves	**12,482**	**23,493**	**16,398**

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including:			
Developed	8,025	8,374	9,421
Undeveloped	4,457	15,119	6,977
Probable reserves	**5,071**	**9,680**	**6,684**
Possible reserves	**2,358**	**3,738**	**2,981**

The independent audit of the Company's proved reserves was implemented by the Miller and Lents US consulting firm based on the commercial life-of-field approach. Conversion ratio from cubic feet to barrels: 1 barrel = 6,000 cubic feet