LUKOIL

PRESS RELEASE
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LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE FOURTH QUARTER AND FULL-YEAR 2017

The LUKOIL Group's hydrocarbon production excluding West Qurna-2 project in the fourth quarter of 2017 increased by 2.9% quarter-on-quarter to 2,284 thousand boe per day. The increase was driven by the development of gas projects.

In 2017 production increased by 2.4% year-on-year to 2,234 thousand boe per day.

Hydrocarbon production, thousand boe per day

4Q 2017	3Q 2017		12M 2017	12M 2016
2,284	**2,219**	**Total** (excluding West-Qurna 2 project)	**2,234**	**2,181**

In 2017 oil production excluding West Qurna-2 project was 85.6 million tonnes, including 21.5 million tonnes produced in the fourth quarter of 2017. Starting January 2017 LUKOIL Group's oil production volumes and dynamics are mainly defined by the external limitations of Russian companies' production volumes.

In the fourth quarter of 2017 oil production at V. Filanovsky field increased 21.2% quarter-on-quarter and reached 4.6 million tonnes for the full year, outperforming the planned annual level by 170 thousand tonnes. Production growth was driven by the launch of three production and two injection wells during the year. Production drilling at the second stage of the field development started in December, 2017.

Active development of high viscosity oil projects continued in Timan-Pechora. Production at Yaregskoe field and Permian reservoir of Usinskoe field increased by 11.5% and 9.3% quarter-on-quarter respectively.

Successful development of Pyakyakhinskoe field led to an increase in crude oil and gas condensate production to 1.5 million tonnes for 2017.

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Oil production, thousand tonnes

4Q 2017	3Q 2017		12M 2017	12M 2016
21,476	**21,412**	**Total** (excluding West-Qurna 2 project)	**85,591**	**86,928**
20,525	20,538	Russia	81,879	83,177
20,360	20,337	Subsidiaries	80,995	82,206
165	201	Share in affiliates	884	971
951	874	Outside of Russia	3,712	3,751
524	464	Subsidiaries	2,001	2,037
427	410	Share in affiliates	1,711	1,714
396	539	*Compensation oil from West Qurna-2 project*	1,822	5,064
21,872	**21,951**	**Total**	**87,413**	**91,992**

In the fourth quarter of 2017 the LUKOIL Group's gas production increased by 12.5% quarter-on-quarter to 8.2 billion cubic meters. As a result, in 2017 production increased by 15.7% year-on-year to 28.8 billion cubic meters.

LUKOIL had achieved significant progress in Uzbekistan gas projects development. In the fourth quarter of 2017 production at Kandym and Gissar projects increased by 30.7% quarter-on-quarter to 2.8 billion cubic meters. The growth was driven by the launch of new gas treatment facilities.

Gas production growth in Russia was mainly attributable to the launch of gas facilities at Pyakyakhinskoe field in January, 2017.

Gas production, million cubic meters

4Q 2017	3Q 2017		12M 2017	12M 2016
8,166	**7,257**	**Total**	**28,834**	**24,922**
4,581	4,619	Russia	18,176	16,496
4,556	4,596	Subsidiaries	18,080	16,407
25	23	Share in affiliates	96	89
3,585	2,638	Outside of Russia	10,658	8,426

3,386	2,445	Subsidiaries	9,858	7,654
199	193	Share in affiliates	800	772

Refinery throughput at the LUKOIL Group's refineries in the fourth quarter of 2017 was practically flat quarter-on-quarter and amounted to 17.3 million tonnes. Refinery throughput in 2017 increased by 1.8% year-on-year to 67.2 million tonnes.

Growth of refinery throughput in Russia in the fourth quarter of 2017 was mainly due to scheduled maintenance works at Nizhny Novgorod refinery in the third quarter of 2017. Quarterly dynamics of refinery throughput at European refineries was attributable to scheduled maintenance works at Zeeland refinery in the fourth quarter of 2017.

In 2017 refinery throughput in Russia increased by 3.2% year-on-year, which was mainly due to Volgograd refinery upgrade, as well as scheduled maintenance works at Nizhny Novgorod and Volgograd refineries in 2016.

Refinery throughput at refineries, thousand tonnes

4Q 2017	3Q 2017		12M 2017	12M 2016
17,294	**17,356**	**Total for LUKOIL Group refineries**	**67,240**	**66,061**
11,144	11,010	Russia	43,107	41,752
6,150	6,346	Outside of Russia	24,133	24,309
5,669	5,823	Oil processing	21,970	20,356
481	523	Refined products processing	2,163	3,953
1,803	1,670	Third party refineries abroad	6,547	744

Note:

LUKOIL will release its Audited Consolidated Financial Statements prepared in accordance with IFRS and related MD&A for the fourth quarter and full-year 2017 on March 21, 2018.

The information in this press release is an estimate of the LUKOIL Group's results in the fourth quarter and full-year 2017 and therefore constitutes forward-looking statements. This information is preliminary and based on information available at the date of this document, and may be revised after statistical, financial, tax and

accounting statements become available. The information on the LUKOIL Group's operational results in this press release are subject to many external factors which may cause the actual results to differ materially from those expressed or forecasted in this press release for the fourth quarter and full-year 2017. The LUKOIL Group assumes no obligation to update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise, except to the extent required by applicable law.

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Information:
PJSC "LUKOIL" is one of the largest publicly traded, vertically integrated oil and gas companies in the world in terms of proved hydrocarbon reserves and production; and the second largest producer of crude oil in Russia. Established in 1991, the Company currently operates in more than 30 countries with core upstream assets located in Russia. The full production cycle includes oil and gas exploration, production and refining; production of petrochemicals and lubricants; power generation; marketing and distribution. The Company's shares are listed in Russia on Moscow Exchange under the ticker "LKOH" and depositary receipts are listed on the London Stock Exchange under the ticker "LKOD".