PRESS RELEASE
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LUKOIL GROUP PRODUCTION FULLY REPLACED BY PROVED RESERVES INCREMENT IN 2012. TOTAL PROVED RESERVES REACH 17.3 BILLION BARRELS OF OIL EQUIVALENT

OAO LUKOIL finished an evaluation and independent audit of its oil and gas reserves, as they stand on December 31, 2012. 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, 2012 came to 17.3 billion barrels of oil equivalent, including 13.4 billion barrels of oil and 23.5 trillion cubic feet of gas.*

Replacement of production by proved reserves increment in 2012 exceeded 100%.

Proved reserves were increased due to geological exploration, production drilling and acquisitions, and totaled 703 million barrels of oil equivalent. Detailed field appraisal in the Northern Caspian and Komi ensured the greater part of the proved reserves increment.

Following up on previous evaluations, the increment totaled 142 million barrels of oil equivalent. In 2012, basic factors that contributed to a positive reinterpretation of proved reserves were improvement of development techniques at the existing fields, progress in the preparation for the commissioning of a number of new fields and greater gas utilization.

The Company also completed an estimate of the contingent resources according to the PRMS classification. Category 3C contingent resources totaled 10.3 billion barrels of oil equivalent as of December 31, 2012.

The Company's management expects the oil and gas volumes classified as contingent resources to be transferred to reserves as their commissioning date approaches, a program to enhance volumes of gas utilization is implemented and new advanced technologies are applied, which allows it to develop the hard-to-recover reserves in a cost-effective way.

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

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* The reserves evaluation does not comprise a subsurface property including Imilorskoye+Zapadno-Imilorskoye and Istochnoye fields

LUKOIL Group Oil and Gas Reserves

As of December 31, 2012	**Oil**	**Gas**	**Oil + gas***
	million barrels	billion cubic feet	million barrels of oil equivalent
Proved reserves	**13,381**	**23,487**	**17,296**
including:			
Developed	8,537	8,727	9,992
Undeveloped	4,844	14,76	7,304
Probable reserves	**5,933**	**10,738**	**7,723**
Possible reserves	**3,68**	**3,552**	**4,272**

*Conversion ratio from cubic feet to barrels:

1 barrel = 6,000 cubic feet

Estimates of Cash Flows from Development of LUKOIL Group Reserves

As of December 31, 2012, million USD	**Proved**	**Probable**	**Possible**
Future revenue from sales of oil and gas	702,769	296,629	180,211
Future costs of oil and gas field production and development	476,55	215,988	150,059
Future undiscounted cash flow before income tax*	226,219	80,641	30,152
Discounting (10%)	131,258	67,144	27,757
Discounted cash flow before income tax*	94,961	13,497	2,395

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