

10 May 2017



LEKOIL Limited
("LEKOIL" or the "Company")

Otakikpo Operational Update
First Cargo Lifted from FSO Ailsa Craig

LEKOIL (AIM: LEK), the oil and gas exploration, development and production company with a focus on Africa, is pleased to announce that the first crude cargo produced from the Otakikpo Marginal Field ("Otakikpo") in OML 11 has been lifted from the FSO Ailsa Craig by Shell Western Supply and Trading Limited ("Shell Trading"), a subsidiary of Royal Dutch Shell (LSE: RDSA, RDSB). 120,000 barrels of gross production have been lifted. Under the terms of the Crude Sales Agreement with Shell Trading, the Company is due to receive its payment for this crude within the next month.

Current production at Otakikpo is approximately 5,000 bopd. With the commencement of regular liftings, the Company is focused on ramping up to production of 10,000 bopd, now expected to be by year-end. Key components to achieve this Phase 1 milestone involve completing the expansion of onsite storage capacity – currently being undertaken with minimal capex required - and utilising a higher capacity shuttle tanker.

Non-operational days from the minor reconfiguration and optimization of offshore infrastructure has led to average production of approximately 3,000 bopd from the four production strings across both wells (Otakikpo-002 and -003) since the start of commercial production, announced on 20 February 2017.

Lekan Akinyanmi, LEKOIL's CEO, said: "Selling our first oil marks the commencement of cash flow from Otakikpo. Dollar receipts will increase as we further ramp up production to our Phase 1 target of 10,000 bopd and will contribute to funding Phase 2 expansion. The production and now offtake and export sale from the FSO Ailsa Craig is the culmination of our team's hard work over the last two years to bring Otakikpo into revenue generating production. I would again like to thank the entire team that has worked so hard on this project, our partner Green Energy, FSO owner and operator Amni, our contractors, our host communities and our government regulators for their continuing support."

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Background to Otakikpo

Otakikpo is sited in a coastal swamp location in oil mining lease (OML) 11, adjacent to the shoreline in the south-eastern part of the Niger Delta. LEKOIL Nigeria exercises the rights and benefits of its 40% Participating and Economic interest in Otakikpo via the Farm-in Agreement and Joint Operating Agreement signed on 17 May 2014 with Green Energy International Limited (“GEIL”), the Operator.

The Company holds 90% of the economic interests in LEKOIL Nigeria. LEKOIL Limited’s economic interest in Otakikpo therefore equates to 36%. The Otakikpo Joint Venture (LEKOIL as Financial and Technical Partner to GEIL) began operations in December 2014. Ministerial consent was granted by the Honourable Minister of Petroleum Resources of Nigeria in June 2015. LEKOIL funded the costs of development and is entitled to recover this expenditure preferentially from 88 per cent. of production cash flow from Otakikpo.

The Otakikpo Field Development Plan consists of two phases. Phase 1 comprises the recompletions of two wells, Otakikpo-002 and Otakikpo-003, with the installation of an Early Production Facility of 10,000 bopd capacity and export via shuttle tanker. Phase 2 covers the subsequent incremental development of the rest of the field with a new Central Processing Facility and new wells expected. Otakikpo commenced commercial production in production in 2017

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