

3 April 2017



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

Memorandum of Understanding Signed with General Electric for Ogo Work Programme in OPL310

LEKOIL (AIM: LEK), the oil and gas exploration and production company with a focus on West Africa, is pleased to announce it has signed a Memorandum of Understanding ("MOU") with GE Oil & Gas ("GE"), a subsidiary of General Electric Company (NYSE: GE) for the development of a work programme for the Ogo field in OPL310.

As part of the activities towards the development of the field, LEKOIL will leverage GE Oil & Gas equipment and technical expertise.

LEKOIL is currently in discussions with other potential partners for the financing of the OPL310 appraisal programme, which includes an appraisal well, which is expected to spud by year-end 2017 or in early 2018.

Following the successful completion of the appraisal phase, and subject to the fulfilment of a number of conditions including a positive well result, GE Oil & Gas, through a consortium SPV, and LEKOIL through its funding partners, intend to invest funds towards the full field development capital of the project. LEKOIL estimates this cost to be US\$400m for full field oil development and US\$600m for subsequent upstream gas field development.

GE Oil & Gas is expected to receive a percentage of LEKOIL's future cash flows from the Ogo Field, as well as the ability to supply its products and provide technical expertise throughout the life of the project. LEKOIL's 40% participating interest in OPL310 will remain intact and unaffected by the terms of the MOU.

Lekan Akinyanmi, CEO of LEKOIL said,

"OPL 310 contains the world-class Ogo field discovery and is another exciting asset in the LEKOIL portfolio. We are pleased to announce this MOU with GE Oil & Gas which marks the first step in our aim to fully develop the Ogo field."

"The agreement brings a world-class resource to OPL310 and significantly reduces LEKOIL's cost of capital to bring the field into production."

"As we have previously announced, we are still in the process of securing ministerial consent for the remainder of the OPL310 acquisition and we remain confident that we will receive all the necessary approvals prior to the start of the appraisal programme."

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Background on OPL310

On 1 February 2013, Mayfair Assets and Trust Limited, a wholly owned subsidiary of Lekoil Nigeria Limited, farmed into Afren Investments Oil and Gas (Nigeria) Limited's interest in OPL 310 for a 17.14% participating interest and 30% economic interest.

Later that year the first exploration well (Ogo-1) drilled by the OPL 310 partners – then consisting of Optimum, LEKOIL Limited and Afren Plc – was the Ogo prospect, a four-way dip-closed structure in the Turonian to Albian sandstone reservoirs. The drilling programme included a planned side-track well (Ogo-1 ST) which aimed to test a new play of stratigraphically trapped sediments at the basement of the Ogo prospect. The Ogo-1 well encountered a gross hydrocarbon section of 524ft, with 216ft of net stacked pay whilst the Ogo-1 ST well encountered the same reservoirs as Ogo-1 in addition to the syn-rift section which encountered a 280 ft vertical section gross hydrocarbon interval. Based on well data collected from the two wells, the partners estimated P50 gross recoverable resources to be at 774 mmboe across the Ogo prospect four-way dip-closed and syn-rift structure.

On 31 July 2015, Afren Plc, the parent company of Afren Oil & Gas that held interests in the OPL 310 licence, was put into administration and its assets put up for sale. LEKOIL Limited moved quickly to protect its interests in OPL 310 by beginning discussions with the administrator of Afren Plc for the potential acquisition of its subsidiary interests in OPL 310. On 25 November 2015, the Company entered into an agreement with the administrator of Afren Plc and Afren Nigeria Holding Limited to acquire the shares of Afren Oil & Gas which held a 22.86% participating interest in OPL 310 for a total consideration of US\$13 million. Application for Ministerial Consent for this interest has been made and is pending.

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