

1 December 2017



LEKOIL Limited
(“LEKOIL” or the “Company”)

Otakikpo Update
Production Now at 7,600 bopd; Focus Shifts to Phase Two Programme

LEKOIL (AIM: LEK), the oil and gas exploration, development and production company with a focus on Africa, is pleased to announce an increase in current production at the Otakikpo Marginal Field (“Otakikpo”) in OML 11. Since starting production on 20 February 2017 at an initial rate of 5,000 bopd, daily production levels have steadily increased through 27 November 2017. Average production for October was approximately 6,400 bopd. Current production at Otakikpo from both wells is now approximately 7,600 bopd.

Additional perforations in one of two production strings at well-003 were recently performed before subsequently re-opening it for production. The Otakikpo Joint Venture Partners - LEKOIL as Financial and Technical Partner and Green Energy International Limited (“GEIL”) as Operator – have agreed to hold production at current levels for a few more weeks to gather and analyse essential production and reservoir data and information prior to increasing production at the field.

As the Otakikpo field nears Phase One target production of 10,000 bopd, the Joint Venture is now focused on Phase Two of the Otakikpo Field Development Plan which aims to increase steady state production up to approximately 20,000 bopd. Phase Two includes 3D seismic coverage of the entire Otakikpo field, neighbouring prospects and the incremental development of the rest of the field with new wells planned. Next steps will be to gather the 3D seismic data, process and interpret the data and subsequently release an updated Competent Person’s Report. The Company expects the Phase Two development to be fully funded by industry players, which the Company is already in discussions with.

The Company has completed five liftings YTD and has received cash proceeds within 30 days of each lift as prescribed by the terms of the Crude Sales Agreement with Shell Trading. The Company has realised an average premium for the Otakikpo blend of \$1 or more above Brent pricing since inception. At current oil prices, the cash netback is above \$30 per barrel.

For further information, please visit www.lekoil.com or contact:

LEKOIL Limited

Alfred Castaneda, Investor Relations

+44 20 7920 3150

Hamilton Esi, Corporate Communications

+44 20 7920 3150

Strand Hanson Limited (Financial & Nominated Adviser)

James Harris / James Spinney / Ritchie Balmer +44 20 7409 3494

Mirabaud Securities LLP (Joint Broker)

Peter Krens / Edward Haig-Thomas +44 20 7878 3362 / +44 20 7878 3447

BMO Capital Markets (Joint Broker)

Jeremy Low / Neil Haycock / Thomas Rider +44 20 7236 1010

Tavistock (Financial PR)

Simon Hudson / Barney Hayward / Charles Vivian +44 20 7920 3150

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ('MAR').

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 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% of production cash flow from Otakikpo.

The Otakikpo Field Development Plan consists of two phases. Phase One 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 Two covers the subsequent incremental development of the rest of the field with new wells. Otakikpo commenced commercial production in 2017.

-ends-