Fourth Quarter and Full Year 2013 Operational and Financial Results Conference Call


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Moscow, Russian Federation
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Disclaimer – Forward Looking Statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "may," "should" and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
- the effects of international political events;
- the effects of technological changes;
- the effects of changes in accounting standards or practices; and
- inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

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Summary Highlights - 2013

- **Increase in revenues** driven by higher natural gas and liquids prices and volumes:
  - Natural gas sales increased by 43.7%
  - Liquids sales increased by 36.8%
- **EBITDA** *(excluding net gain (loss) on disposal of subsidiaries and JVs)* **increased** by 28.0%
- **Cash flow from operations increased** by 16.7% to RR 88,525 million from RR 75,825 million
- **Capital expenditures** related to exploration, production and marketing *(excluding payments for mineral licenses)* **increased** by 36.0% to RR 59,254 million
- **EPS** *(net of the effect from the disposal of subsidiaries and JVs)* **increased** by 15.0% to RR 26.35 from RR 22.91
- **Successfully replaced** 132% of 2013 total production[1]
- **Lifting costs** amounted to $0.59 per boe (2012 - $0.57 per boe)
- **Natural gas production** *(including our proportionate share in JVs)* **increased** by 8.4%
- **Liquids production** *(including our proportionate share in JVs)* **increased** by 11.3%
- **Purovsky Plant output** increased by 20.4%
- In July 2013, we **commenced our gas condensate refined products sales** and sold 1,606 mt of naphtha, jet fuel, gasoil and fuel oil to international markets

Note: Calculated based on SEC reserves attributable to all consolidated subsidiaries and joint ventures based on the Group's equity ownership interest in the respective fields

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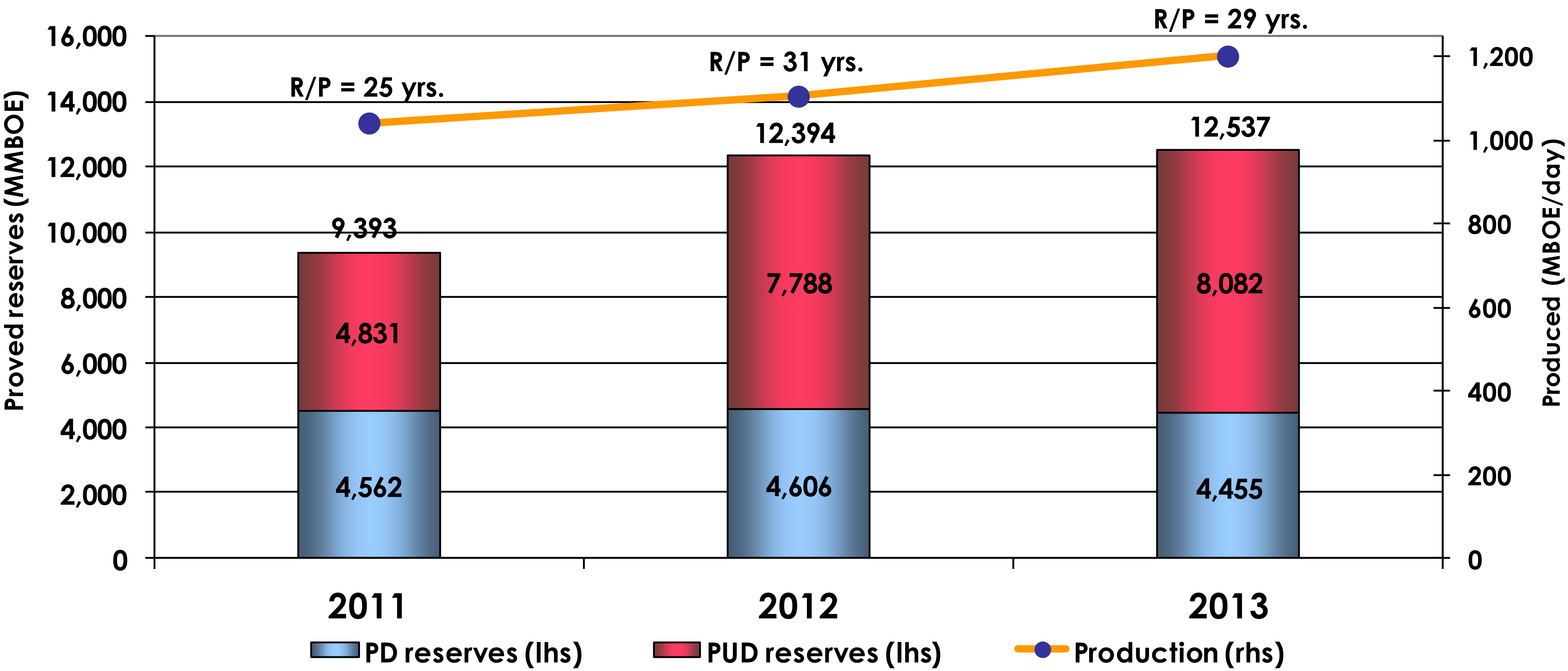
Operational Overview

Proved Reserves Base at Year-End



Our reserve replacement rate (RRR) for 2013 is 132%; our three year average RRR for 2011 to 2013 is 463%

Note: NOVATEK production and reserves (reported under the SEC methodology) based on the Company's ownership interest in consolidated subsidiaries and joint ventures for all periods, some fields do not have reserve appraisals

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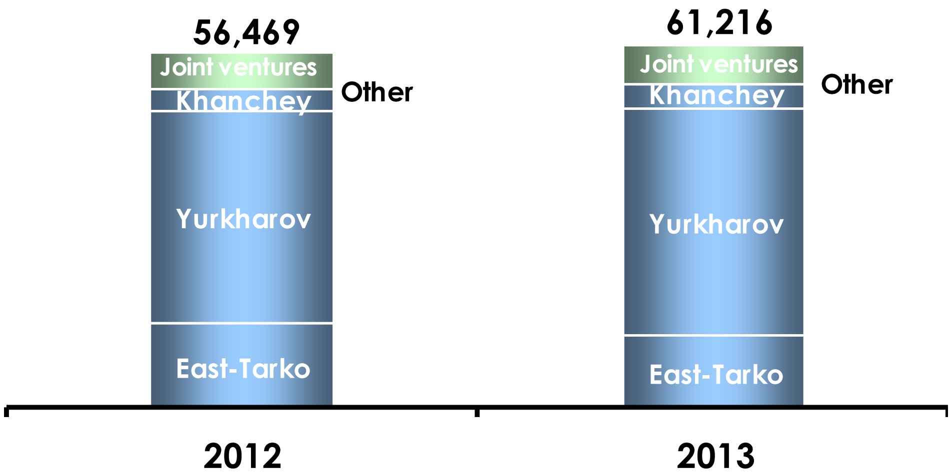
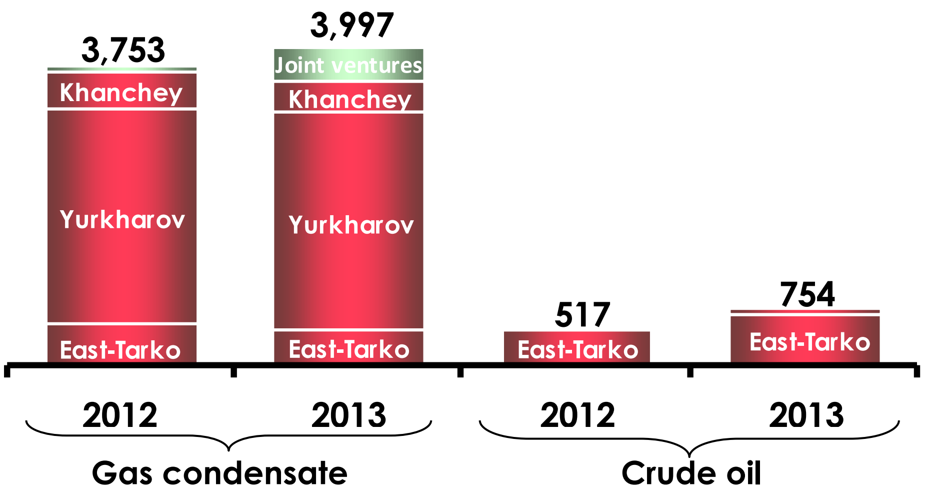
Net Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



Natural gas production increased Y-o-Y due to:

- Ongoing development activities and the launch of the fourth stage of the second phase development in October 2012 at Yurkharov
- Partially offset by a decrease in natural gas production at East-Tarko as a result of the Groups' decision to optimize the production of liquid hydrocarbons

Liquids production increased Y-o-Y due to:

- Increased crude oil production at our East-Tarko and Khanchey fields as a result of new wells drilled and technological works performed at these fields
- Increase in liquids production at Yurkharov due to the optimization of our liquid hydrocarbons production

Increased proportionate share in the production of our joint ventures resulted from the acquisition of a 49% ownership interest in Nortgas in November 2012 (subsequently increased to 50%), as well as the launch of the Samburgskoye field's two phases development in 2012 by our joint venture SeverEnergia

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Purovsky Plant & Sea Port Terminals

- **Total volumes delivered: 4,862 mt**
  - Yurkharovskoye field: 2,711 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 943 mt
  - Purchases from our joint ventures: 1,170 mt
  - Other: 38 mt
- **Total plant output: 4,816 mt**
  - Stable gas condensate (SGC): 3,712 mt
  - LPG: 1,088 mt
  - Methanol ~ 16 mt
- **1,756 mt of SGC were dispatched from Vitino and Ust-Luga Sea Port Terminals**
  - to Asia Pacific Region ~ 888 mt
  - to Europe ~ 746 mt
  - to the United States ~ 122 mt
- **1,905 mt of SGC were sent for further processing to the Ust-Luga Complex**
- **SGC inventory reconciliation**
  - Rail road cisterns and Ust-Luga port storage facilities ~ 124 mt
  - Purovsky Plant storage facilities ~ 24 mt

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Ust-Luga Complex

- **Total volumes delivered: 1,905 mt**
- **1,779 mt of gas condensate refined products were dispatched**
  - to Asia Pacific Region ~ 1,425 mt
  - to Europe ~ 274 mt
  - to South America ~ 80 mt
- **Liquids inventory reconciliation**
  - Ust-Luga Complex storage facilities ~ 84 mt (incl. 32 mt of SGC)
  - Tankers in transit ~ 177 mt of naphtha

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Liquids in Transit

"Goods in transit"
31.12.2012
~ 217 thousand tons

157 mt
Singapore (SGC)

60 mt
South Korea (SGC)

"Goods in transit"
30.09.2013
~ 151 thousand tons

78 mt
Japan (Naphtha)

73 mt
Singapore (Naphtha)

"Goods in transit"
31.12.2013
~ 177 thousand tons

124 mt
Japan (Naphtha)

53 mt
South Korea (Naphtha)

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Financial Overview – 2013 vs. 2012

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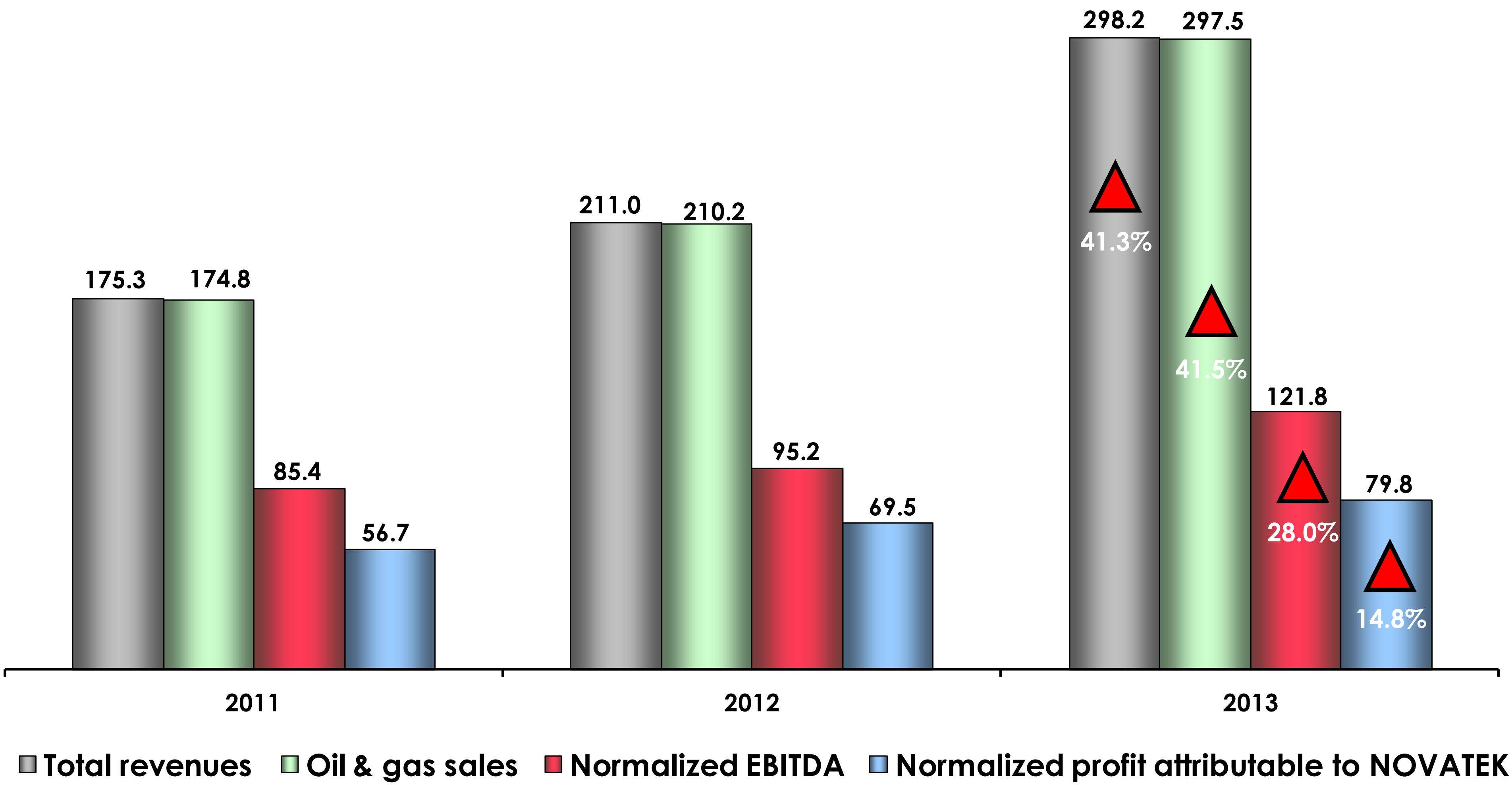
Summary Financial Results (RR billion)



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Another Record Year (RR million)

	2013	2012	+/(-)	+/(-)%
Oil and gas sales	297,499	210,246	87,253	41.5%
Total revenues	298,158	210,973	87,185	41.3%
Operating expenses	(192,761)	(125,775)	(66,986)	53.3%
EBITDA (1)	159,440	95,106	64,334	67.6%
Normalized EBITDA (2)	121,791	95,166	26,625	28.0%
EBITDA margin	53.5%	45.1%		
Normalized EBITDA margin (2)	*40.8%*	*45.1%*		
Effective income tax rate	19.8%	19.5%		
Profit attributable to NOVATEK	110,006	69,458	40,548	58.4%
Normalized profit attributable to NOVATEK (2)	79,825	69,518	10,307	14.8%
Profit margin	36.9%	32.9%		
Normalized profit margin (2)	26.8%	33.0%		
Earnings per share	36.31	22.89	13.42	58.6%
Normalized earnings per share (2)	*26.35*	*22.91*	*3.44*	*15.0%*
CAPEX (3)	59,254	43,554	15,700	36.0%
Net debt (4)	157,732	114,067	43,665	38.3%

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments
2. Excluding the effect from the disposal of interest in joint ventures and subsidiaries
3. CAPEX represents additions to property, plant and equipment excluding payments for mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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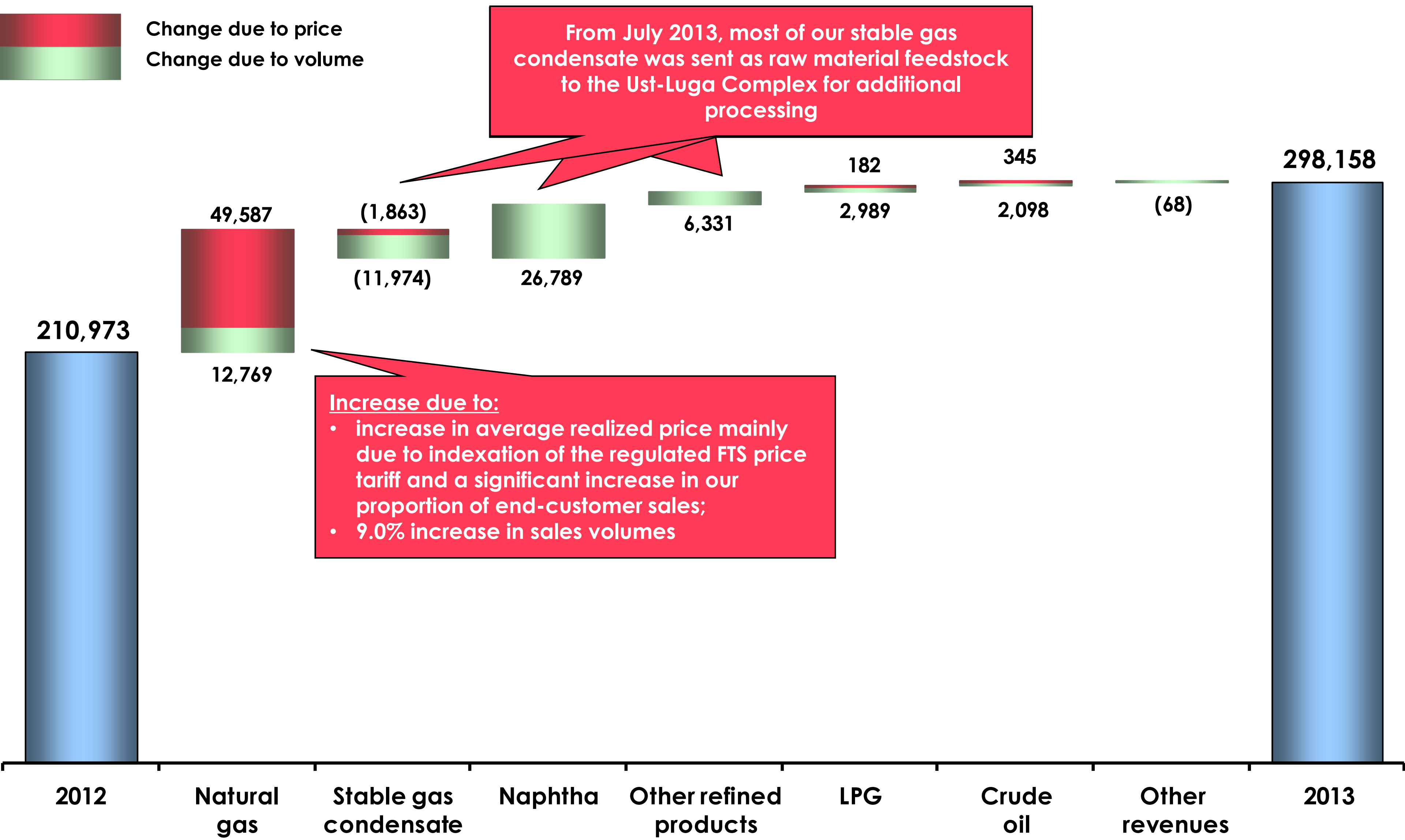
Total Revenues (RR million)



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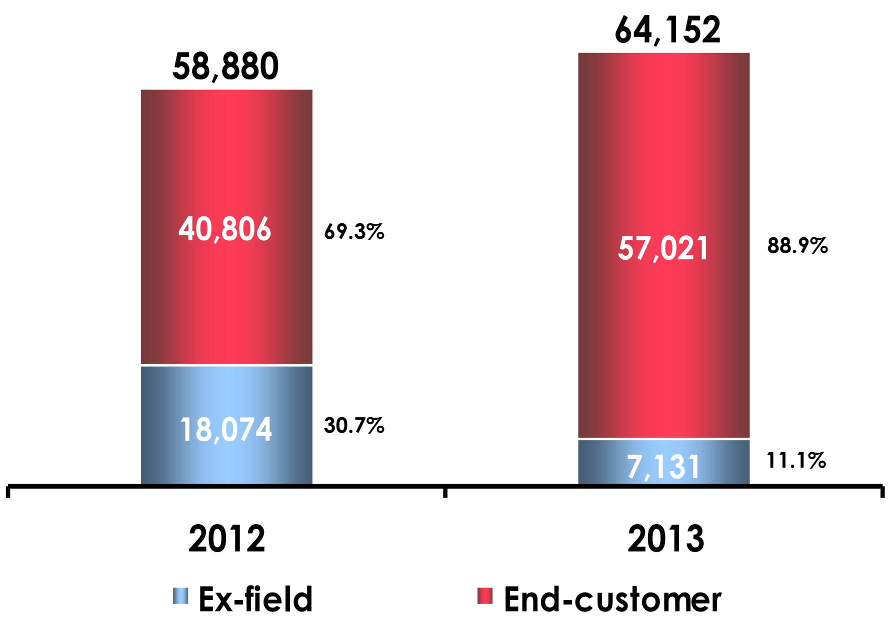
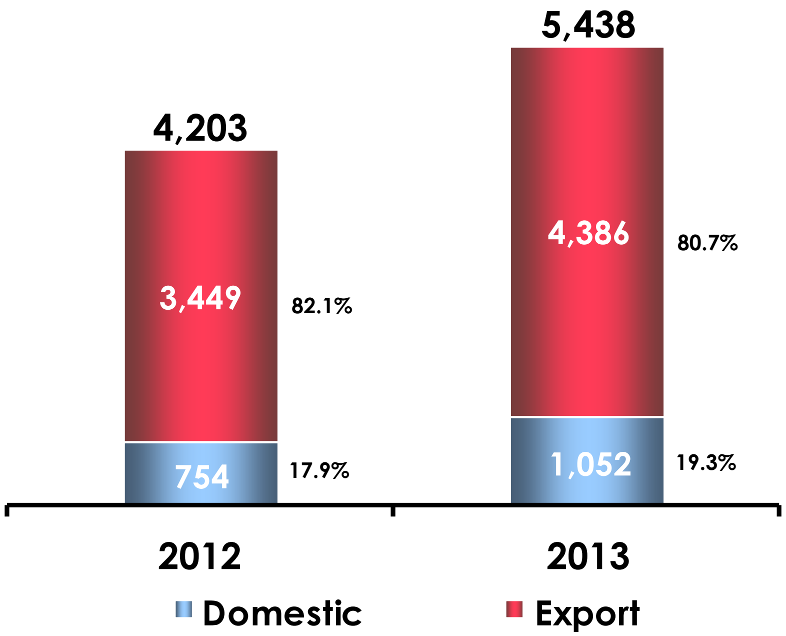
Market Distribution – Sales Volumes

Natural gas sales volumes, mmcm



Liquids sales volumes, mt



- Growth in natural gas sales volumes was mainly due to a combination of increased production at our Yurkharov field and at our JV's fields, as well as increased purchases from our related parties
- Our proportion of natural gas sold to end-customers increased due to the conclusion of new contracts with end-customers in the second half of 2012

- Our liquids sales volumes increased mainly due to an increase in unstable gas condensate production of the Group's joint ventures, as well as due to a decrease in liquids inventory balance as of 31 December 2013 as compared to a build-up as of 31 December 2012

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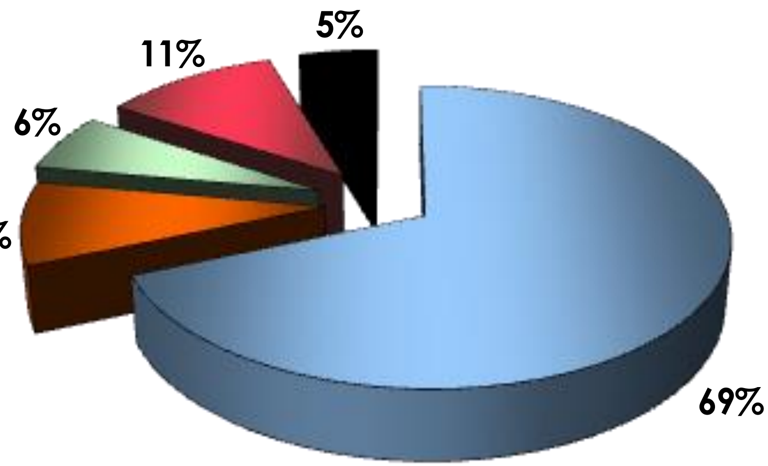
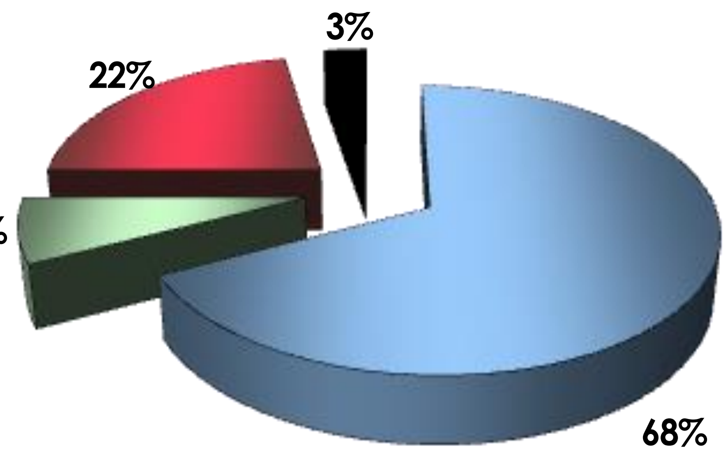
Total Revenues Breakdown

Natural gas
Naphtha
LPG
Stable gas condensate
Other

2013



2012



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Realized Hydrocarbon Prices (net of VAT and export duties)

	2013	2012	+/(-)	+/(-)%
Domestic prices				
Natural gas end-customers, RR/mcm	3,366	2,821	545	19.3%
Natural gas ex-field, RR/mcm	1,830	1,518	312	20.6%
Stable gas condensate, RR/ton	12,979	12,489	490	3.9%
LPG, RR/ton	14,527	14,009	518	3.7%
Crude oil, RR/ton	11,819	10,985	834	7.6%
Export market				
Stable gas condensate, RR/ton	15,703	16,432	(729)	-4.4%
Naphtha, RR/ton	20,176	-	n/a	n/a
Other gas condensate refined products, RR/ton	22,674	-	n/a	n/a
LPG, RR/ton	19,897	20,109	(212)	-1.1%
Crude oil, RR/ton	11,959	11,935	24	0.2%

Note: Prices are shown excluding trading activities and excluding natural gas volumes purchased for resale in the location of end-customers in 2012

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Operating Expenses (RR million and % of Total Revenues (TR))

	2013	% of TR	2012	% of TR
Transportation expenses	**103,245**	*34.6%*	**60,848**	*28.8%*
Taxes other than income tax	**21,645**	*7.3%*	**16,846**	*8.0%*
Non-controllable expenses	**124,890**	*41.9%*	**77,694**	*36.8%*
Depreciation, depletion and amortization	**13,503**	*4.5%*	**11,499**	*5.5%*
General and administrative expenses	**11,029**	*3.7%*	**10,622**	*5.0%*
Materials, services & other	**8,282**	*2.8%*	**7,216**	*3.4%*
Net impairment expenses	**2,611**	*0.9%*	**325**	*n/m*
Exploration expenses	**427**	*n/m*	**2,022**	*1.0%*
Change in natural gas, liquids and WIP	**(2,688)**	*n/m*	**(1,086)**	*n/m*
Subtotal operating expenses	**158,054**	*53.1%*	**108,292**	*51.3%*
Purchases of natural gas and liquid hydrocarbons	**34,707**	*11.6%*	**17,483**	*8.3%*
Total operating expenses	**192,761**	*64.7%*	**125,775**	*59.6%*

- **Operating expenses increased by 53.3% primarily due to an increase in transportation expenses and purchases of natural gas and liquid hydrocarbons**
- **Transportation expenses increased due to a 53.0% increase in our sales volumes of natural gas to end-customers for which we incurred transportation costs, a 7.0% and 6.4% average increases in the natural gas transportation tariff set by the FTS effective from 1July 2012 and 1 August 2013, as well as an increase in average transportation distance due to higher natural gas deliveries to Moscow and the Moscow region, and Vologda and Kostroma regions**
- **Taxes other than income tax increased primarily due to a 5.6% and further 51.7% increases in the natural gas UPT rate from 1 January and 1 July 2013, respectively, and, to a lesser extent, a 3.4% increase in production volumes of natural gas**
- **Our hydrocarbon purchases increased by 98.5% due to the commencement of natural gas purchases from our joint venture Nortgas from January 2013 and higher purchases from our related party SIBUR, as well as an increase in purchases of unstable gas condensate from SeverEnergia (Arcticgas) combined with the commencement of purchases from Nortgas from November 2012**

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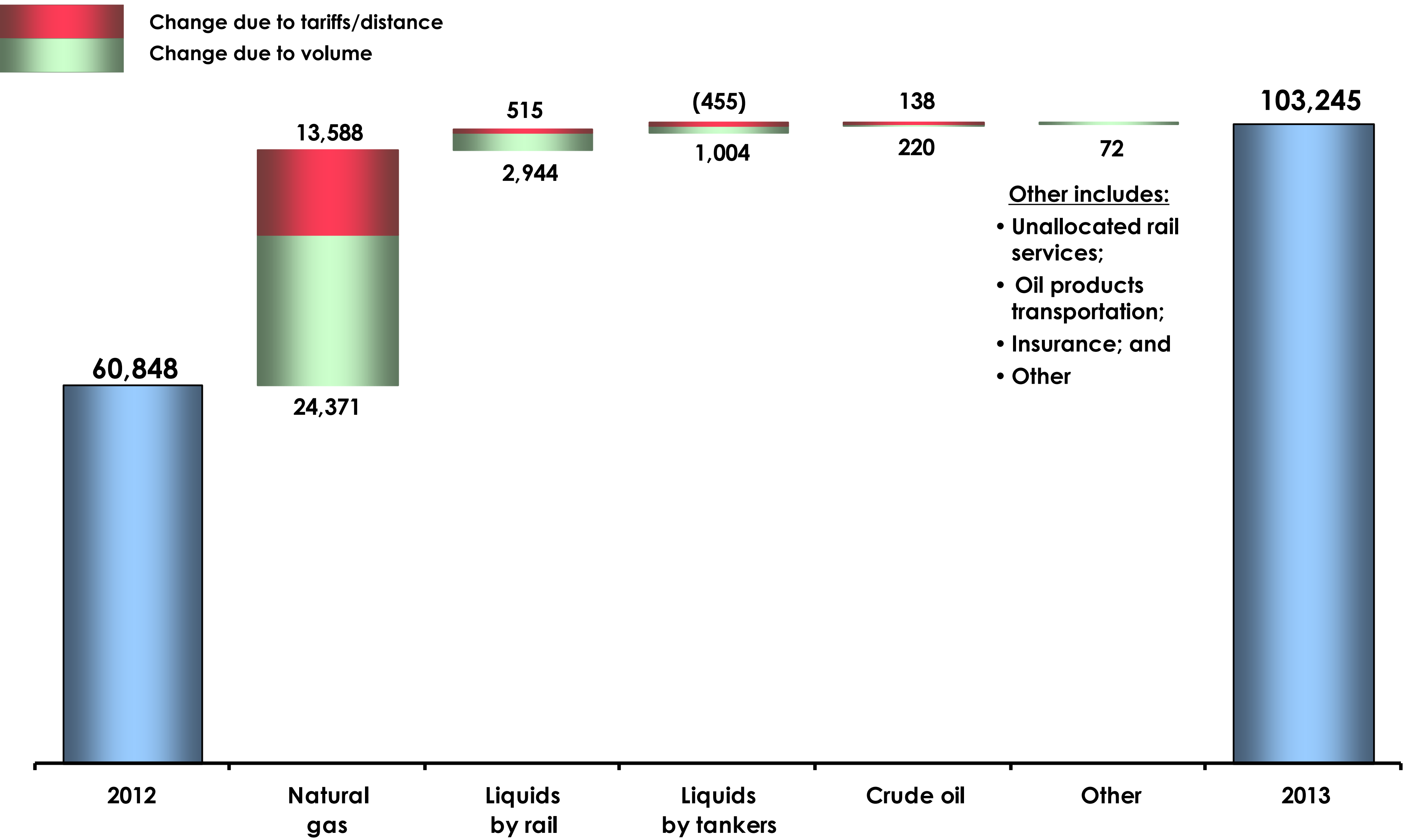
Transportation Expenses (RR million)



Other includes:

- Unallocated rail services;
- Oil products transportation;
- Insurance; and
- Other

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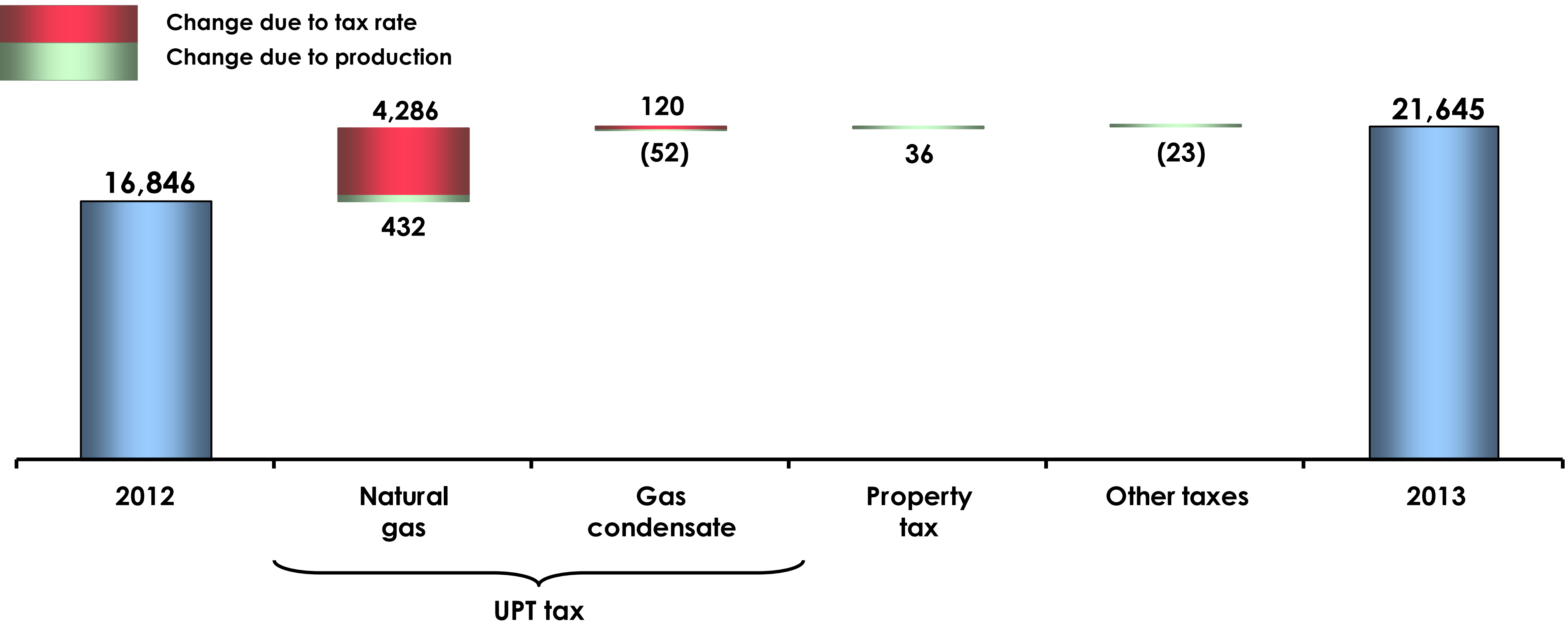
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT expense was primarily due to a 5.6% and a 51.7% increases in the natural gas production tax rates effective from 1 January 2013 and 1 July 2013, respectively, and, to a lesser extent, a 3.4% increase in our natural gas production volumes
- Effective from 1 January 2012, we utilize a zero UPT rate for crude oil produced at our Yurkharov, East-Tarko and Khanchey fields according to the Russian Tax Code
- The increase in property tax expense was primarily due to the launch of the Ust-Luga Complex in June 2013

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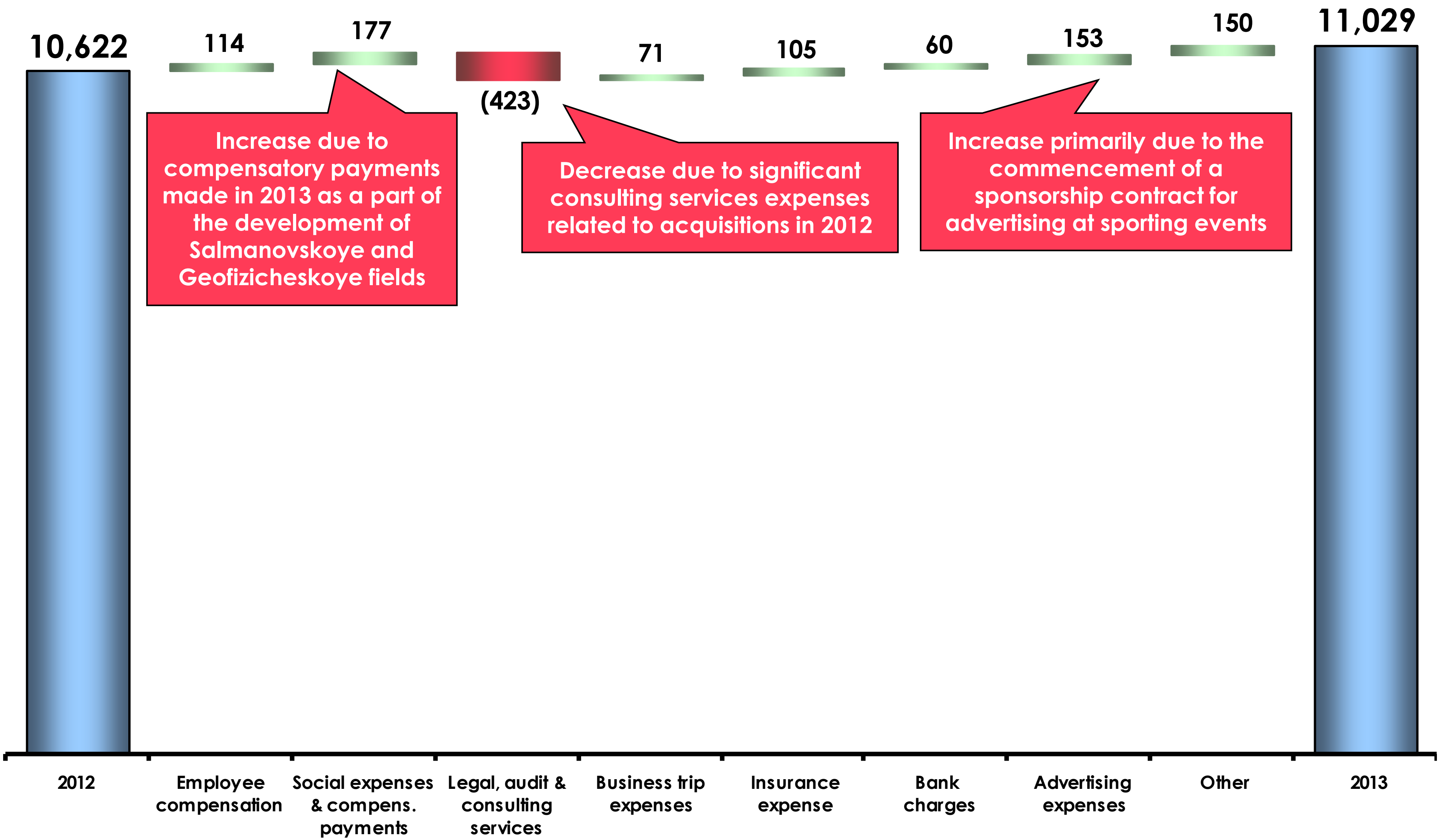
General and Administrative Expenses (RR million)



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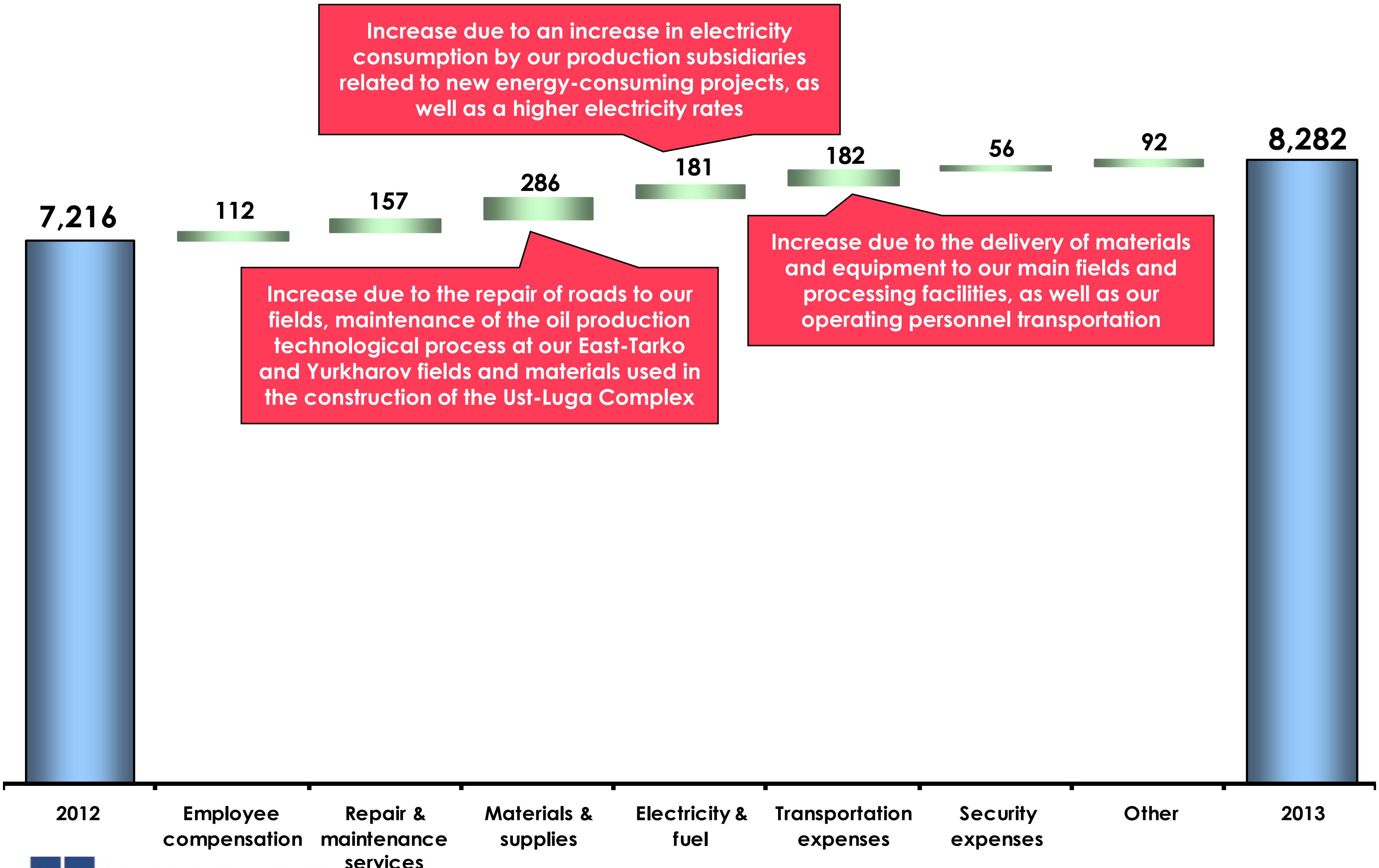
Materials, Services and Other Expenses (RR million)



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Condensed Statement of Financial Position (RR million)

	31 December 2013	31 December 2012	+/(-)	+/(-)%
Total current assets	**82,426**	**58,243**	**24,183**	**41.5%**
Incl. Cash and cash equivalents	*7,889*	*18,420*	*(10,531)*	*-57.2%*
Total non-current assets	**515,569**	**404,890**	**110,679**	**27.3%**
Incl. Net PP&E	*243,688*	*197,376*	*46,312*	*23.5%*
Total assets	**597,995**	**463,133**	**134,862**	**29.1%**
Total current liabilities	**59,873**	**55,130**	**4,743**	**8.6%**
Incl. ST debt	*24,026*	*34,682*	*(10,656)*	*-30.7%*
Total non-current liabilities	**165,065**	**116,702**	**48,363**	**41.4%**
Incl. Deferred income tax liability	*18,219*	*13,969*	*4,250*	*30.4%*
Incl. LT debt	*141,595*	*97,805*	*43,790*	*44.8%*
Total liabilities	**224,938**	**171,832**	**53,106**	**30.9%**
Total equity	**373,057**	**291,301**	**81,756**	**28.1%**
Total liabilities & equity	**597,995**	**463,133**	**134,862**	**29.1%**

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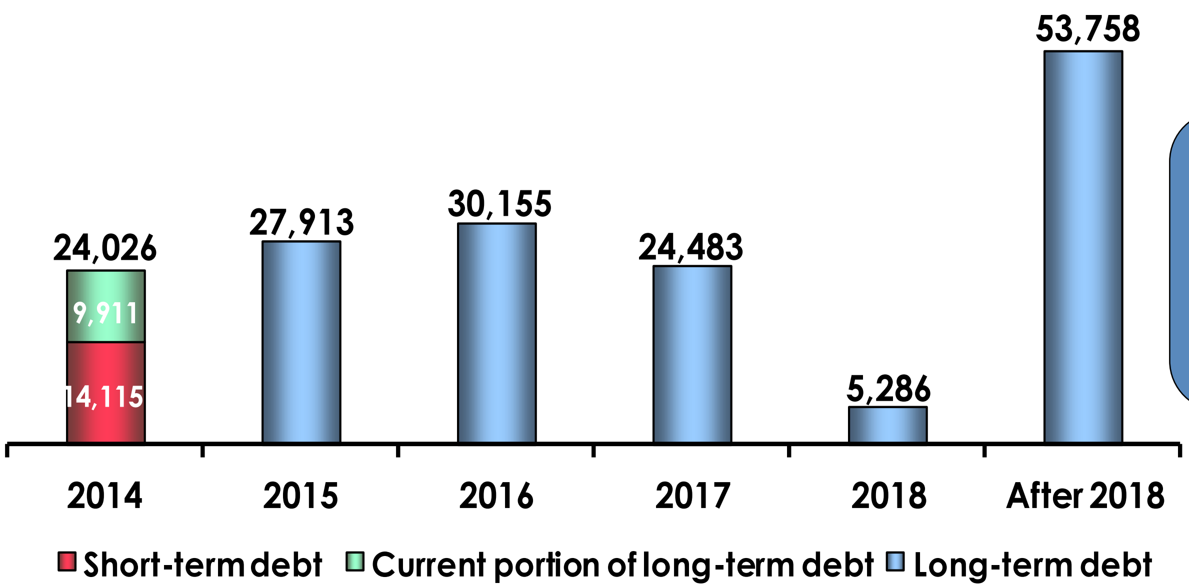
Total Debt Maturity Profile (RR million)



The Group has available funds:

- ✓ Syndicated term credit line facility – USD 430 mln until June 2014
- ✓ ZAO UniCredit Bank – USD 55 mln until August 2015

Debt repayment schedule:

Up to 2014 – BNP PARIBAS Bank (including bank overdrafts), Credit Agricole Corporate and Investment Bank (fully repaid in January 2014) and Sberbank loan

Up to 2015 – RR denominated bonds (RR 20 bln) and Syndicated term credit line facility

Up to 2016 – Eurobonds Five-Year (USD 600 mln), Syndicated term credit line facility

Up to 2017 – Eurobonds Four-Year (RR 14 bln) and Syndicated term credit line facility

Up to 2018 – Syndicated term credit line facility

After 2018 – Eurobonds Ten-Year (USD 650 mln) and Eurobonds Ten-Year (USD one bln)

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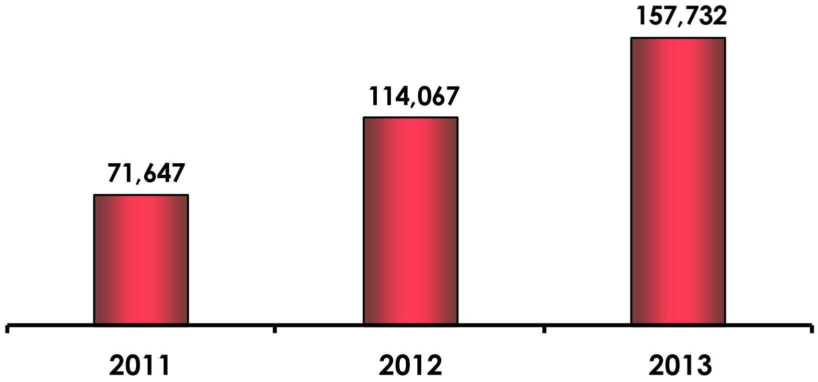
Debt Structure

Debt structure and maturities

RR million	2013	2012
Short-term debt	**24,026**	**34,682**
Including current portion of long-term debt	*9,911*	*34,682*
Long-term debt	**141,595**	**97,805**
Scheduled maturities		
2015	27,913	
2016	30,155	
2017	24,483	
2018	5,286	
after 2018	53,758	
Total debt	**165,621**	**132,487**
Cash and cash equivalents	**7,889**	**18,420**
Net debt (cash)	**157,732**	**114,067**

Net Debt (cash) evolution, RR million



During 2013, the Group:

- ✓ issued four-year RR denominated Eurobonds in the amount of RR 14 billion (February)
- ✓ withdrew USD 1.07 billion under our syndicated term credit line facility (obtained in June)
- ✓ withdrew USD 431 million under short-term credit line facilities, including bank overdrafts, which were fully repaid in January 2014

During 2013, the Group fully repaid:

- ✓ RR 15 billion loan from Sberbank (February)
- ✓ USD 200 million loan from Nordea Bank (March)
- ✓ Russian rouble denominated bonds in the amount of RR 10 billion (June)
- ✓ USD 300 million loan from Sumitomo Mitsui Banking Corporation Europe Limited in accordance with its maturity schedule (December)

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Financial Overview – 4Q 13 vs. 3Q 13

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Comparison of Quarterly Results (RR million)

	4Q 12	1Q 13	2Q 13	3Q 13	4Q 13	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	59,262	80,448	57,918	75,541	83,592	10.7%	41.1%
Total revenues	59,438	80,565	58,030	75,648	83,915	10.9%	41.2%
Operating expenses	(38,013)	(51,056)	(39,613)	(47,080)	(55,012)	16.8%	44.7%
EBITDA (1)	25,223	33,020	21,141	32,893	72,386	120.1%	187.0%
Normalized EBITDA (2)	*25,283*	*33,020*	*21,141*	*32,893*	*34,737*	*5.6%*	*37.4%*
EBITDA margin	42.4%	41.0%	36.4%	43.5%	86.3%		
Normalized EBITDA margin (2)	*42.5%*	*41.0%*	*36.4%*	*43.5%*	*41.4%*		
Effective income tax rate	13.9%	19.8%	19.9%	19.8%	19.8%		
Profit attributable to NOVATEK	18,547	22,826	11,602	23,458	52,120	122.2%	181.0%
Normalized profit attributable to NOVATEK (2)	*18,607*	*22,826*	*11,602*	*23,458*	*21,939*	*-6.5%*	*17.9%*
Profit margin	31.2%	28.3%	20.0%	31.0%	62.1%		
Normalized profit margin (2)	*31.3%*	*28.3%*	*20.0%*	*31.0%*	*26.1%*		
Earnings per share	6.11	7.53	3.83	7.75	17.21	122.1%	181.7%
Normalized earnings per share (2)	*6.13*	*7.53*	*3.83*	*7.75*	*7.25*	*-6.5%*	*18.3%*
CAPEX (3)	12,285	11,264	17,393	16,276	14,321	-12.0%	16.6%
Net debt (4)	114,067	109,184	127,658	130,408	157,732	21.0%	38.3%

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments
2. Excluding the effect from the disposal of interest in joint ventures and subsidiaries
3. CAPEX represents additions to property, plant and equipment excluding payments for mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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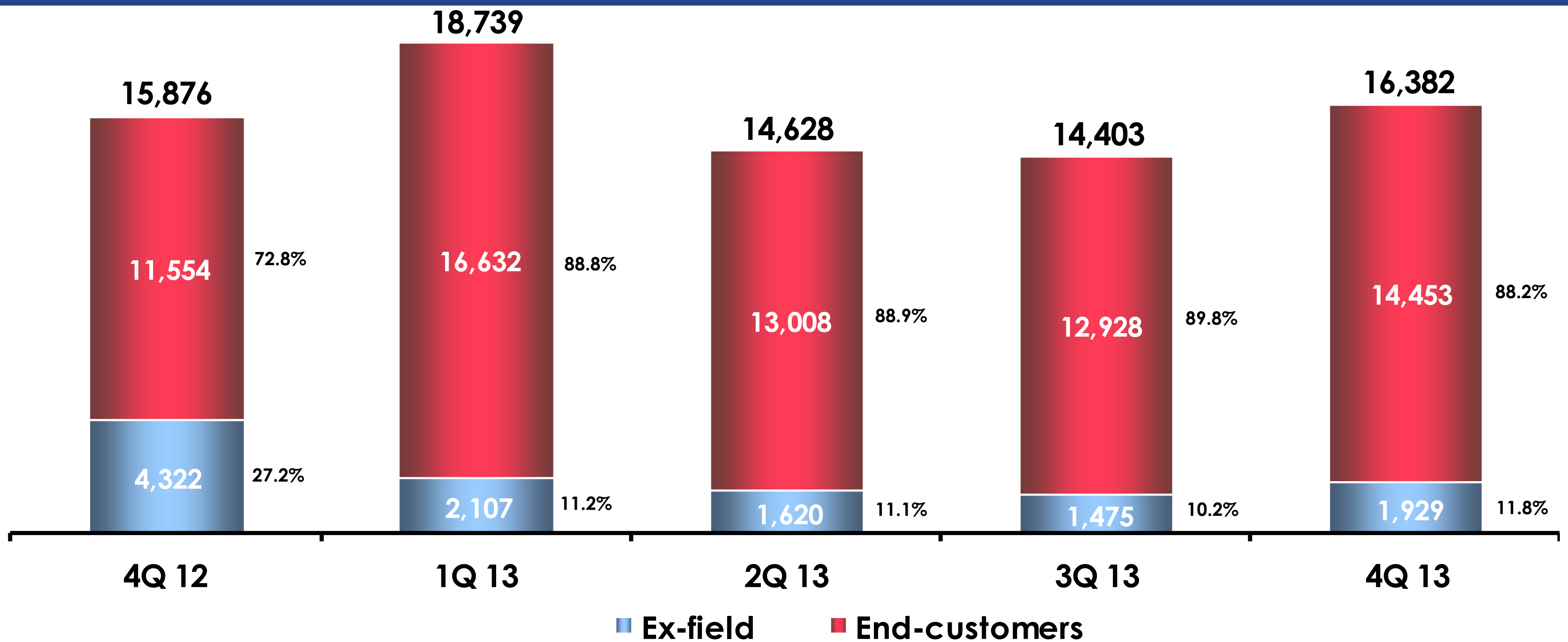
Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y increase in natural gas sales volumes was due to the commencement of purchases from Nortgas in January 2013, increase in purchases from our related parties and an increase in our production, that was partially offset by build-up in inventory balances as at 31 December 2013
- Our proportion of natural gas sold to end-customers increased Y-o-Y due to higher natural gas deliveries to Moscow and the Moscow region through our wholly owned subsidiary NOVATEK Moscow region established in December 2012, as well as to the Kostroma region as a result of the acquisition of a regional natural gas trader Gazprom mezhregiongas Kostroma in December 2012 (NOVATEK-Kostroma since February 2013). In addition, we concluded new gas sales contracts with end-customers in the second half of 2012

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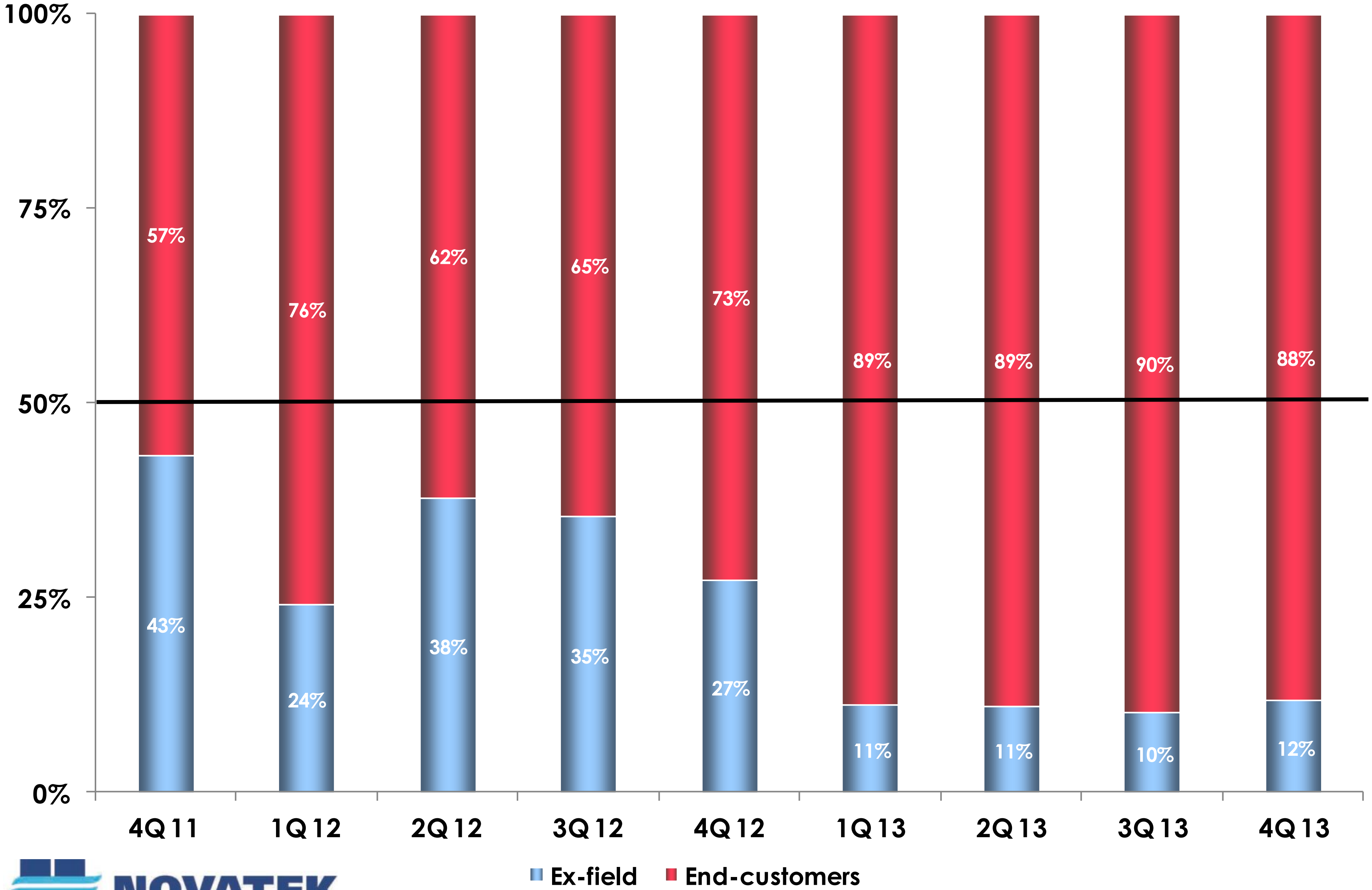
Natural Gas Sales Volume Mix



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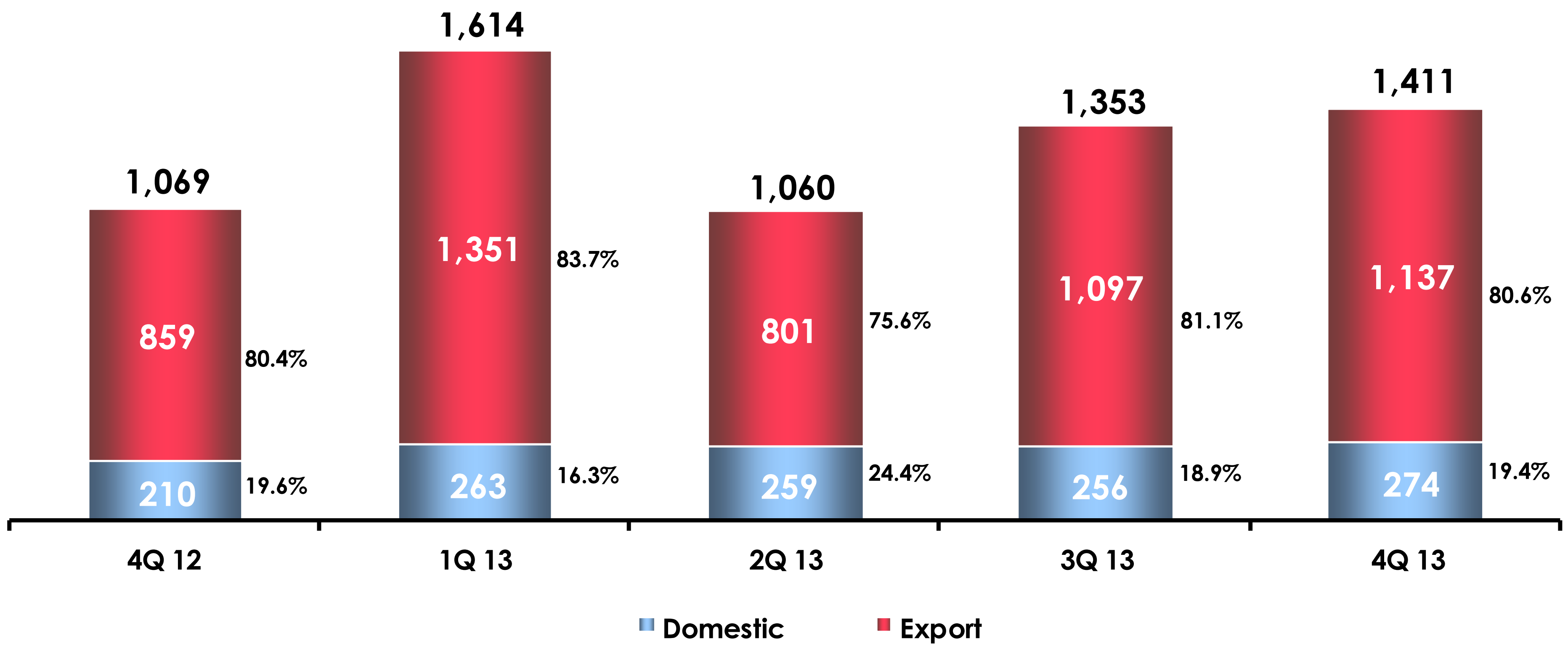
Market Distribution – Liquids Sales Volumes (mt)



Y-o-Y increase in liquids sales volumes was due to an increase in unstable gas condensate production of the Group's joint ventures, and, to a lesser extent, due to a decrease in liquids inventory balance as of year-end 2013 as compared to a significant increase as of year-end 2012

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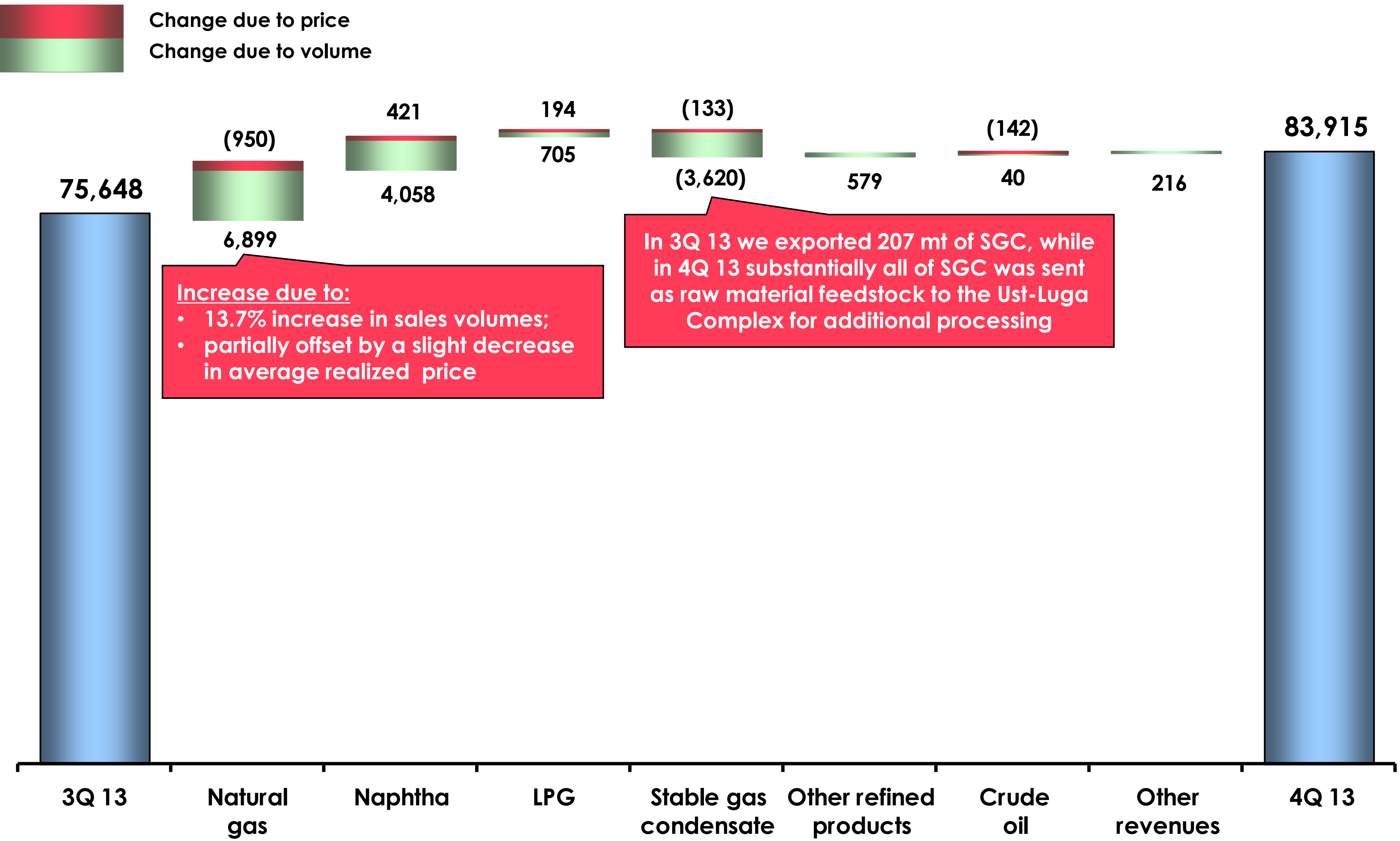
Total Revenues (RR million)



Increase due to:
- 13.7% increase in sales volumes;
- partially offset by a slight decrease in average realized price

In 3Q 13 we exported 207 mt of SGC, while in 4Q 13 substantially all of SGC was sent as raw material feedstock to the Ust-Luga Complex for additional processing

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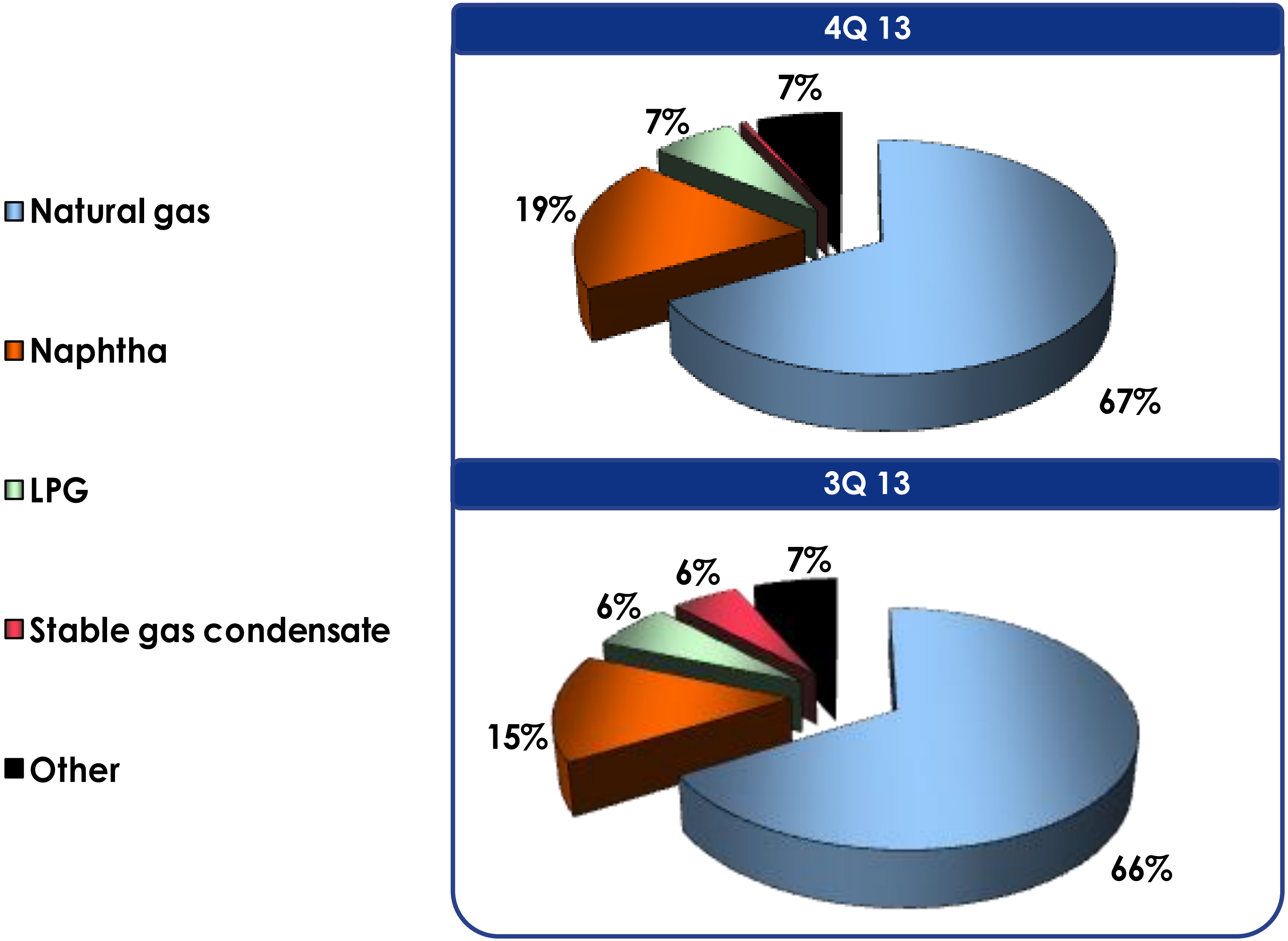
Total Revenues Breakdown



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Realized Hydrocarbon Prices (net of VAT and export duties)

4Q 12	4Q 13	+/(-)	+/(-)%		3Q 13	4Q 13	+/(-)	+/(-)%
				Domestic prices				
2,993	3,610	617	20.6%	**Natural gas end-customers, RR/mcm**	3,659	3,610	(49)	-1.3%
1,644	2,063	419	25.5%	**Natural gas ex-field, RR/mcm**	1,973	2,063	90	4.6%
14,407	13,150	(1,257)	-8.7%	**Stable gas condensate, RR/ton**	13,720	13,150	(570)	-4.2%
15,061	16,067	1,006	6.7%	**LPG, RR/ton**	15,410	16,067	657	4.3%
10,952	12,181	1,229	11.2%	**Crude oil, RR/ton**	13,052	12,181	(871)	-6.7%
				Export market				
16,656	-	n/a	n/a	**Stable gas condensate, RR/ton**	18,119	-	n/a	n/a
-	20,408	n/a	n/a	**Naphtha, RR/ton**	19,859	20,408	549	2.8%
-	22,926	n/a	n/a	**Other gas condensate refined products, RR/ton**	22,386	22,926	540	2.4%
21,622	22,891	1,269	5.9%	**LPG, RR/ton**	21,316	22,891	1,575	7.4%
11,527	12,179	652	5.7%	**Crude oil, RR/ton**	13,023	12,179	(844)	-6.5%

Note: Prices are shown excluding trading activities and excluding natural gas volumes purchased for resale in the location of end-customers in 2012

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Operating Expenses (RR million and % of Total Revenues (TR))

4Q 12	% of TR	4Q 13	% of TR		3Q 13	% of TR	4Q 13	% of TR
17,199	*28.9%*	**26,092**	*31.1%*	Transportation expenses	**25,064**	*33.1%*	**26,092**	*31.1%*
4,452	*7.5%*	**6,534**	*7.8%*	Taxes other than income tax	**5,958**	*7.9%*	**6,534**	*7.8%*
21,651	*36.4%*	**32,626**	*38.9%*	**Non-controllable expenses**	**31,022**	*41.0%*	**32,626**	*38.9%*
3,632	*6.1%*	**3,742**	*4.5%*	General and administrative	**2,610**	*3.5%*	**3,742**	*4.5%*
3,666	*6.2%*	**3,703**	*4.4%*	Depreciation and amortization	**3,589**	*4.7%*	**3,703**	*4.4%*
276	*n/m*	**2,533**	*3.0%*	Net impairment expenses	**14**	*n/m*	**2,533**	*3.0%*
2,078	*3.5%*	**2,491**	*3.0%*	Materials, services & other	**2,248**	*3.0%*	**2,491**	*3.0%*
1,393	*2.3%*	**27**	*n/m*	Exploration expenses	**26**	*n/m*	**27**	*n/m*
(560)	*n/m*	**(977)**	*n/m*	Change in natural gas, liquids and WIP	**(947)**	*n/m*	**(977)**	*n/m*
32,136	*54.1%*	**44,145**	*52.6%*	**Subtotal operating expenses**	**38,562**	*50.9%*	**44,145**	*52.6%*
5,877	*9.9%*	**10,867**	*13.0%*	Purchases of natural gas and liquid hydrocarbons	**8,518**	*11.3%*	**10,867**	*13.0%*
38,013	*64.0%*	**55,012**	*65.6%*	**Total operating expenses**	**47,080**	*62.2%*	**55,012**	*65.6%*

- **Our operating expenses increased Y-o-Y and Q-o-Q primarily due to increases in our transportation expenses and purchases of natural gas and liquid hydrocarbons**
- **Transportation expenses increased Y-o-Y and Q-o-Q due to an increase in natural gas volumes transported and sold, and Y-o-Y also due to a 6.4% average increase in transportation tariffs set by FTS effective 1 August 2013, as well as an increase in average transportation distance due to higher natural gas deliveries to Moscow and the Moscow region, and Vologda and Kostroma regions**
- **Taxes other than income tax increased Y-o-Y and Q-o-Q primarily due to an increase in production volumes, and Y-o-Y also due to 5.6% and 51.7% increases in natural gas production tax rates effective from 1 January 2013 and 1 July 2013, respectively**
- **Our hydrocarbon purchases increased Y-o-Y and Q-o-Q primarily due to an increase in natural gas and unstable gas condensate purchases from our joint ventures, as well as an increase in natural gas purchase from our related parties**
- **Our net impairment expense increased Y-o-Y and Q-o-Q due to the impairment of oil and gas properties and equipment at West-Tazovskoye and Pilyalkinskoye fields**

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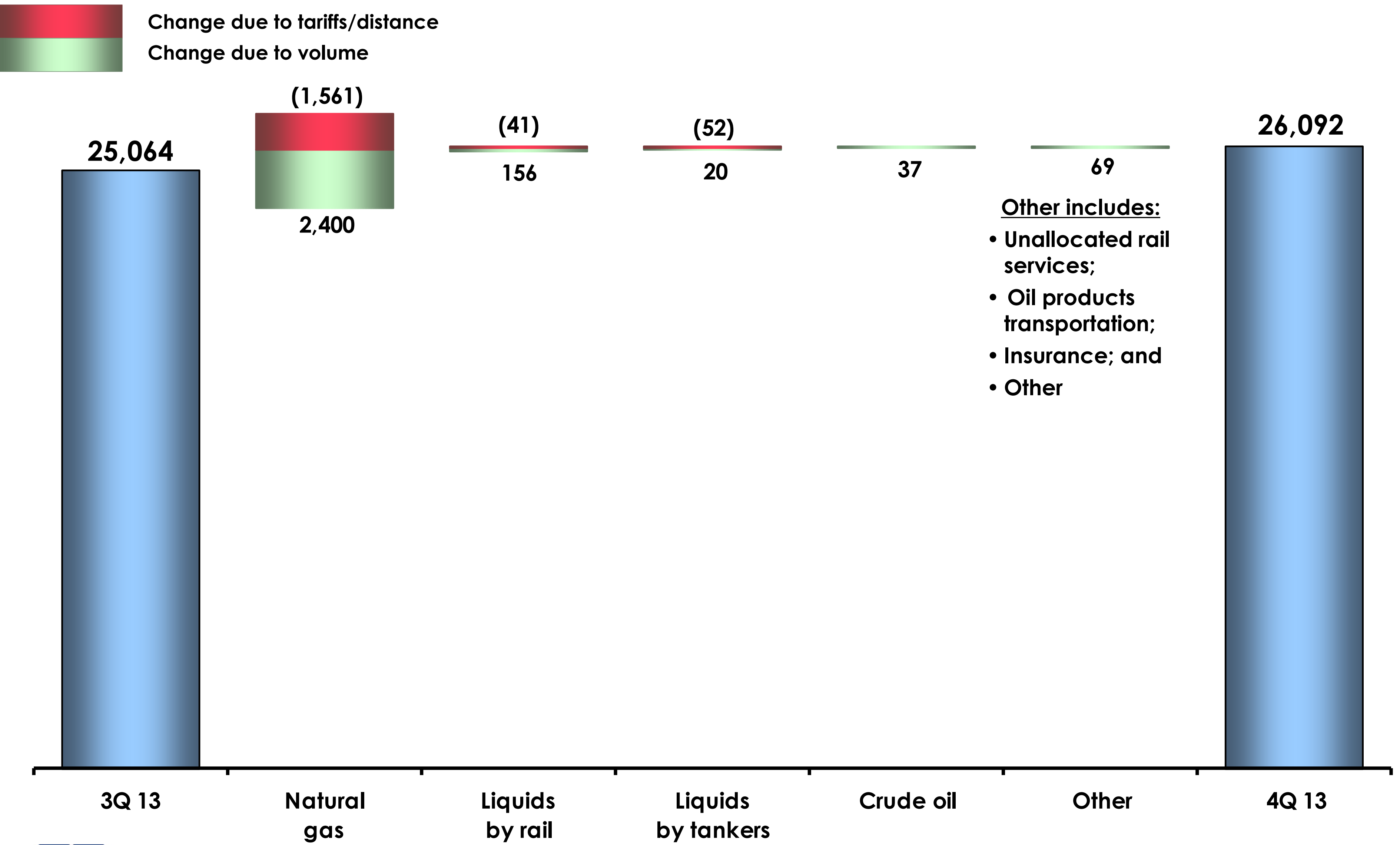
Transportation Expenses (RR million)



Other includes:
- Unallocated rail services;
- Oil products transportation;
- Insurance; and
- Other

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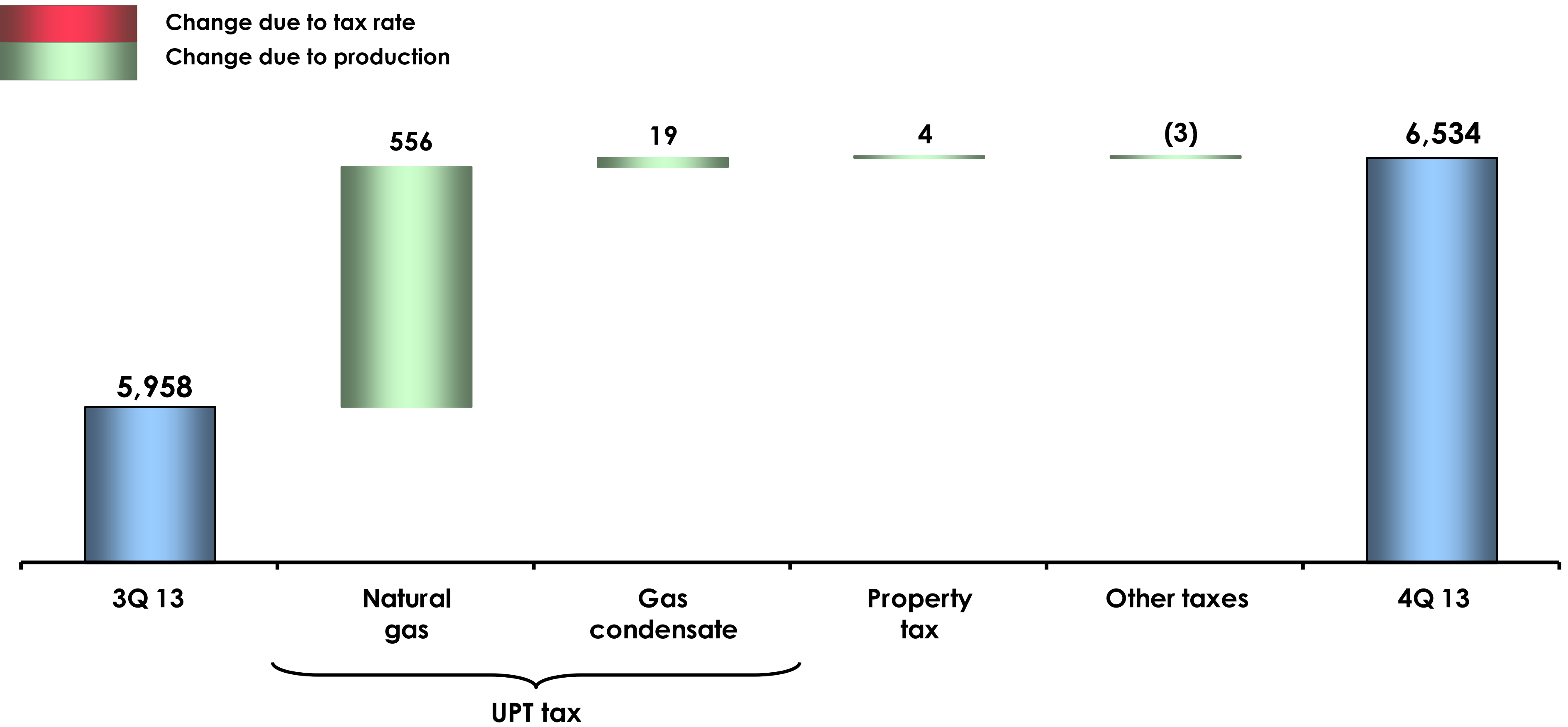
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT expense was primarily due to an 11.2% increase in our natural gas production volumes

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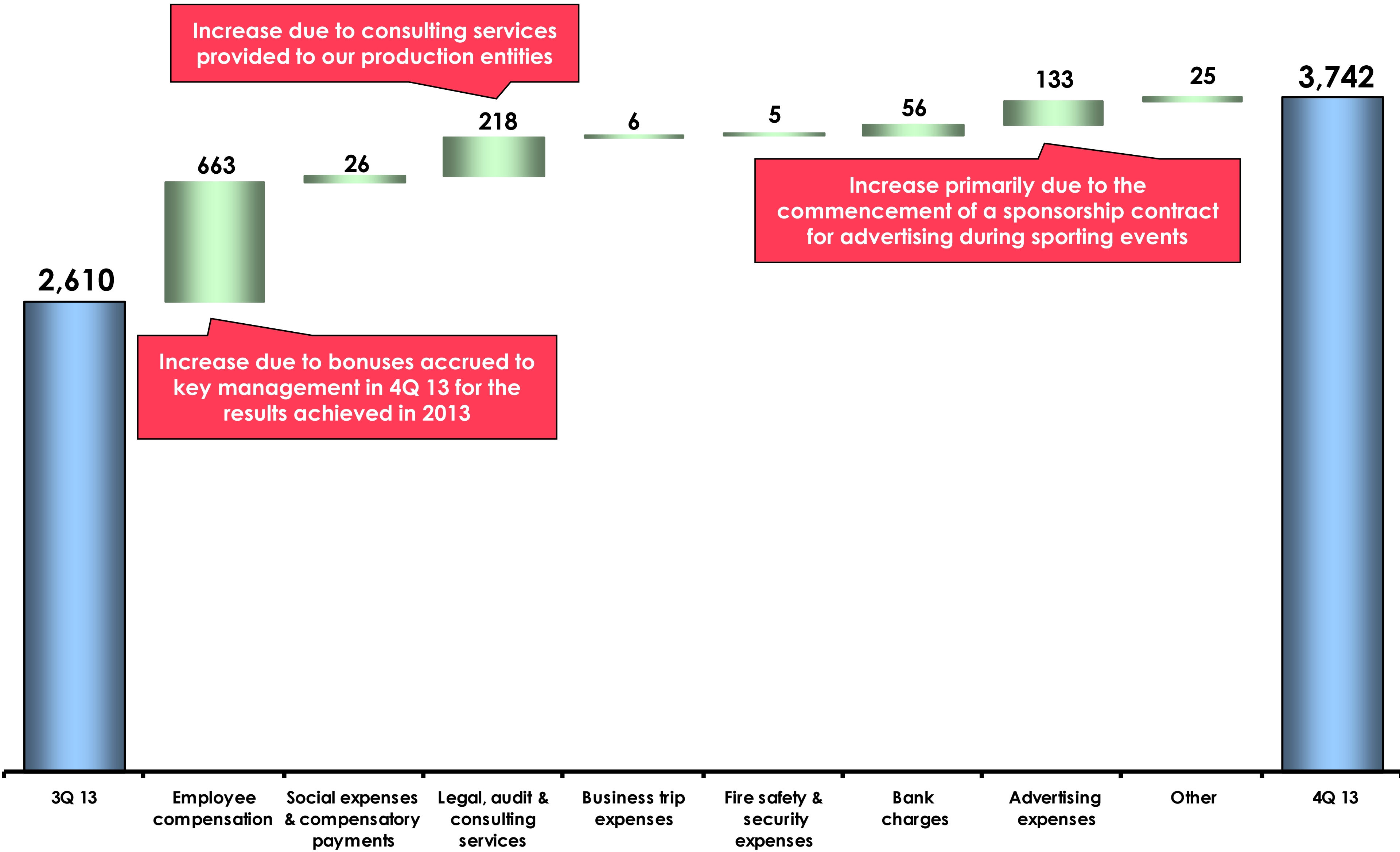
General and Administrative Expenses (RR million)



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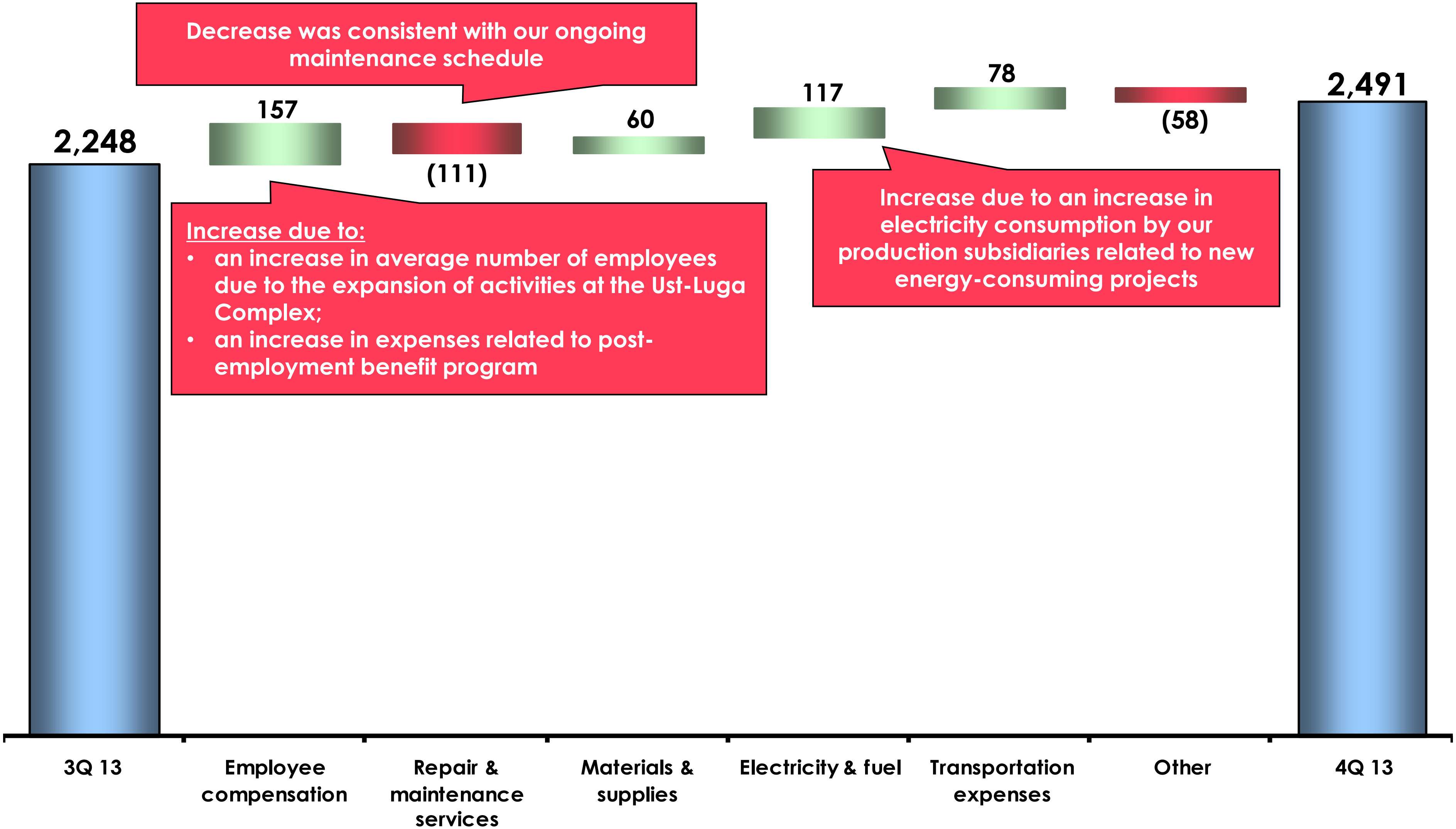
Materials, Services and Other Expenses (RR million)



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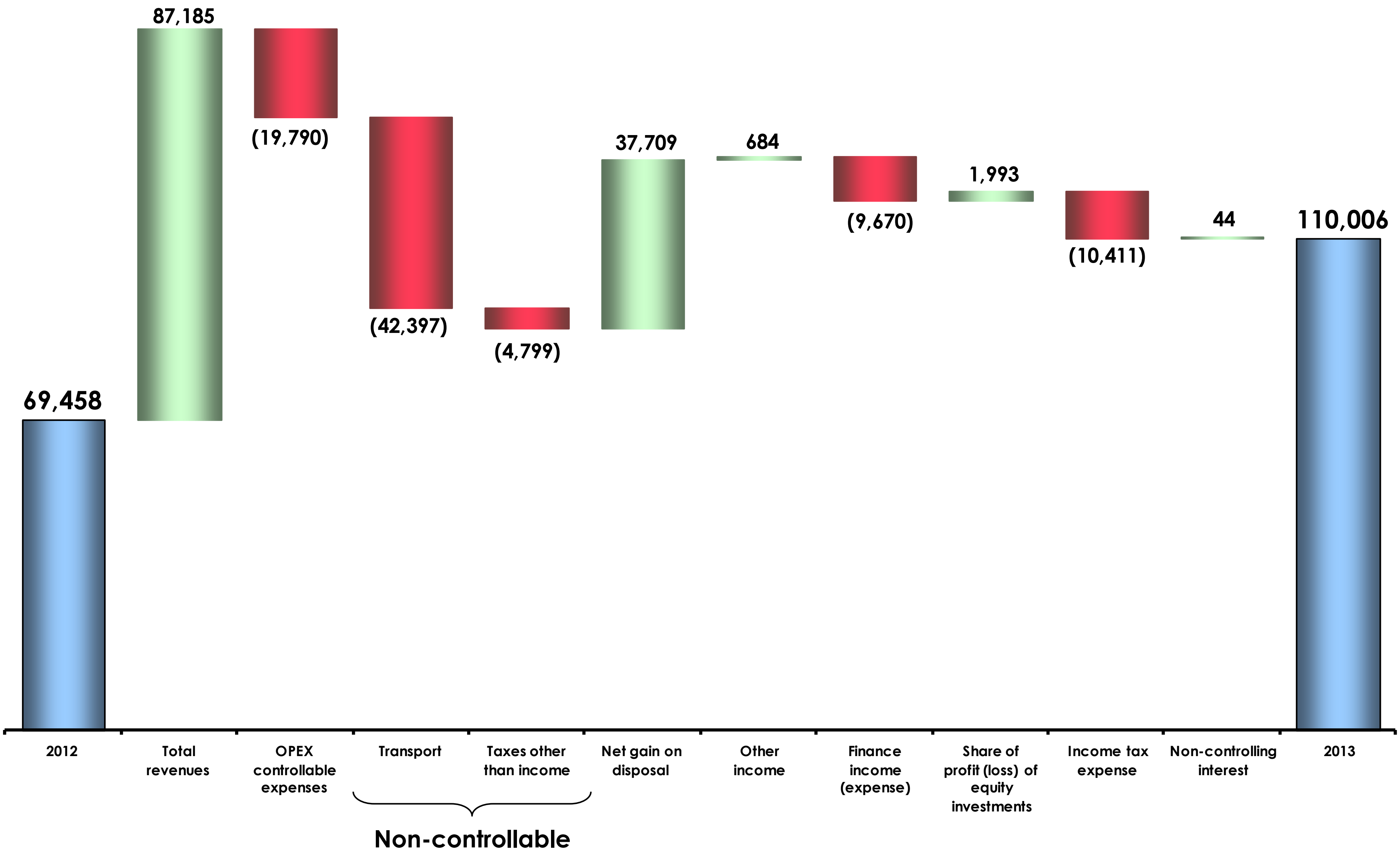
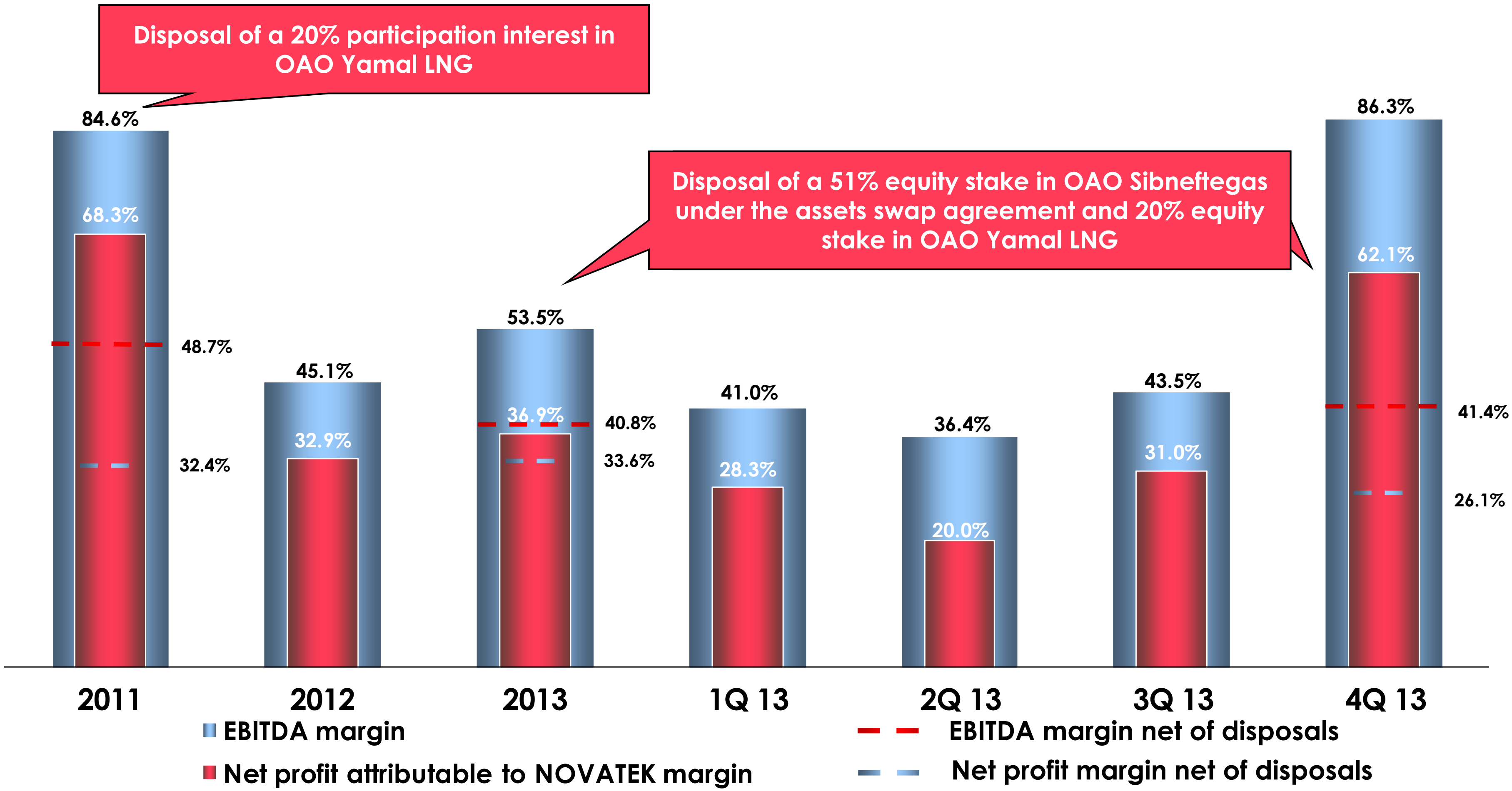
Questions and Answers

Appendices

Profit Attributable to NOVATEK Shareholders (RR million)



Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

Notes:

EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments

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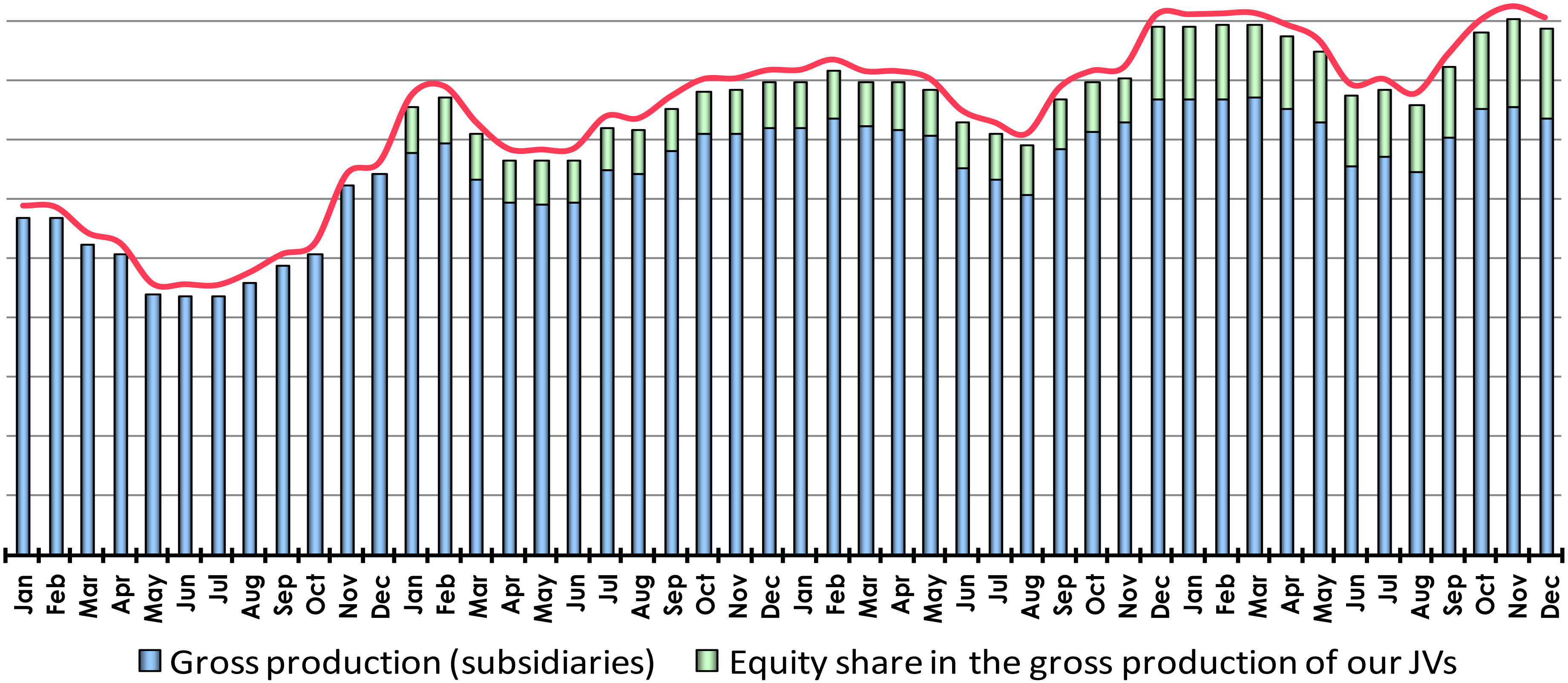
Increasing Natural Gas Production (mmcm per day)



2010 Avg.
103 mmcm/day
3,655 bcf/day

2011 Avg.
147 mmcm/day
5,180 bcf/day

2012 Avg.
157 mmcm/day
5,531 bcf/day

4Q 12 Avg.
166 mmcm/day
5,875 bcf/day

2013 Avg.
170 mmcm/day
6,020 bcf/day

4Q 13 Avg.
178 mmcm/day
6,301 bcf/day

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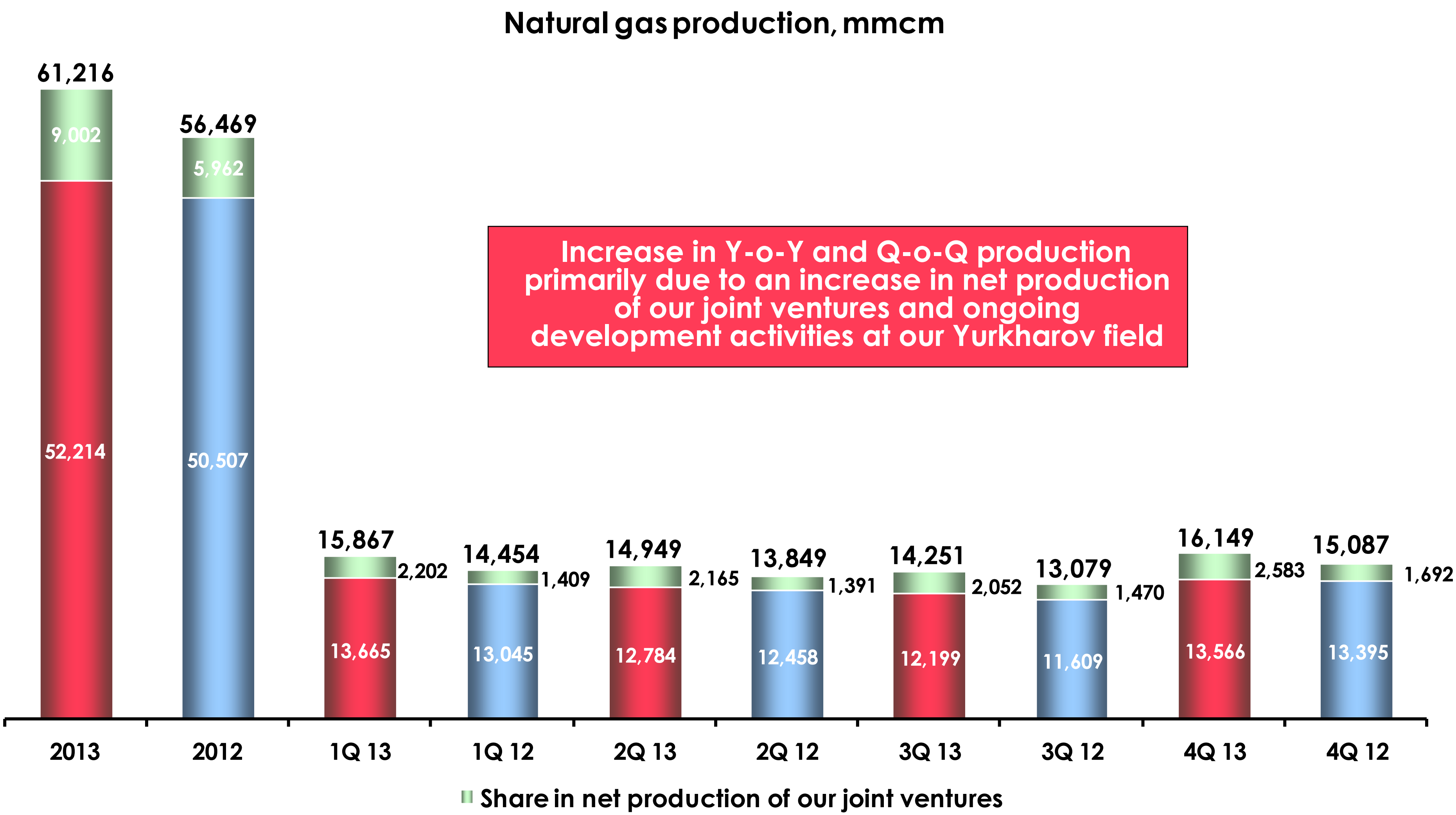
Net Production Y-o-Y and 2012/2013 Quarterly



Note: Net hydrocarbon production includes our proportional share in the production of our joint ventures

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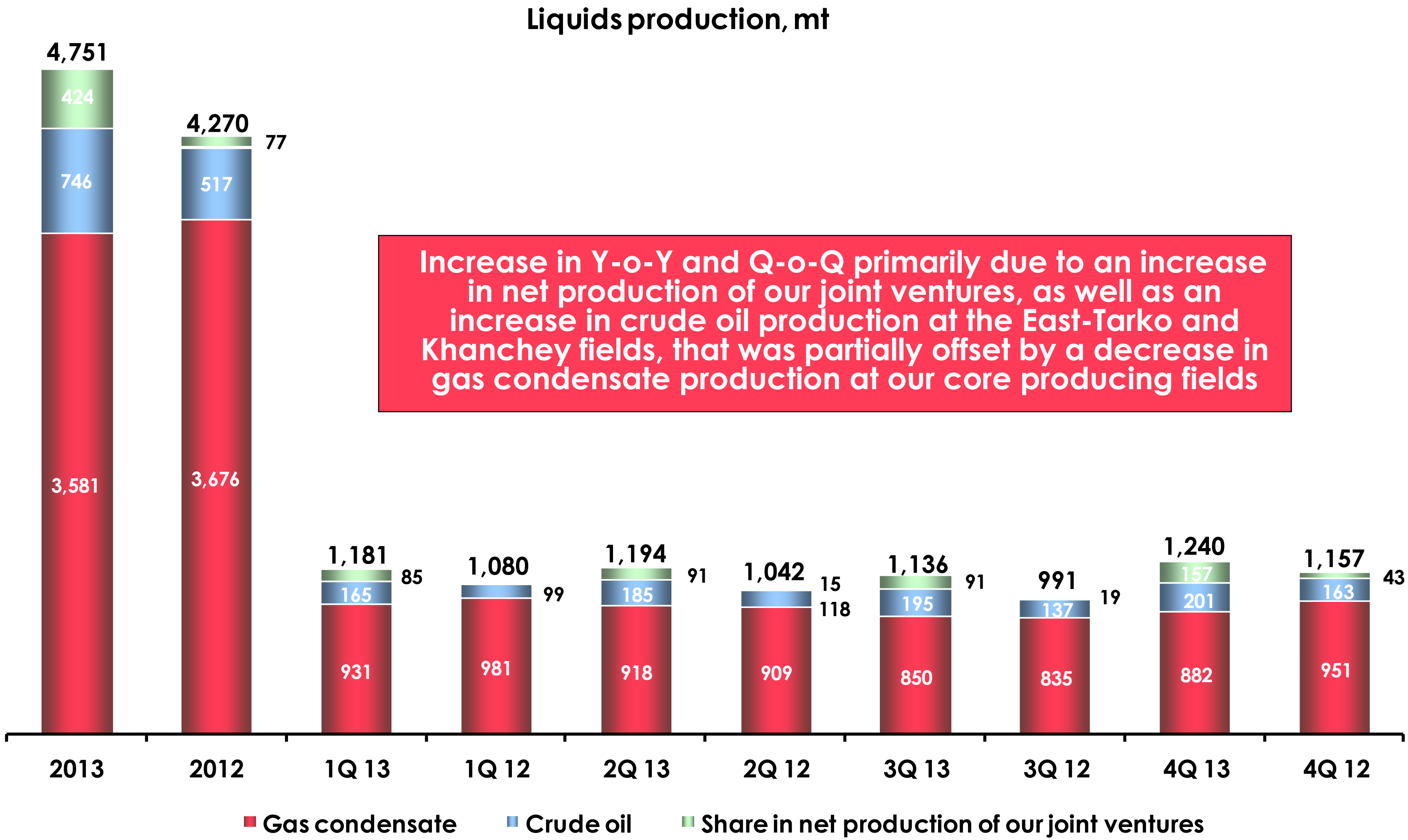
Net Production Y-o-Y and 2012/2013 Quarterly



Note: Net hydrocarbon production includes our proportional share in the production of our joint ventures

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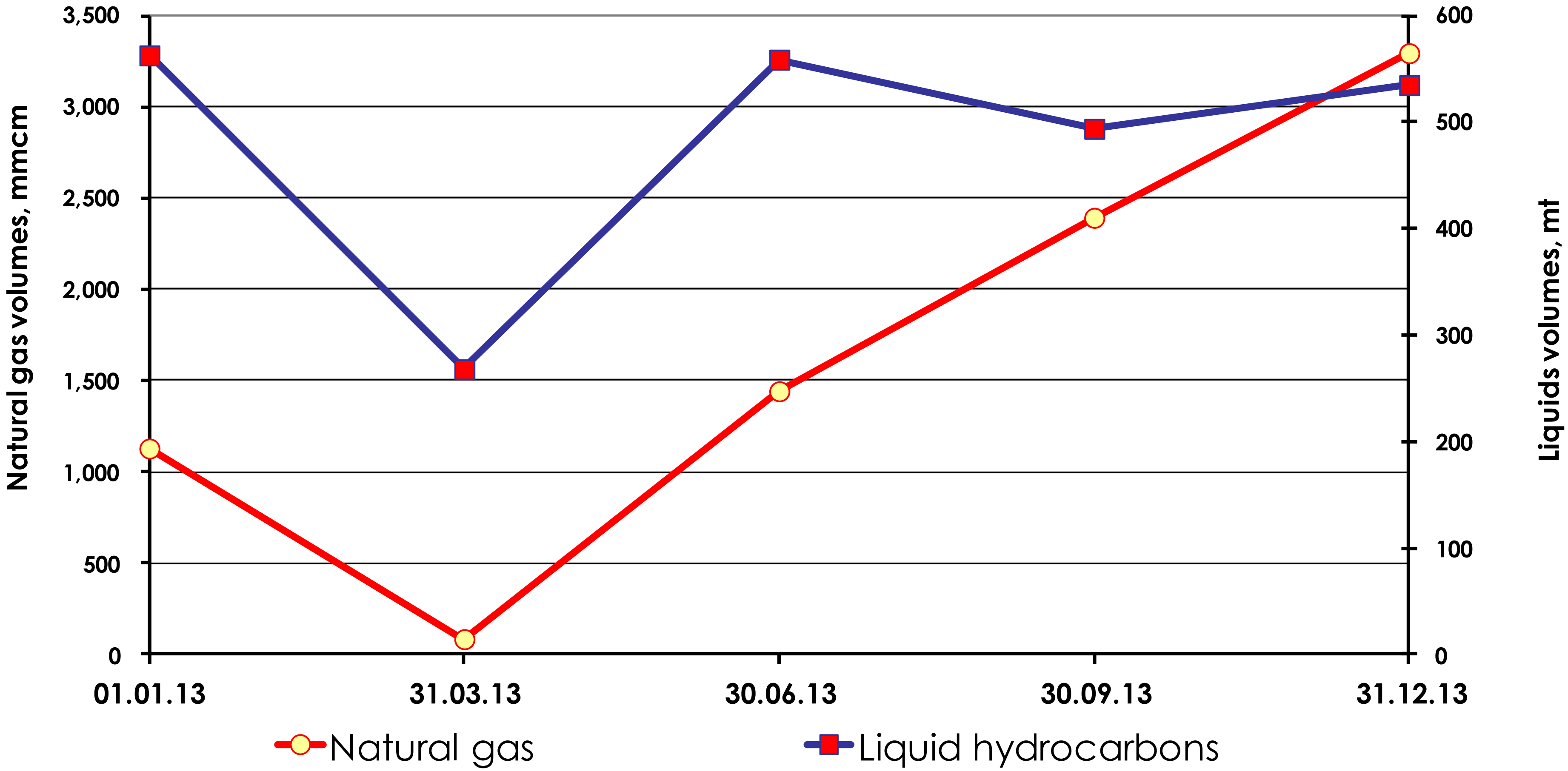
Change in Inventories



The increase in our natural gas inventory balance was caused by an abnormally warm weather in Russia in the fourth quarter of 2013, as well as the planned significant withdrawal of natural gas in the first quarter of 2014 due to contractual obligations

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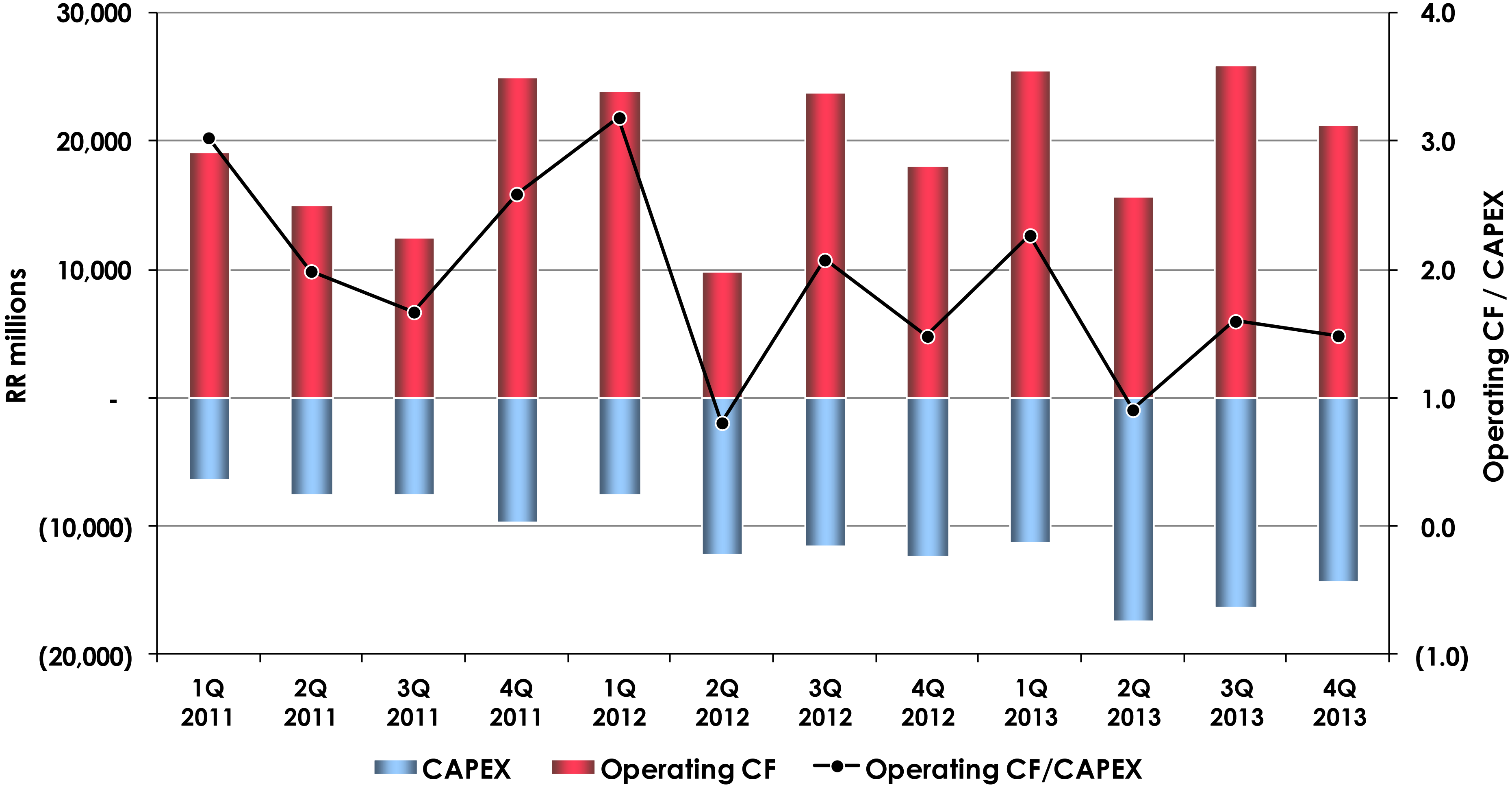
Internally Funded Investment Program



Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows

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