

APPROVED
By Resolution of the Board of Directors
of OAO NOVATEK
Minutes No 168 dated 28 April 2014

REGULATIONS ON DIVIDEND
POLICY OF OAO NOVATEK

1. GENERAL CONDITIONS

- 1.1 These Regulations on Dividend Policy of OAO NOVATEK (hereinafter “the Regulations”) have been developed in accordance with current legislation of the Russian Federation, the Charter and other corporate documents of OAO NOVATEK (hereinafter “the Company”).
- 1.2 The main principle of the Company’s Dividend Policy is judicious distribution of profits with due consideration of the shareholders’ interests and of the investment needs for the development of the Company.
- 1.3 The dividends could be paid for the first six months and twelve months of the financial year.

2. DECISION MAKING ON DIVIDEND PAYMENT

- 2.1 Dividend payments are preliminarily reviewed by the Strategy Committee of the Board of Directors (hereinafter “the Committee”) based on the Management Board’s proposals. The Committee’s decision on the amount and procedure of dividend payment is forwarded to the Board of Directors in a form of recommendations.
- 2.2 The Board of Directors, with consideration of the recommendations received from the Committee and sections 4 and 5 of the Regulations, approves a decision to recommend the amount, form, procedure and period of dividend payment.
- 2.3 The decision on dividend payment (declaration) is made by the General Meeting of Shareholders in accordance with the procedure set forth by current legislation of the Russian Federation, the Charter and other corporate documents of the Company.

3. SOURCES OF DIVIDEND PAYMENT

- 3.1 Dividends are paid out of the Company’s net profit (including, if necessary, retained net profit of previous years) according to the accounting statements prepared to the Russian accounting standards, as well as out of other sources set forth by current legislation of the Russian Federation.

4. AMOUNT OF DIVIDENDS

- 4.1 When deciding on the recommended amount of dividends to be distributed the Board of Directors bases this decision on the premise that the total dividend payment shall not be less than 30% of the consolidated net profit to the International Financial Reporting Standards (IFRS) adjusted if necessary according to paragraph 4.2 of the Regulations.
- 4.2 Consolidated net profit under IFRS used for defining the amount of dividends could be adjusted for one-off profits (losses) not related to current operating activities of the Company. Adjustment could be made if: a) the value of one-off profits (losses) exceeds 15% of the consolidated net profit for the first six months of the financial year, multiplied by two, or 15% of the consolidated net profit for the twelve months of the financial year; and b) the value of one-off profits (losses) is separately disclosed in the notes to the consolidated financial statements of the Company under IFRS. If a decision was made to

adjust net profit for the dividend payment based on the first six months results, similar adjustment should be applied to net profit for the dividend payment based on the twelve months results.

- 4.3 In accordance with current legislation of the Russian Federation, the amount of funds allocated for dividend payment cannot exceed in any case the size of sources from which the payment of dividends is made.
- 4.4 In determining the recommended amount of dividends for the twelve months of the financial year, the amount calculated in accordance with paragraphs 4.1 and 4.2 of the Regulations should be reduced by the amount of dividends declared for the first six months of the financial year. If the result is negative, the Board of Directors recommends the General Meeting of Shareholders not to pay dividends for the twelve months of the financial year.
- 4.5 The amount of dividends per one ordinary share is determined by dividing the total amount of dividends calculated in accordance with paragraphs 4.1-4.4 by the total number of issued ordinary shares of the Company.
- 4.6 In determining the recommended amount of dividend payments to be distributed the Board of Directors consider the current competitive and financial position of the Company, as well as its development prospects, including operating cash flow and capital expenditure forecasts, financing requirements, debt servicing and other such factors as it may deem relevant to maintaining financial stability and flexible capital structure of the Company. Based on the above-mentioned factors, the Board of Directors may recommend to the General Meeting of Shareholders not to pay dividends or to allocate for dividend payment the sum determined otherwise than in accordance with paragraphs 4.1-4.4. of the Regulations.

5. PRINCIPAL CONDITIONS OF DIVIDEND PAYMENT

Dividends on shares shall be paid under the following conditions:

- 5.1 The Company has consolidated net profit under IFRS, adjusted if necessary in accordance with paragraph 4.2 of the Regulations.
- 5.2 There are no restrictions on dividend payment set forth by current legislation of the Russian Federation.
- 5.3 The General Meeting of Shareholders approved dividend payment (declaration).

6. DIVIDENDS PAYMENT PROCEDURE AND PERIOD

- 6.1 Procedure and period of dividend payment are decided by the General Meeting of Shareholders subject to the provisions of the Federal Law on Joint Stock Companies.
- 6.2 The Company shall not be responsible for omission of dividends and/or late payment of dividends in case of incorrect and incomplete registration postal and banking details of the registered person and absence of a timely received information regarding changes in the data necessary for dividend payment (transfer) indicated in the register of shareholders.