



Flame 2008: Russia & The Caspian

Russia's Future Supply/Demand



Mark A. Gyetvay, Chief Financial Officer and member of the Board of Directors
Hotel Okura, Amsterdam
4 March 2008

Supply and Demand – A tight balancing act

This presentation is strictly confidential to the recipient, may not be distributed to the press or any other person, and may not be reproduced in any form. Failure to comply with this restriction may constitute a violation of applicable securities laws.

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of OAO Novatek ("Novatek") or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This presentation has been prepared by Novatek solely for use at the investor presentation held in connection with the possible offering of shares in Novatek (the "Offering") by Novatek's shareholder (the "Selling Shareholder"). Any purchase of shares in Novatek in the Offering should be made solely on the basis of information contained in the final prospectus and any supplemental prospectus to be published in respect of the Offering. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Selling Shareholder or Novatek or any of their affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation is only for persons having professional experience in matters relating to investments and must not be acted or relied on by persons who are not Relevant Persons (as defined below). Solicitations resulting from this presentation are available only to and will only be responded to if the person concerned is a Relevant Person.

This presentation is not for distribution in, nor does it constitute an offer of securities for sale in Canada, Australia, Japan or in any jurisdiction where such distribution or offer is unlawful. Neither the presentation nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions or to any US person as defined in Regulation S under the US Securities Act 1933, as amended (the "Securities Act"). Any failure to comply with this restriction may constitute a violation of United States securities laws. The presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Novatek has not registered and does not intend to register any portion the Offering in the United States or to conduct a public offering of any securities in the United States.

This presentation is made to and directed only at persons (i) outside the United Kingdom or (ii) in the United Kingdom having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 (the "Order") (such persons being referred to as "Relevant Persons").

Nothing in this presentation constitutes an offer to sell, or solicitation of an offer to buy or otherwise transfer, GDRs or other securities of a foreign issuer to or for the benefit of any persons (including commercial and municipal entities) that are resident, organized, registered, established or having their usual residence or place of business in the Russian Federation or to any person located within the territory of the Russian Federation.

FORWARD-LOOKING STATEMENTS

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:

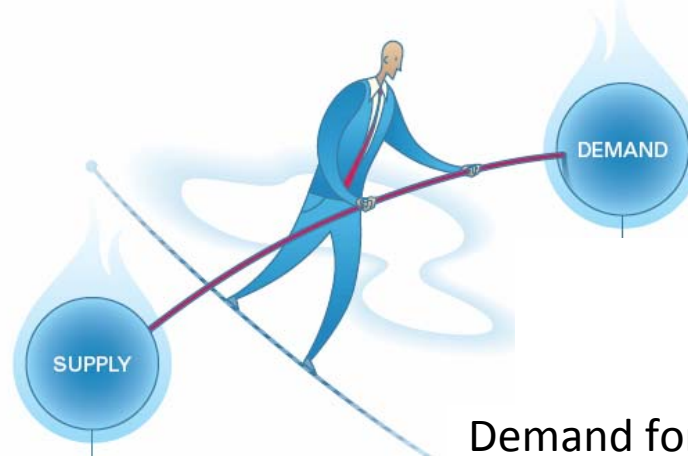
- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our 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. By participating in this presentation or by accepting any copy of this document, you agree to be bound by the foregoing limitations.

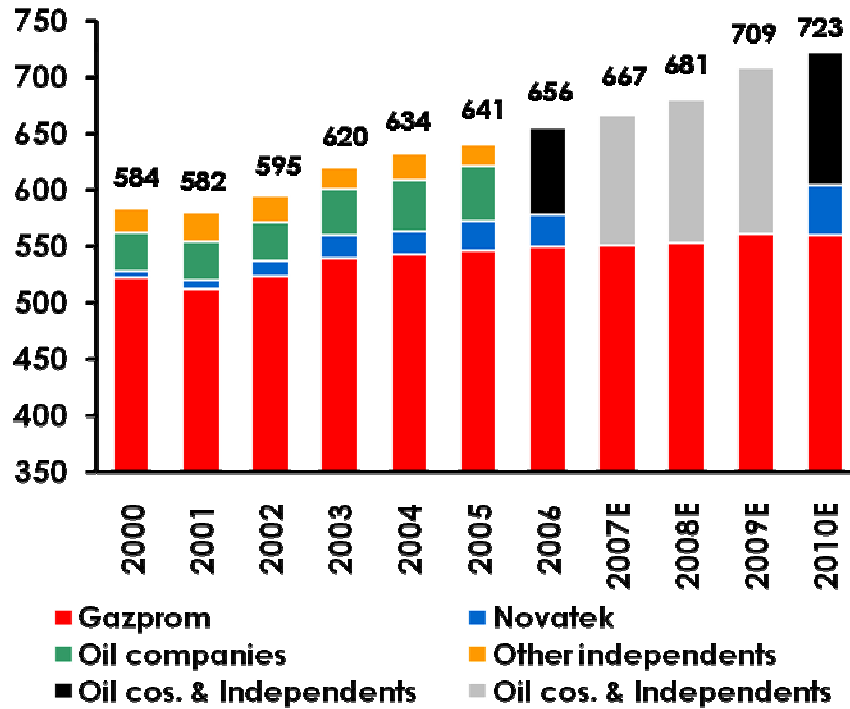
Supply and Demand – A tight balancing act

Slower to respond due to complexity of production, delivery and storage



Can move quickly and dramatically, due to weather, economic activity and large volume customers (such as power generators)

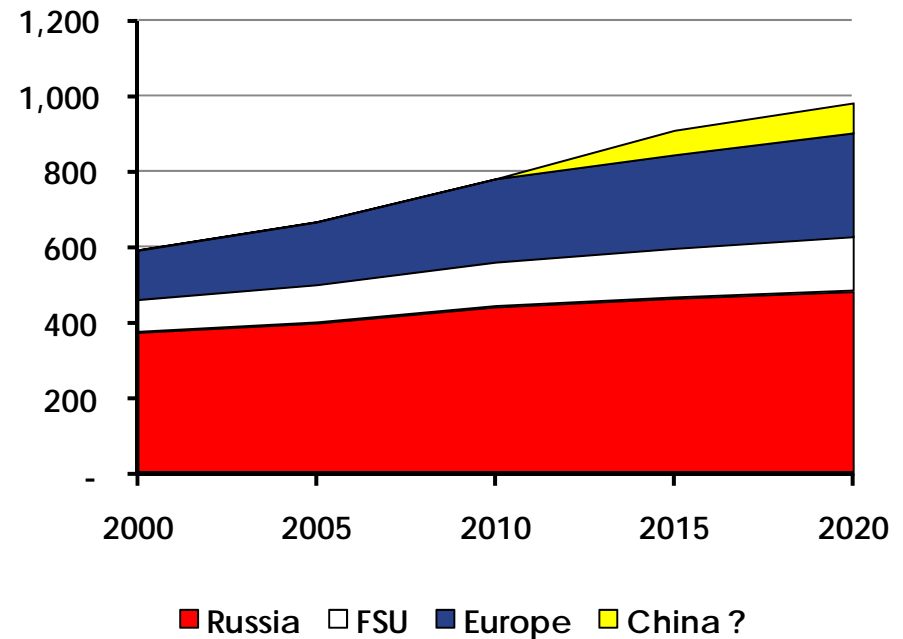
Russian Gas Supply, bcm



- Gazprom
- Oil companies
- Oil cos. & Independents
- Novatek
- Other independents
- Oil cos. & Independents

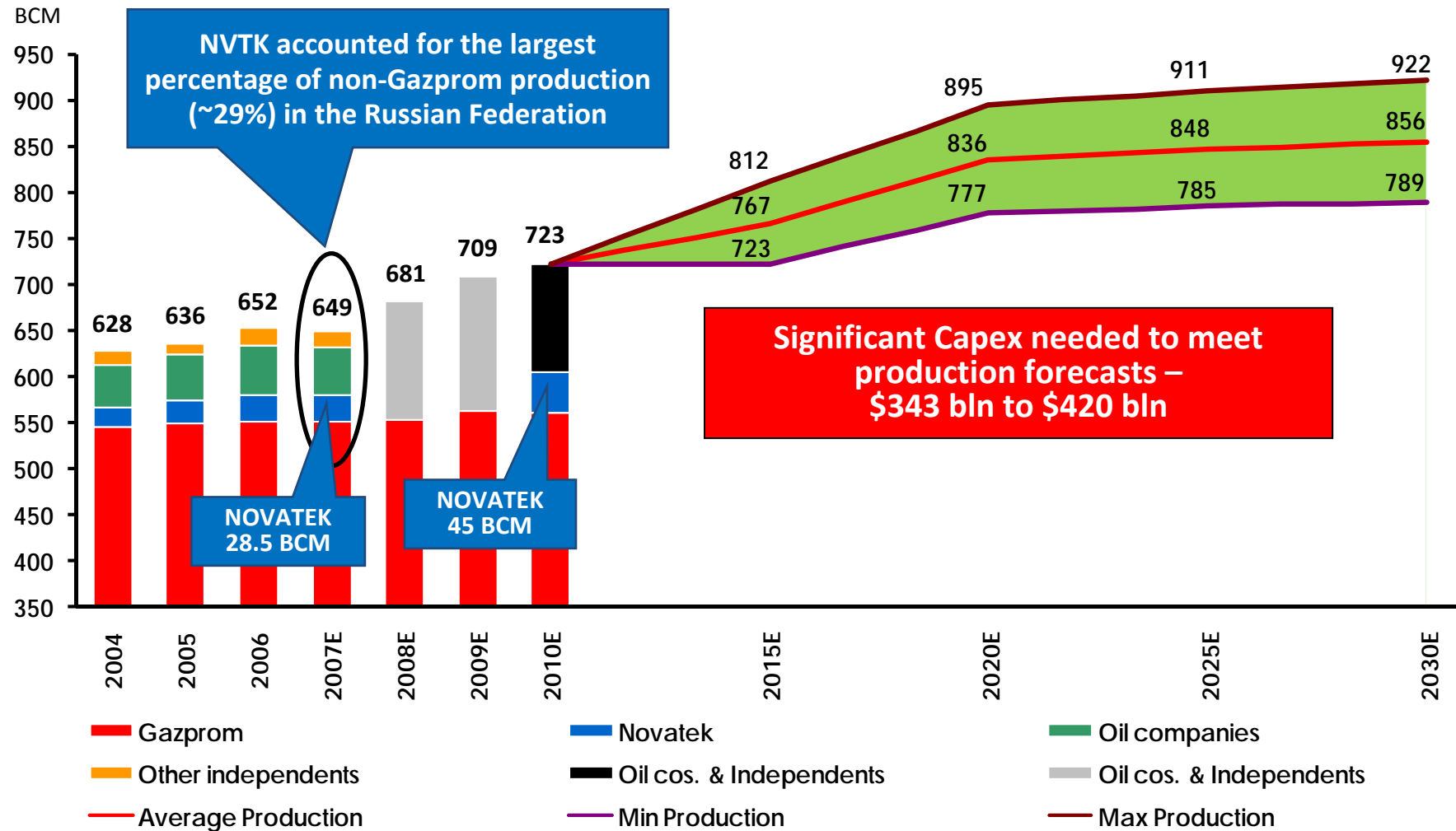
Source: UBS, "Russian Gas" July 2006; Company estimates

Demand for Russian Gas, bcm



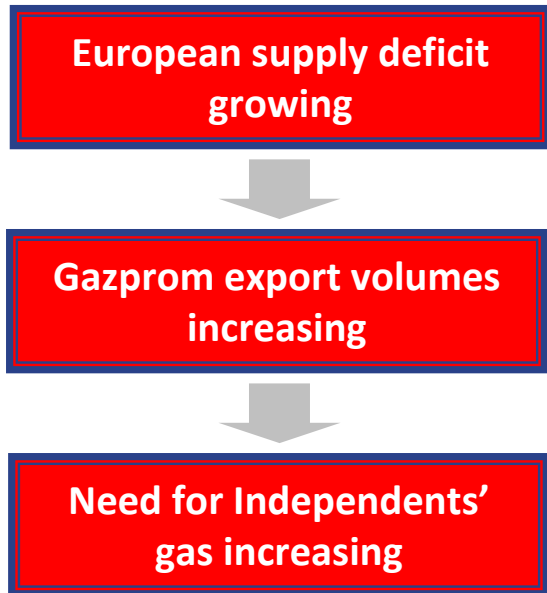
Source: Lambert Energy Advisory; RF supply estimates to China,

Russian natural gas production and forecasts

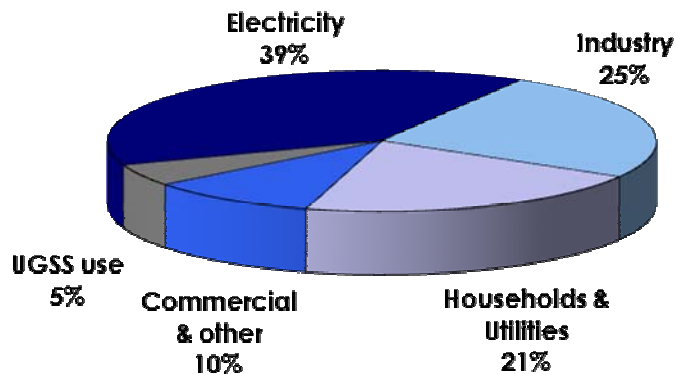


Source: UBS, "Russian Gas" July 2006, Russian Energy Strategy, 2007 and Company Data

Growing market share for independents

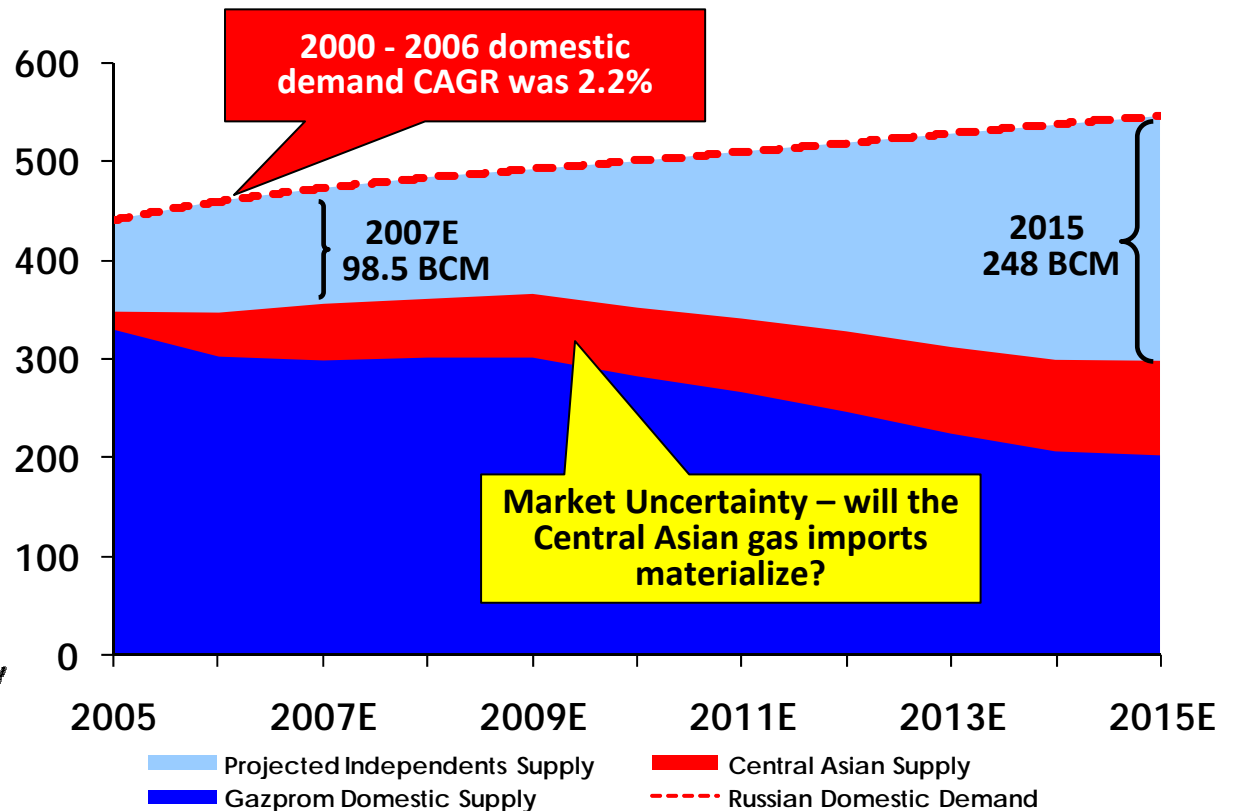


Gas consumption (%), 2007E



Source: Company estimates

Russian Gas Market: Demand, Supply, BCM

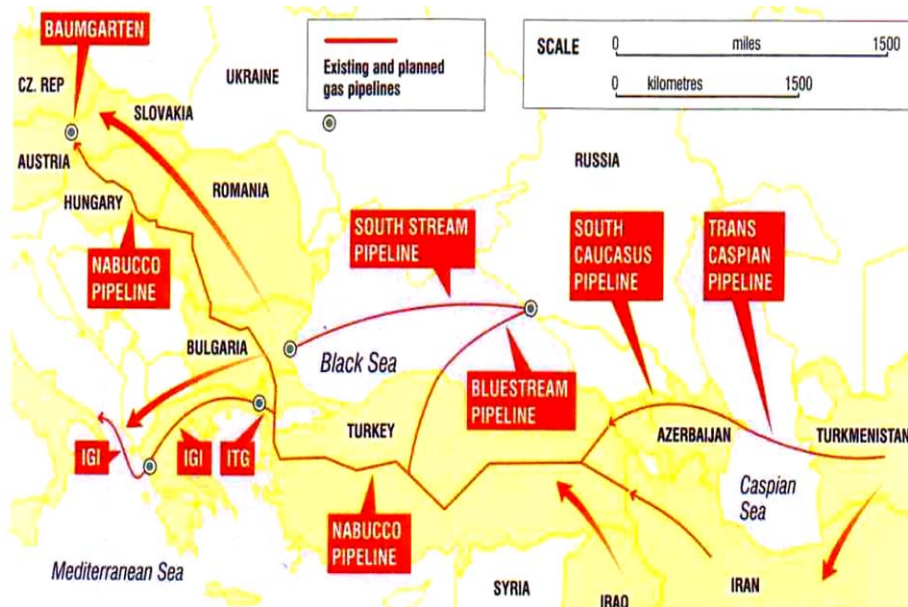


Source: UBS, "Russian Gas" July 2006

- Domestic demand has been significantly underestimated
- Forecasted demand growth of 2.0% to 2.5% per annum

Multiple natural gas flows – West and East

South Stream, Nabucco and others



Russian gas-export capacity to Europe (Pipeline)

Existing	Capacity (bcm/yr)	Distance ('000 km)	Start-up (Year)
Via Ukraine	120	>5.00	1967-83
Via Belarus ¹	15	4.20	1961-83
Yamal-Europe	33	4.20	1996-06
Blue Stream	16	0.40 ²	2003
Planned			
Nord Stream	55	1.20 ²	2010
South Stream	31	>0.85 ²	TBC ³

Source: Petroleum Economist, January 2008; Gazexport; Gas Matters

Notes:

1. Excluding Yamal-Europe; 2. Sub-sea section; 3. Within three years of approval

Major gas pipelines & LNG terminals - China

