



FOR IMMEDIATE RELEASE

**NOVATEK ANNOUNCES CONSOLIDATED IFRS RESULTS
FOR FIRST QUARTER 2014**

Moscow, 29 April 2014. OAO NOVATEK today released its consolidated interim condensed financial information as of and for the three months ended 31 March 2014 prepared in accordance with International Financial Reporting Standards (“IFRS”).

IFRS Financial and Operational Highlights
(in millions of Russian roubles)

	1Q 2014	1Q 2013
Oil and gas sales	88,533	80,448
Other revenues	143	117
Total revenues	88,676	80,565
Operating expenses	(53,875)	(51,056)
Net gain on disposal of interests in joint ventures	2,623	-
Other operating income (loss)	(41)	691
Profit from operations	37,383	30,200
Normalized EBITDA of subsidiaries*	38,967	32,857
Normalized EBITDA including share in EBITDA of joint ventures*	42,979	34,860
Finance expense	(4,320)	(1,924)
Share of profit (loss) of joint ventures, net of income tax	(1,762)	163
Profit before income tax	31,301	28,439
Profit	25,109	22,813
Profit attributable to OAO NOVATEK shareholders	25,115	22,826
Normalized Profit attributable to OAO NOVATEK shareholders*	23,016	22,826
Basic and diluted earnings per share (in Russian roubles)	8.30	7.53
Normalized basic and diluted earnings per share* (in Russian roubles)	7.60	7.53

* Excluding the effect from disposal of interests in joint ventures.

In the first quarter 2014, our total revenues increased by 10.1% to RR 88.7 billion compared to RR 80.6 billion in the corresponding period of 2013. The growth was mainly due to an increase in average prices for natural gas and liquid hydrocarbons partially driven by the start of sales of higher value added products following the launch of the Ust-Luga Gas Condensate Fractionation and Transshipment Complex.

The Company's Normalized EBITDA inclusive of subsidiaries (adjusted for the gain on disposal of a 20% share in Artic Russia B.V.) amounted to RR 39.0 billion, representing a 18.6% increase compared to the first quarter 2013. The Normalized EBITDA including our respective share in the EBITDA of joint ventures increased by 23.3% as compared to the first quarter 2013 to RR 43.0 billion.

The growth in our Normalized EBITDA including our respective share in the EBITDA of joint ventures was positively impacted by higher liquids sales margins due to the launch of the Ust-Luga Complex, significant increase in natural gas and gas condensate production at the North-Urengoykoye field of the Nortgas joint venture and oil production growth at the East-Tarkosalinskoye field, as well as an increase in the Company's share in the SeverEnergiya joint venture. The Company's divestment of its share in the Sibneftegas joint venture in December 2013 produced a negative impact on our EBITDA.

In the first quarter 2014, Normalized Profit attributable to NOVATEK shareholders (adjusted for the effect on disposal of the share in Artic Russia B.V.), increased by 0.8% to RR 23.0 billion, or RR 7.60 per share. Our profit dynamics was negatively impacted by a non-cash foreign exchange loss (including a loss recorded at the joint ventures level) due to the significant depreciation of the Russian ruble against the US dollar in the first quarter 2014. Net of this non-cash foreign exchange loss our Normalized Profit increased by 23.7%.

Selected Operating Highlights

Production and Purchased Volumes	1Q 2014	1Q 2013
Natural gas production by subsidiaries, million cubic meters (mmcm)	13,398	13,665
Natural gas purchases from joint ventures, mmcm	284	1,953
Other purchases of natural gas, mmcm	1,677	2,114
Total natural gas production and purchases, mmcm	15,359	17,732
Liquids production by subsidiaries, thousand tons (mt)	1,094	1,096
Liquids purchases from joint ventures, mt	496	239
Other purchases of liquids, mt	7	2
Total liquids production and purchases, mt	1,597	1,337

Sales Volumes	1Q 2014	1Q 2013
Natural gas, mmcm	17,772	18,739
including sales to end-users, mmcm	16,677	16,632
Stable gas condensate products, mt	965	-
Liquefied petroleum gas, mt	351	265
Crude oil, mt	195	137
Stable gas condensate, mt	32	1,210
Other oil products, mt	2	2

In the first quarter 2014, our natural gas sales volumes decreased to 17.8 billion cubic meters (bcm), or by 5.2%, as compared with the corresponding period in 2013, mainly due to the termination of natural gas purchases from the Sibneftegas joint venture. As at 31 March 2014, the total amount of natural gas recorded as inventory aggregated 837 mmcm as compared to 3,296 mmcm at the end of 2013.

Liquid hydrocarbon sales volumes aggregated 1,545 thousand tons in the first quarter 2014 representing a decrease of 4.3% as compared with the first quarter 2013 due to a decrease in our liquid inventory balances in the first quarter 2013, which was largely offset by an increase in production and purchases of liquid hydrocarbons in the first quarter 2014 by 19.4% as compared to the first quarter 2013. As at 31 March 2014, 434 thousand tons of stable gas condensate and oil products were in transit or storage and recognized as inventory.

Selected Balance Sheet Items
(in millions of Russian roubles)

	31 March 2014	31 December 2013
ASSETS		
Non-current assets	487,949	515,569
Property, plant and equipment	253,343	243,688
Investments in joint ventures	175,954	210,066
Total current assets	134,958	82,426
Total assets	622,907	597,995
LIABILITIES AND EQUITY		
Non-current liabilities	192,088	165,065
Long-term debt	166,812	141,595
Current liabilities	33,804	59,873
Total liabilities	225,892	224,938
Equity attributable to OAO NOVATEK shareholders	394,271	370,198
Non-controlling interest	2,744	2,859
Total equity	397,015	373,057
Total liabilities and equity	622,907	597,995

The full set of consolidated interim condensed IFRS financial information, the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations are available on the Company's web site (www.novatek.ru).

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OAO NOVATEK is Russia's largest independent gas producer and the second-largest natural gas producer in Russia. Founded in 1994, the Company is engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons. The Company's upstream activities are concentrated in the prolific Yamal-Nenets Autonomous Region, which is the world's largest natural gas producing area and accounts for approximately 90% of Russia's natural gas production and approximately 17% of the world's gas production. NOVATEK is an open joint stock company established under the laws of the Russian Federation. The Company's shares are listed in Russia on Moscow Exchange (MOEX) and the London Stock Exchange (LSE) under the ticker symbol «NVTK».