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NOVATEK and TOTAL Sign Sale Agreement for Arctic LNG 2 Stake

Moscow 5 March 2019. PAO NOVATEK (“NOVATEK” and/or the “Company”) and TOTAL S.A. signed a Sales and Purchase Agreement (“Agreement”) in relation to the sale of a 10% participation interest in the Arctic LNG 2 project (the “Project”), within the binding agreement, signed at the 22nd Saint Petersburg International Economic Forum in May 2018. The transaction will be closed by the end of first quarter 2019.

The Arctic LNG 2 project has made significant development progress since May 2018. Front-end engineering and design (“FEED”) work has been completed in October confirming the preliminary cost estimates between \$20 billion and \$21 billion. Moreover, additional exploration drilling confirmed significant reserve growth at the Project’s Utrenneye field, and accordingly, the Russian state reserves commission subsequently increased the field’s natural gas reserves to approximately two trillion cubic meters under the Russian reserves classification.

Total consideration includes a payment for the 10% participation interest as well as financing for the Project through the capital of Arctic LNG 2.

“We have worked closely with TOTAL for many years and have built a good working relationship based on mutual trust and respect. We are pleased to further develop our successful cooperation with them on our new Arctic LNG 2 project.” noted Leonid Mikhelson, NOVATEK’s Chairman of the Management Board. “The Project’s vast conventional reserve base, advanced engineering and design work, and innovative LNG design combined with our experience in implementing large-scale LNG projects in the Arctic region is part of our strategy for creating sustainable shareholders value.”

Note:

The Arctic LNG 2 project envisages constructing three LNG trains at 6.6 million tons per annum each, using gravity-based structure (GBS) platforms. The Project is based on the hydrocarbon resources of the Utrenneye field. As of 31 December 2018, the Utrenneye field’s 2P reserves under PRMS totaled 1,138 billion cubic meters of natural gas and 57 million tons of liquids. Under the Russian classification reserves totaled 1,978 billion cubic meters of natural gas and 105 million tons of liquids. OOO Arctic LNG 2 owns an LNG export license.

For further information, please visit www.novatek.ru or contact:

Press Service
+7 (495) 721 2207
press@novatek.ru

Investor Relations
+7 (495) 730 6013
ir@novatek.ru

PAO NOVATEK is one of the largest independent natural gas producers in Russia, and in 2017, entered the global gas market by successfully launching the Yamal LNG project. 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 mainly in the prolific Yamal-Nenets Autonomous Region, which is the world's largest natural gas producing area and accounts for approximately 80% of Russia's natural gas production and approximately 15% of the world's gas production. NOVATEK is a public 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».