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CONCLUSION OF HEADS OF AGREEMENT ON LNG SUPPLY WITH CNPC

Beijing, 22 October 2013. OAO NOVATEK (“NOVATEK”) announced the conclusion of Heads of Agreement for the supply of liquefied natural gas (LNG) between Yamal LNG and China National Petroleum Corporation (“CNPC”). The document provides for the supply of no less than three (3) million tons of LNG per annum at delivered ex-ship (DES) terms for a period of 15 years with possible supply extension, with the LNG price is indexed to the Japanese Crude Cocktail.

Chairman of the Management Board of NOVATEK, Leonid V. Mikhelson stated “We welcome the achievement of a mutually beneficial agreement on LNG supplies to the fast growing Chinese market”.

Note

Yamal LNG project envisages the construction of an LNG plant with annual capacity of 16.5 million tons per annum based on the feedstock resources of the South-Tambeyskoye field. According to the PRMS reserve standards, the proven and probable reserves of the South-Tambeyskoye field as of 31 December 2012 were appraised at 907 billion cubic meters of natural gas. The Project also requires the construction of transport infrastructure including a sea-port and an airport located at Sabetta (north-east of the Yamal Peninsula).

Yamal LNG is a joint venture currently owned by OAO NOVATEK (80%) and Total S.A. (20%). On 5 September 2013 NOVATEK and CNPC concluded an agreement on purchase of a 20% equity share in Yamal LNG by CNPC. The transfer of title to the equity share is subject to receipt of necessary regulatory approvals and expected to be completed by 01 December 2013. Following completion of the deal, the shareholder structure of Yamal LNG will be as follows: OAO NOVATEK (60%), Total S.A. (20%) and CNPC (20%).

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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, NOVATEK is engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons. Its 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.

NOVATEK's shares and GDRs are listed on MICEX-RTS Stock Exchange in Russia and the London Stock Exchange (LSE), respectively, under the ticker symbol "NVTK".

CNPC is China's largest oil and gas producer and supplier, and respected contractor in engineering services and construction.