

FOR IMMEDIATE RELEASE

Final Investment Decision Made on Arctic LNG 2 project

Vladivostok, 5 September 2019. Today, during the Eastern Economic Forum in Vladivostok, PAO NOVATEK announced that the participants of OOO Arctic LNG 2 approved a final investment decision (“FID”) for the Arctic LNG 2 project, consisting of the development of the Utrenneye field and the construction of a natural gas liquefaction plant on the Gydan Peninsula in the Russian Arctic region (the “Project”). The participation in the Project also provides for the long-term LNG offtake by all the participants in proportion to their respective ownership interests.

The LNG plant will consist of three (3) liquefaction trains with overall production capacity of 19.8 million tons per annum. The launch of LNG train #1 is scheduled for 2023, with LNG trains #2 and #3 to be launched in 2024 and 2026, respectively. Capital expenditures to launch the project at full capacity is estimated at US\$21.3 billion equivalent.

Arctic LNG 2 employs an innovative concept using gravity-based structures (GBS) and provides for localizing the majority of equipment manufacturing and materials fabrication in Russia. The GBS construction, assembly and installation of LNG modules will be performed at NOVATEK-Murmansk’s LNG Construction Center located near Belokamenka in the Murmansk Region.

A consortium of TechnipFMC, Saipem and NIPIGAS (Russia) was awarded the contract on engineering, procurement and construction of the LNG plant (EPC contract), with the design and construction of gravity-based structures to be built by the Russian company SAREN, a joint venture of RHI Russia and Saipem. As of today, more than 90% of long-lead items (including cryogenic heat exchangers, gas turbines, and the compressors for the liquefaction trains) have been ordered. Drilling of production wells, construction of roads and the field’s production infrastructure have been commenced.

“NOVATEK has emerged as one of the key players of the global LNG market with the successful launch of Yamal LNG,” noted NOVATEK’s Chairman of the Management Board Leonid Mikhelson. “Today, we have taken another step forward in our goal to become one of the largest LNG producers in the world by approving the final investment decision on our second large-scale LNG project – Arctic LNG 2. We are confident that the accumulated construction experience, state-of-the-art technologies, proven logistics solutions and partnerships with best-in-class international companies will ensure the effective implementation of our new LNG project. Our long-term strategy is to develop our vast low-cost hydrocarbon resources on the Yamal and Gydan peninsulas, as well as to maximize our cost competitiveness across LNG markets”.

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. The Project participants include NOVATEK (60%), Total (10%), CNPC (10%), CNOOC Limited (10%) and the Japan Arctic LNG, consortium of Mitsui & Co and JOGMEC (10%).

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 the largest independent natural gas producer 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».