

The image features a blue background with a stylized logo on the left consisting of three horizontal bars of varying lengths, resembling a wing or a stylized 'N'. The background also shows a faint, blue-tinted image of industrial structures, possibly oil rigs or refineries, with smoke or steam rising from them. The word "NOVATEK" is written in large, bold, blue capital letters across the center of the image.

# NOVATEK

## Expanding Horizons – Dawn of a New Decade

**Credit Suisse Energy Summit**

**Mark Gyetvay, Chief Financial Officer and Member of the Board of Directors**

**10 February 2011**

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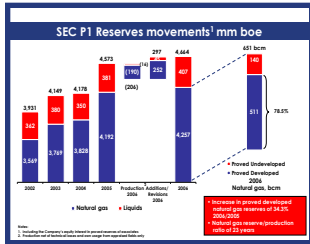
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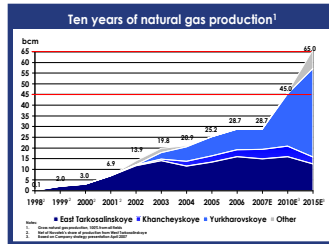
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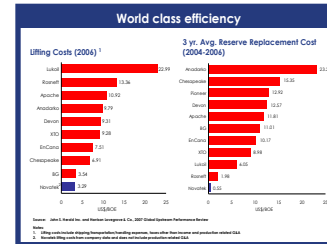
# Four Pillars Supporting Sustainable Growth



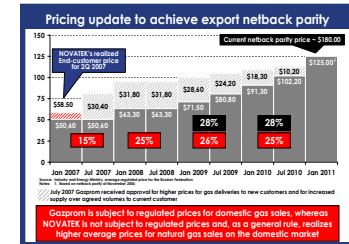
**High Quality Long Life Reserves**



**Strong Production Growth**



**Low Cost Producer**

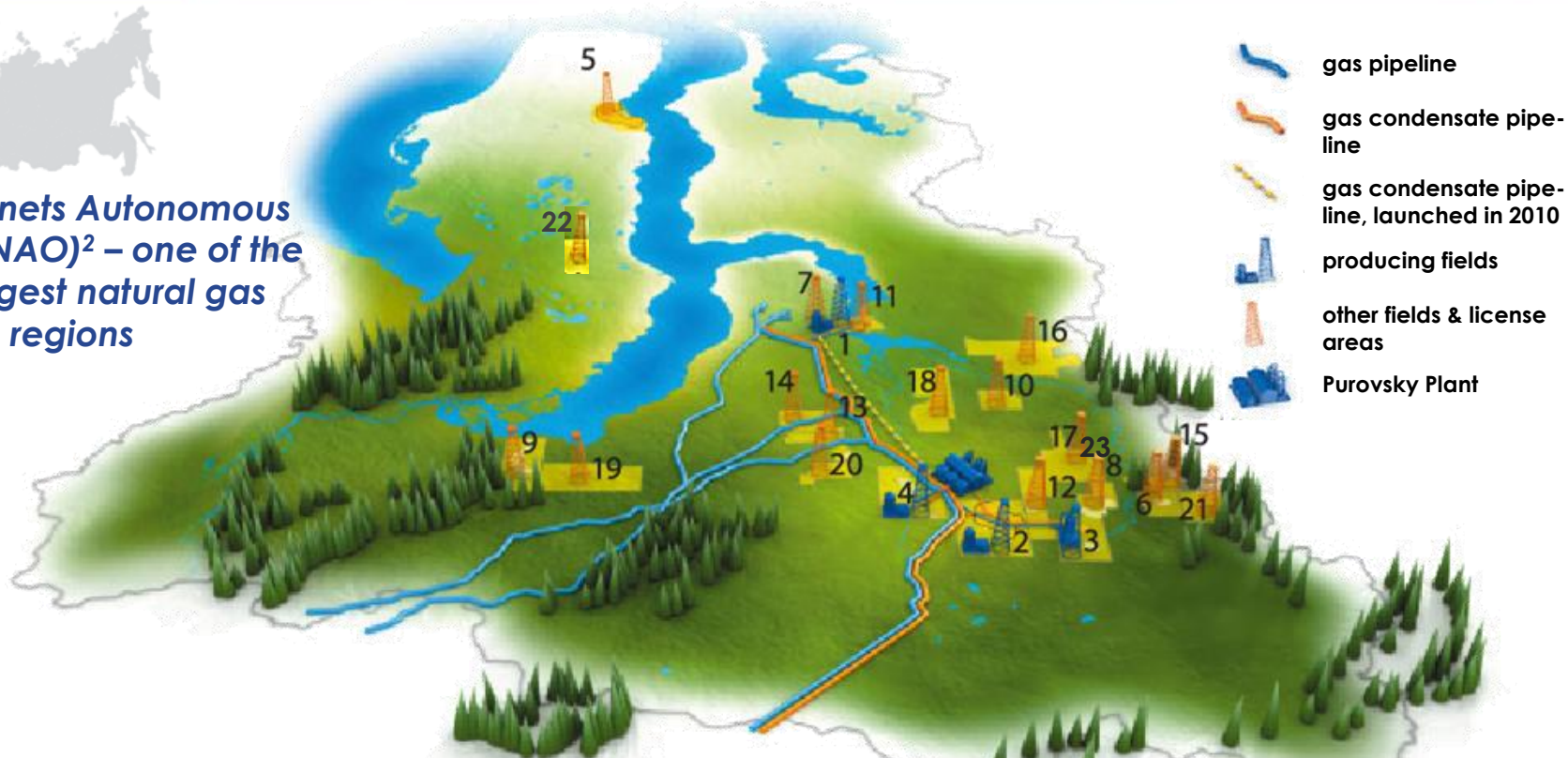


**Liberalized Pricing Environment**

# NOVATEK's Fields and License Areas (LA)<sup>1</sup>



**Yamal-Nenets Autonomous Region (YNAO)<sup>2</sup> – one of the world's largest natural gas producing regions**



- 1. Yurkharovskoye field
- 2. East-Tarkosalinskoye field
- 3. Khancheyskoye field
- 4. Olimpiyskiy LA (Sterkhovoye field)
- 5. South Tambeyskoye field
- 6. Termokarstovoye field
- 7. West Yurkharovskoye field

- 8. North-Khancheyskoye field
- 9. Yarudeyskoye field
- 10. Raduzhnoye field
- 11. New Yurkharovskiy LA
- 12. Yumantilskiy LA
- 13. Zapadno-Urengoiyskiy LA
- 14. Severo-Yubileynoye field
- 15. Severo-Termokarstoviy LA

- 16. Severo-Russkiy LA
- 17. Sredniy Chaselskiy LA
- 18. Zapadno-Tazovskiy LA
- 19. Anomalniy LA
- 20. Severo-Yamsoveyskiy LA
- 21. Pilyalkinskiy LA
- 22. Malo-Yamalskoye field
- 23. Zapadno-Chaselskoye field

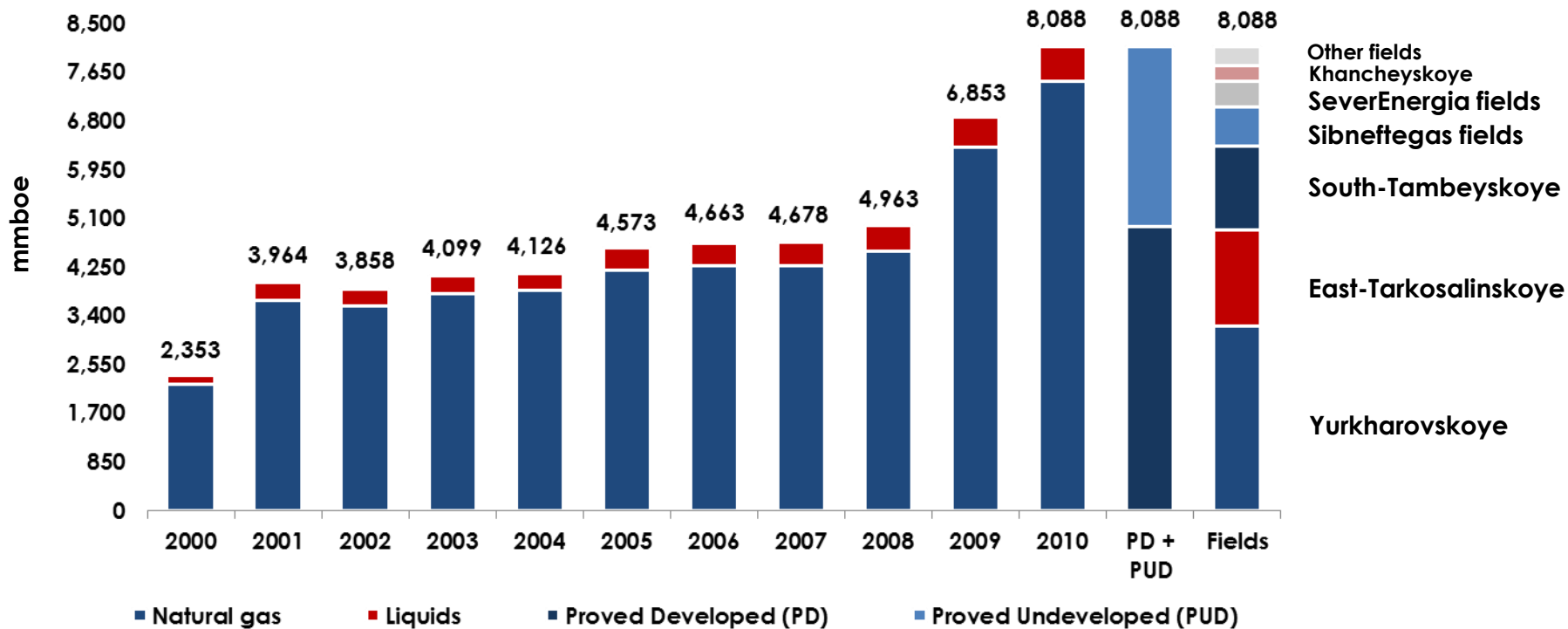
**Notes:**

- 1. Current NOVATEK fields and license areas, excluding fields and license areas from acquisitions of SeverEnergiya and Sibneftegas
- 2. According to information published by the YNAO administration

# A Proven Strategy to Build Reserves<sup>1</sup>



Compound Annual Growth Rate 2000 - 2010: 13%

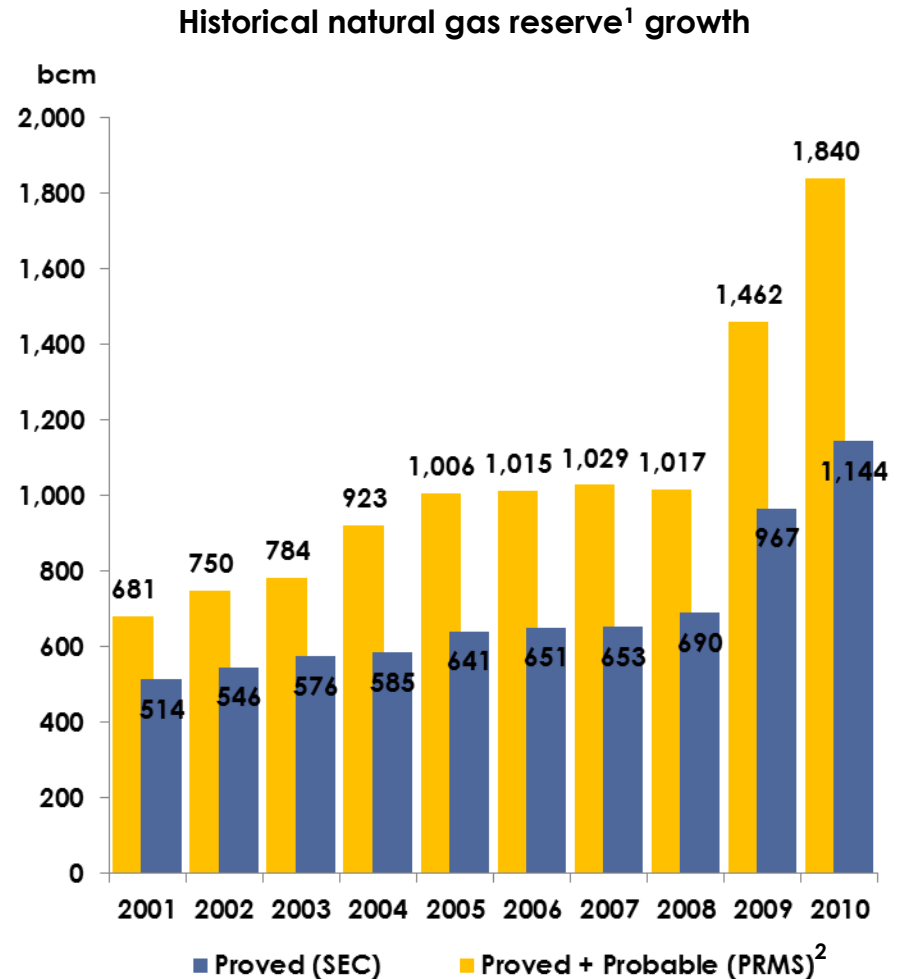


Note 1: Proved reserves for each year ended 31 December are fully appraised by DeGolyer & MacNaughton using the SEC's reserve methodology

# NOVATEK's Hydrocarbon Reserves



Independent Reserve Appraisal <sup>1</sup> , 31.12.2010	SEC	PRMS			
		Proved	Probable	Proved+ Probable	
Natural gas	bcm	1,144	1,310	530	1,840
	tcf	40	49	18	67
Liquids	mmt	73	93	73	166
	mmbbl	604	761	587	1,348
<b>Total</b>	<b>mmboe</b>	<b>8,088</b>	<b>9,325</b>	<b>4,061</b>	<b>13,386</b>



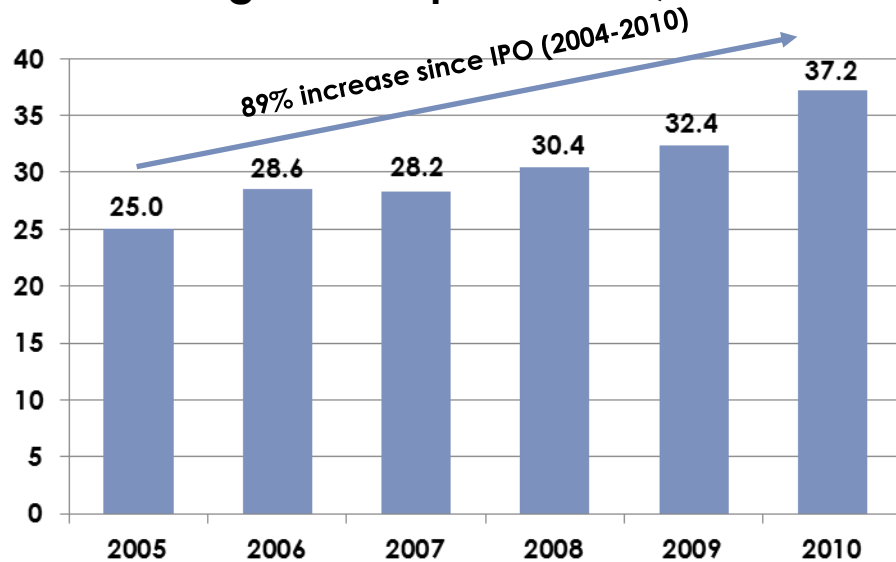
Notes:

1. Proved reserves fully appraised by DeGolyer & MacNaughton using the SEC's and Petroleum Resource Management System (PRMS) reserve methodology
2. PRMS standards introduced in 2007, prior periods reserves were appraised using the Society of Petroleum Engineers (SPE) reserve methodology

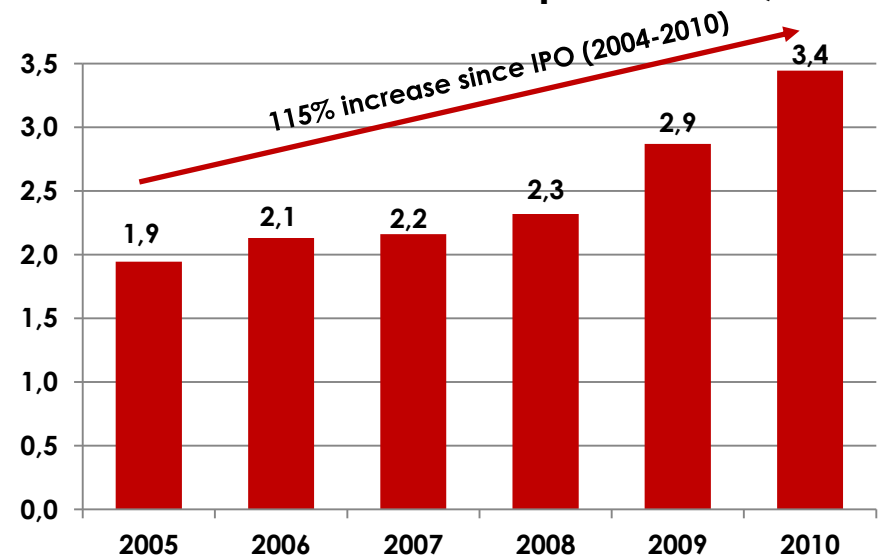
# Ramping Up Hydrocarbon Production



## Natural gas sales production, bcm

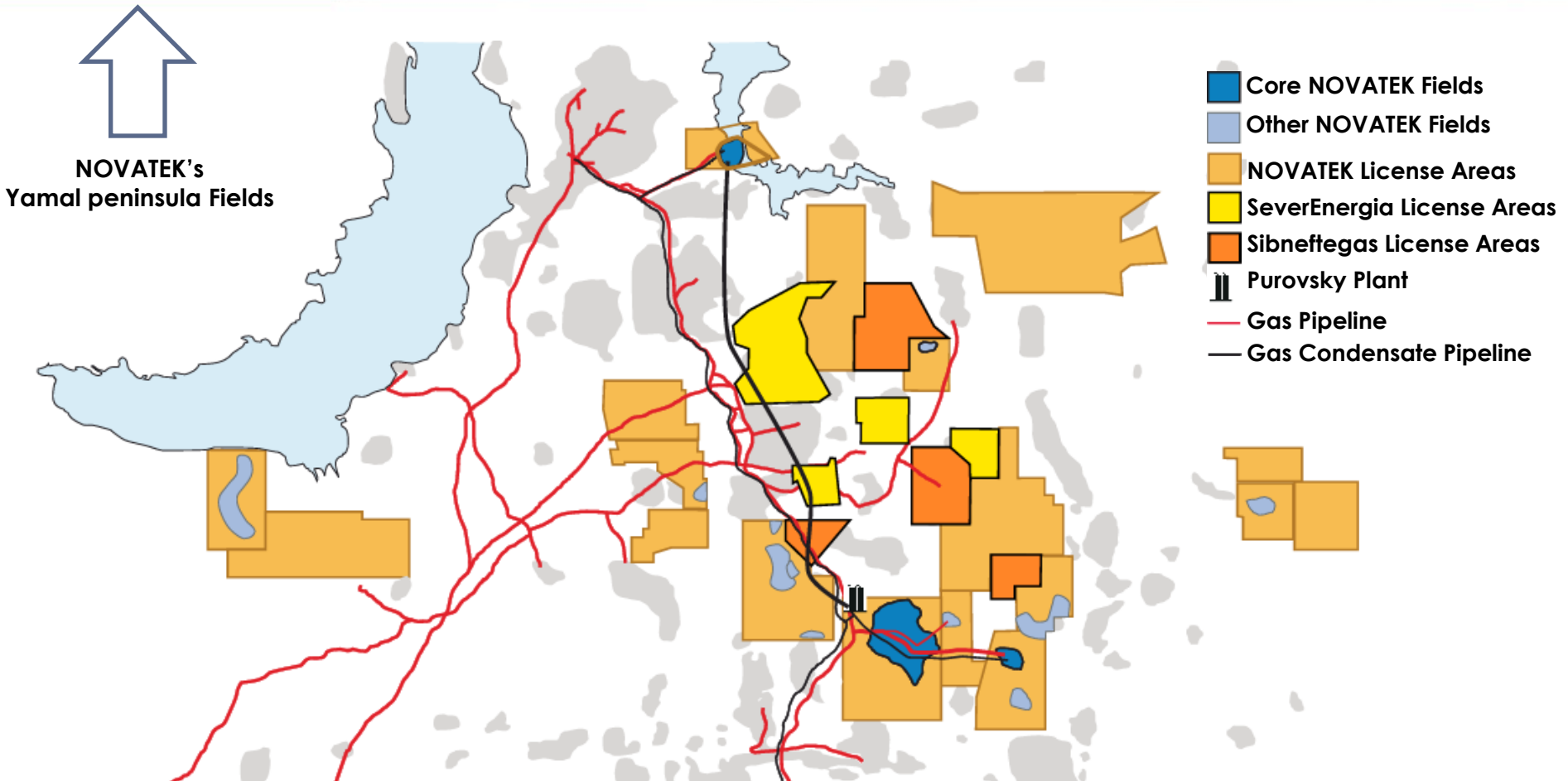


## Gas condensate sales production, mmt



Total combined gas and gas condensate production has increased by 92% since the IPO to approximately 750 thousand boe / day in 2010

# Location of Acquired Fields



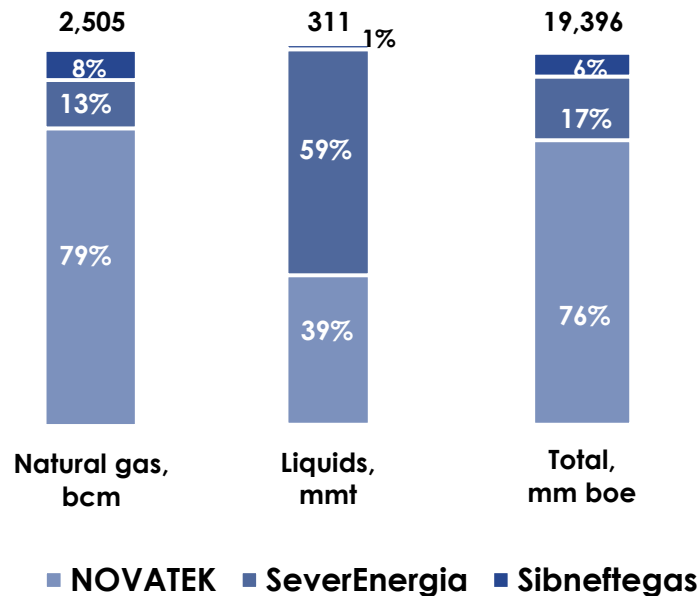
**Strong synergies exist between our gas condensate infrastructure and the necessary transportation and processing capacities to develop SeverEnergiya's and Sibneftegas' gas and gas condensate layers**



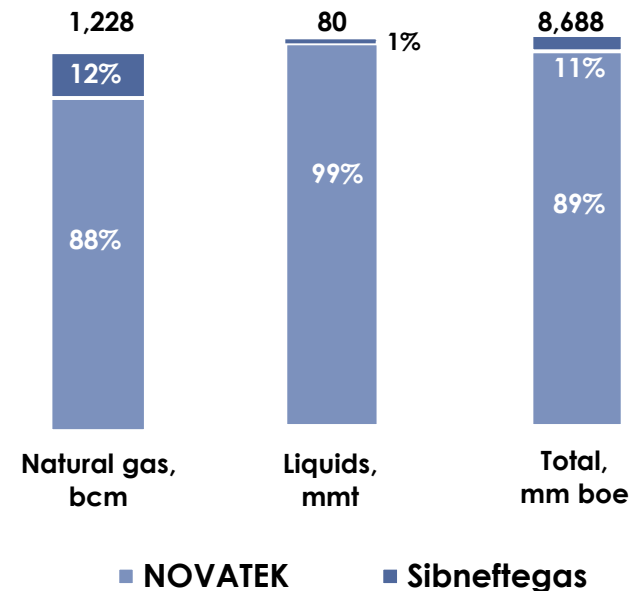
# Acquisition of New Assets



Effect of acquisitions on total C1 + C2 reserves<sup>1</sup>



Effect of Sibneftegas acquisition on total PRMS Proved reserves<sup>2</sup>



4.6 billion boe of C1 + C2 reserves added for a combined acquisition price of ~US\$ 0.47 per boe

977 mm boe of PRMS proved reserves added for an acquisition price of ~US\$ 1.26 per boe

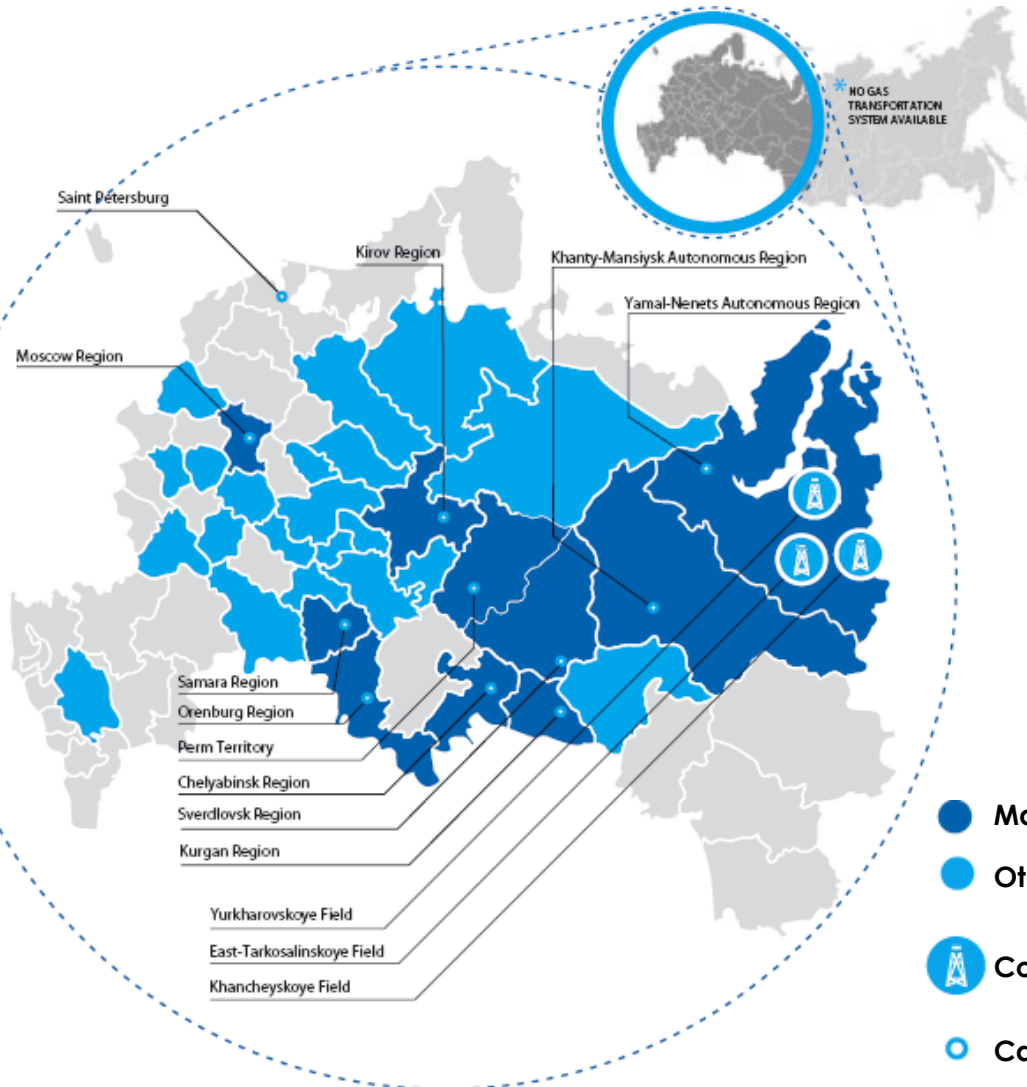
Notes:

- NOVATEK's share in SeverEnergia and Sibneftegas reserves under Russian reserve classification C1 + C2 according to the Russian State Balance of Reserves as of 01.01.2009, NOVATEK's existing C1 + C2 Reserves as of 01.01.2010
- NOVATEK and Sibneftegas proved reserves according to appraisals by DeGolyer and MacNaughton as of 31.12.2009 using the PRMS' reserve methodology

# Domestic Natural Gas Sales and Production



## NOVATEK's natural gas sales to Russian regions 9M 2010

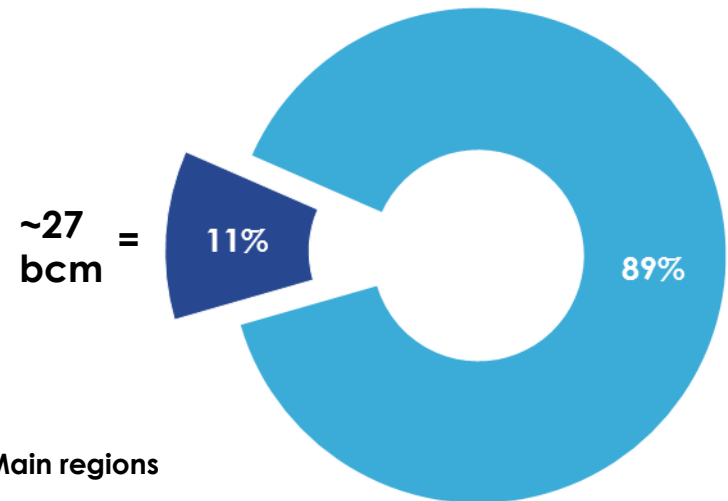


## NOVATEK today is<sup>1</sup>...

- ~ 6% of Russian gas production
- ~ 11% of deliveries to Russian domestic market

## 9M 2010 Russian natural gas supplies to domestic market

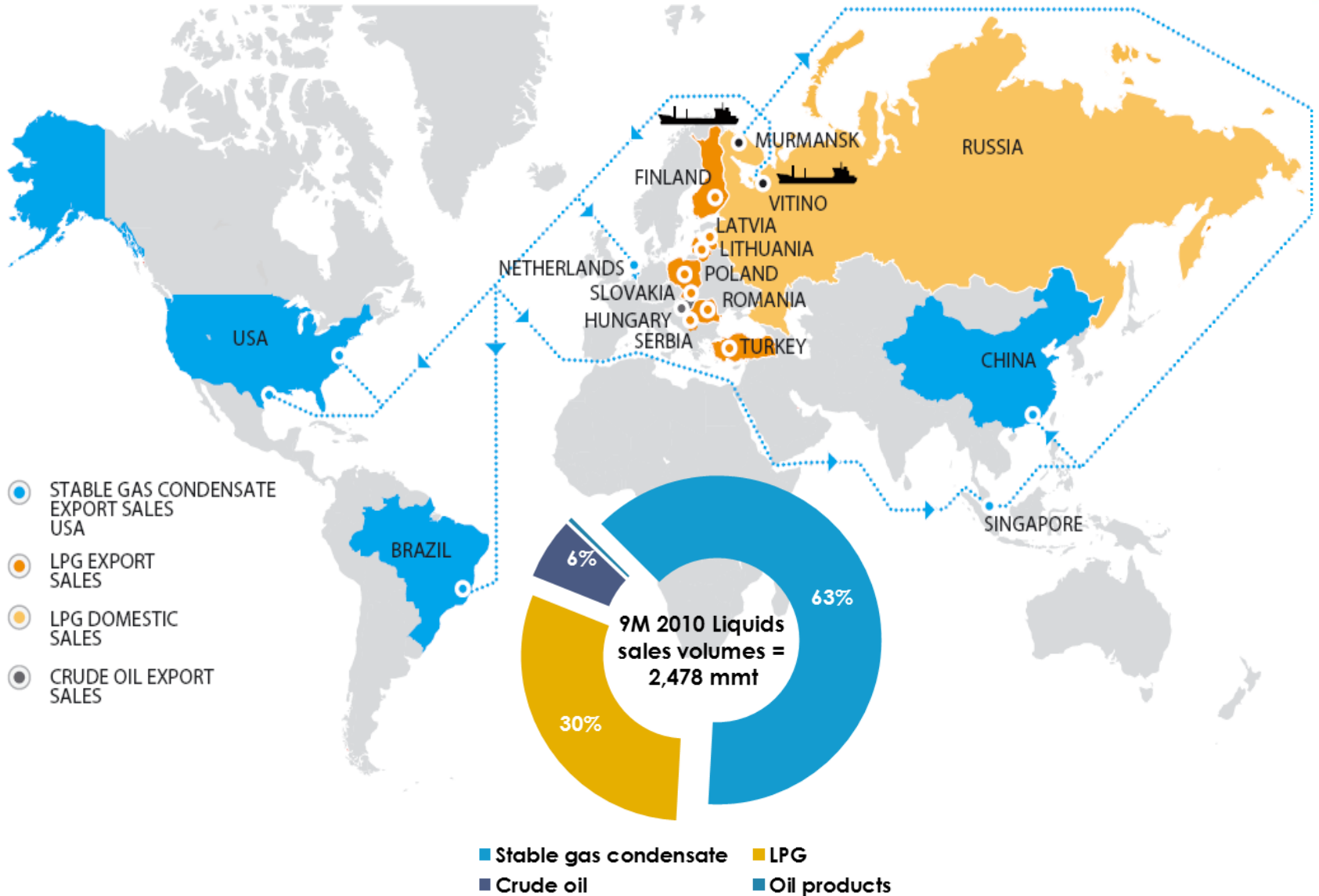
■ NOVATEK ■ Gazprom & Other Independents



- Main regions
- Other regions
- Core producing fields
- Capital city

Note 1: According to the Central Dispatch Unit of the Russian Fuel and Energy Complex (CDU-TEK)

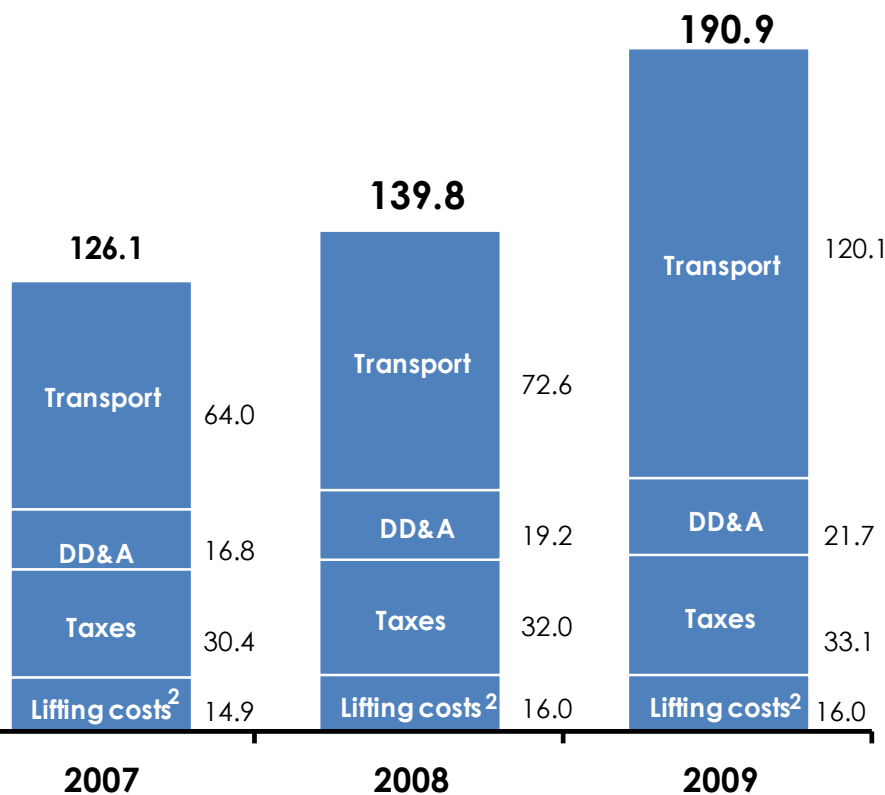
# Expanding Our Liquids' Commercial Reach



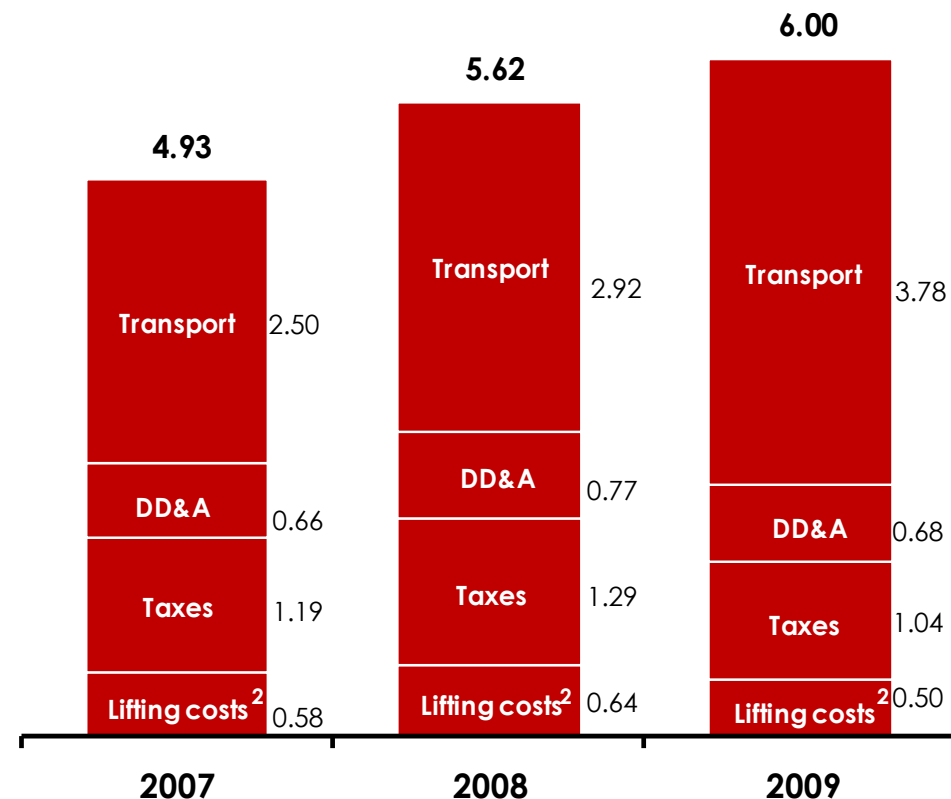
# Production Cost<sup>1</sup> per boe



Production costs (RR/boe)



Production costs (USD/boe)



Average exchange rate RR/USD:

25.58

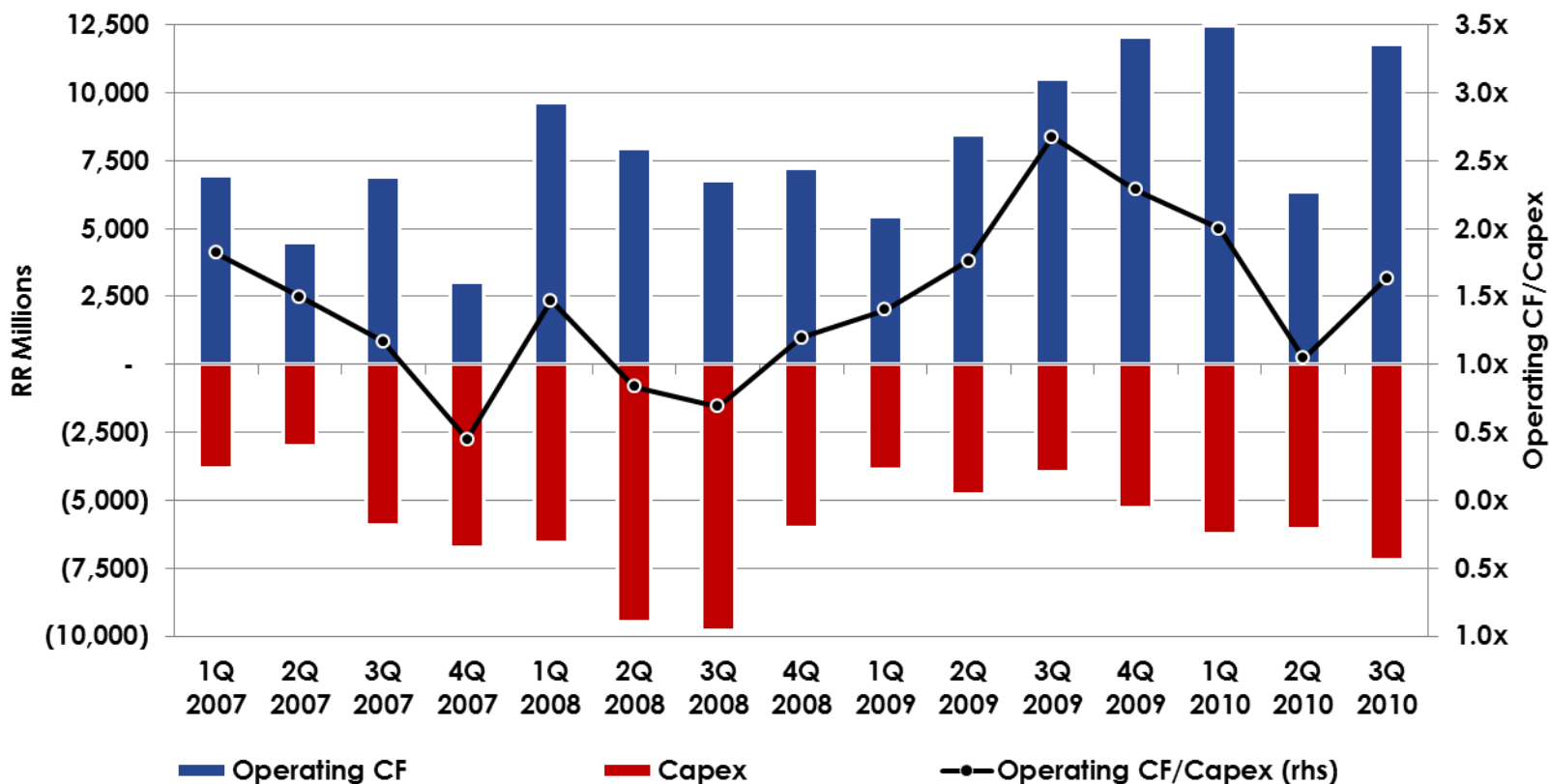
24.85

31.72

Notes:

1. Production costs consist of amounts directly related to the extraction of natural gas, gas condensate and crude oil from the reservoir and other related costs; including production expenses, taxes other than income taxes (production taxes), insurance expenses and shipping/transportation/handling costs to end-customers. The average production cost on a boe basis is calculated by dividing the applicable costs by the respective barrel of oil equivalent of our hydrocarbons produced during the year.
2. Lifting costs consist of amounts directly related to the extraction of natural gas, gas condensate and crude oil from the reservoir

# Internally Funded Investment Program

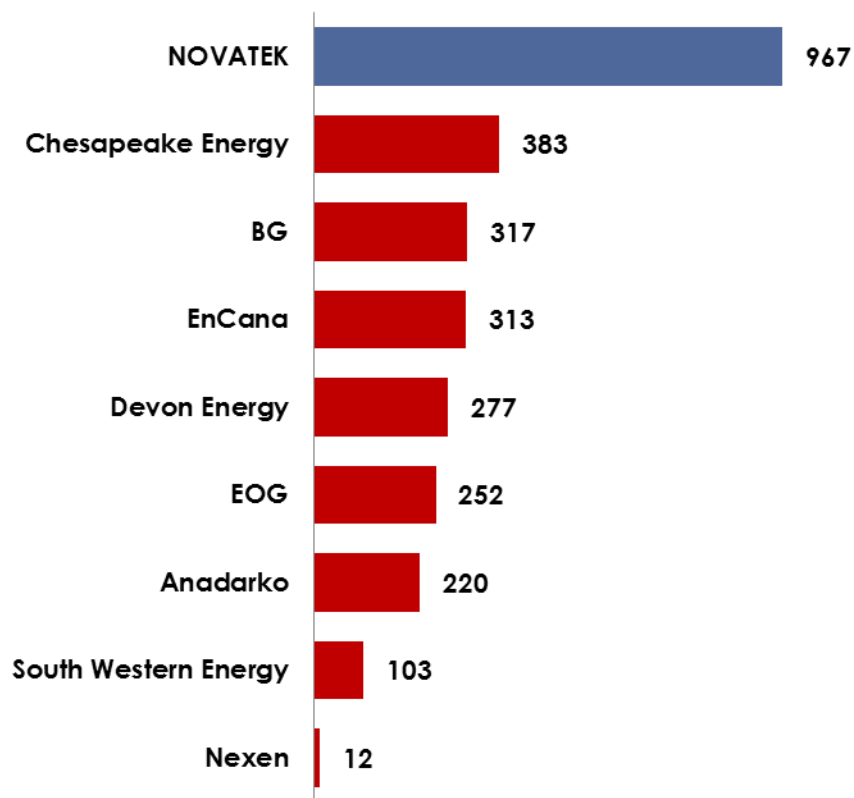


**Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows**

# Industry Comparisons

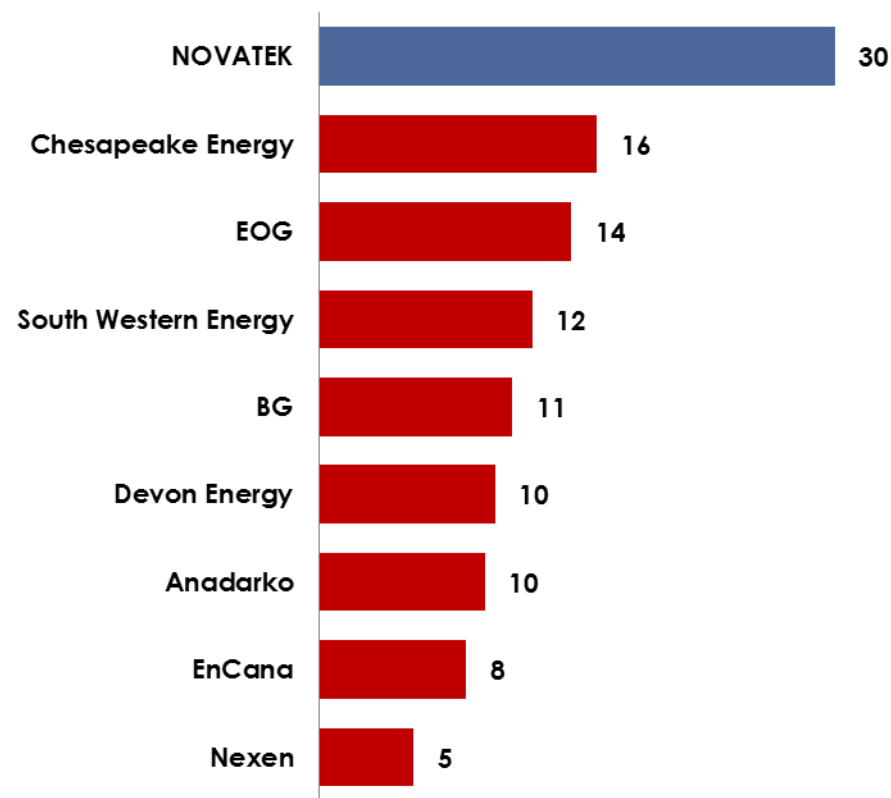


## 2009 Proved SEC gas reserves, bcm<sup>1</sup>



Source: Company data, SEC filings

## 2009 Natural Gas R/P Ratio<sup>2</sup>, Years



Source: Company data, SEC filings

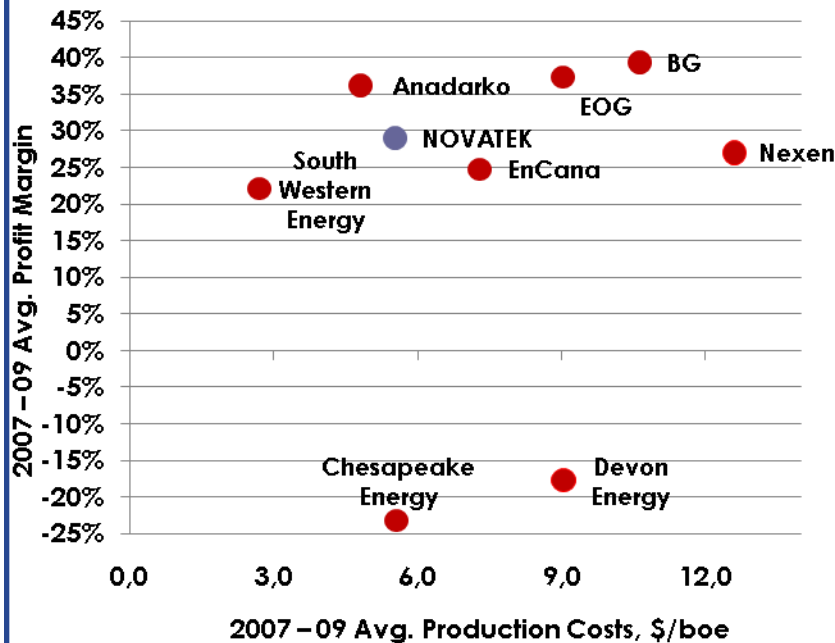
Notes:

1. For companies who report gas reserves in cubic feet (Cf), we use a standard industry coefficient of 35.315 billion cf per 1 bcm
2. The R/P Ratio is calculated by taking year end reserves appraised under the SEC's reserve methodology divided by production for the year

# Still One of the Lowest Cost Producers

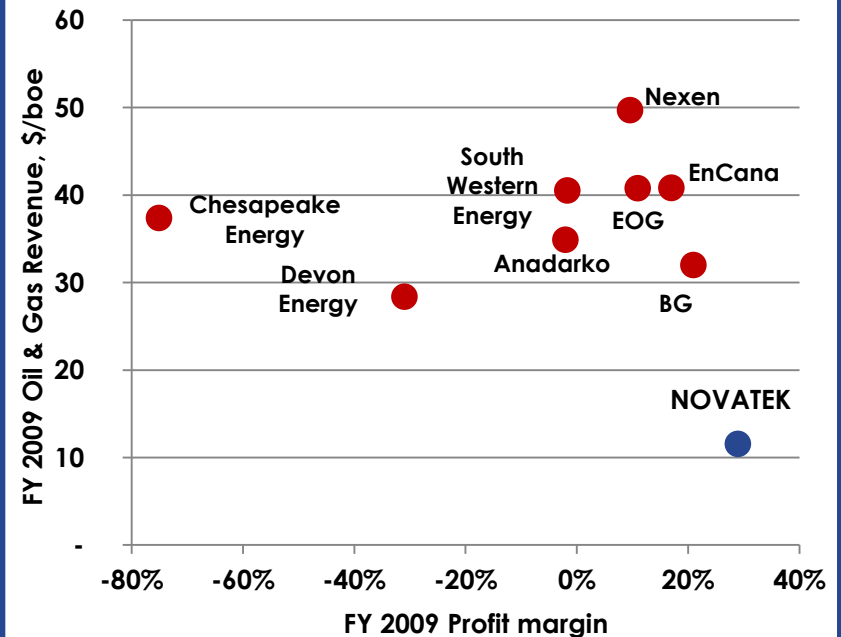


## Strong cost control record



Source: Company SEC Filings and NOVATEK data

## Low realized prices – high margins



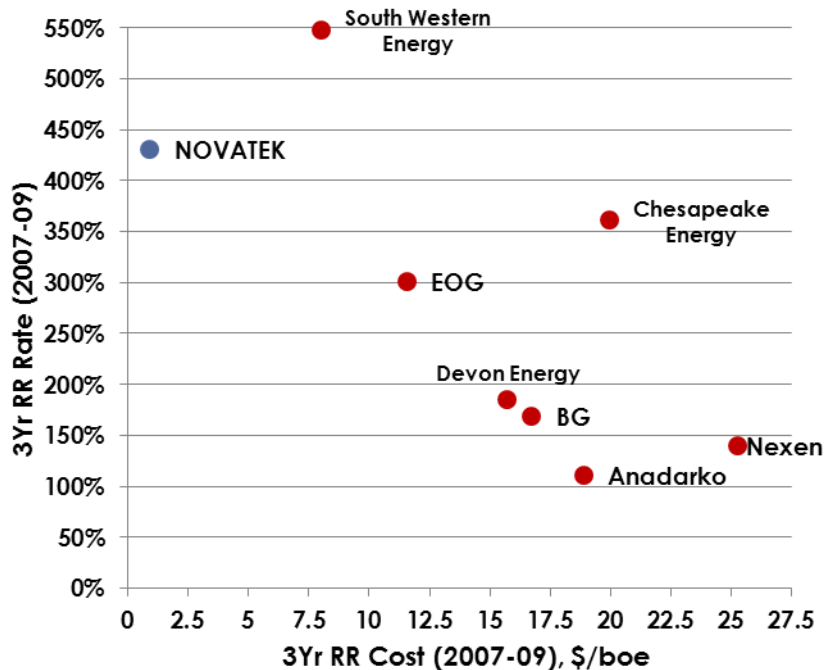
Source: Company SEC Filings and NOVATEK data

**NOVATEK's low lifting costs (\$0.50 per boe in 2008 & 2009) provide superior returns in a low price environment and substantial leverage to price liberalization**

# Still the Most Efficient Producer

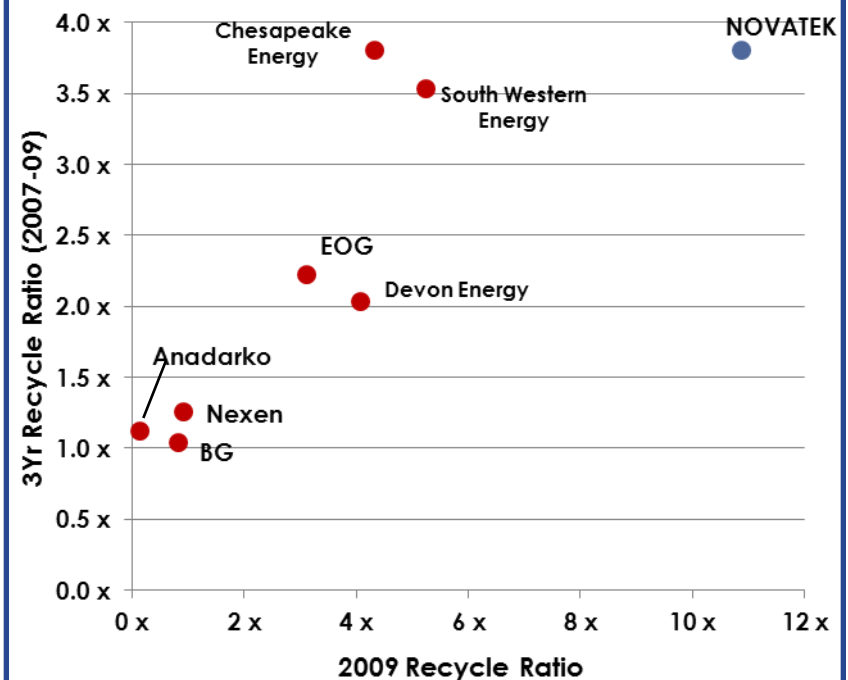


## Low cost – long life



Source: John S. Herold Inc. (JSH)  
"2010 Global Upstream Performance Review"

## Recycle ratio<sup>1</sup>



Source: JSH and Harrison Lovegrove & Co. Ltd.  
"2008 and 2009, and JSH 2010 Global Upstream Performance Reviews"

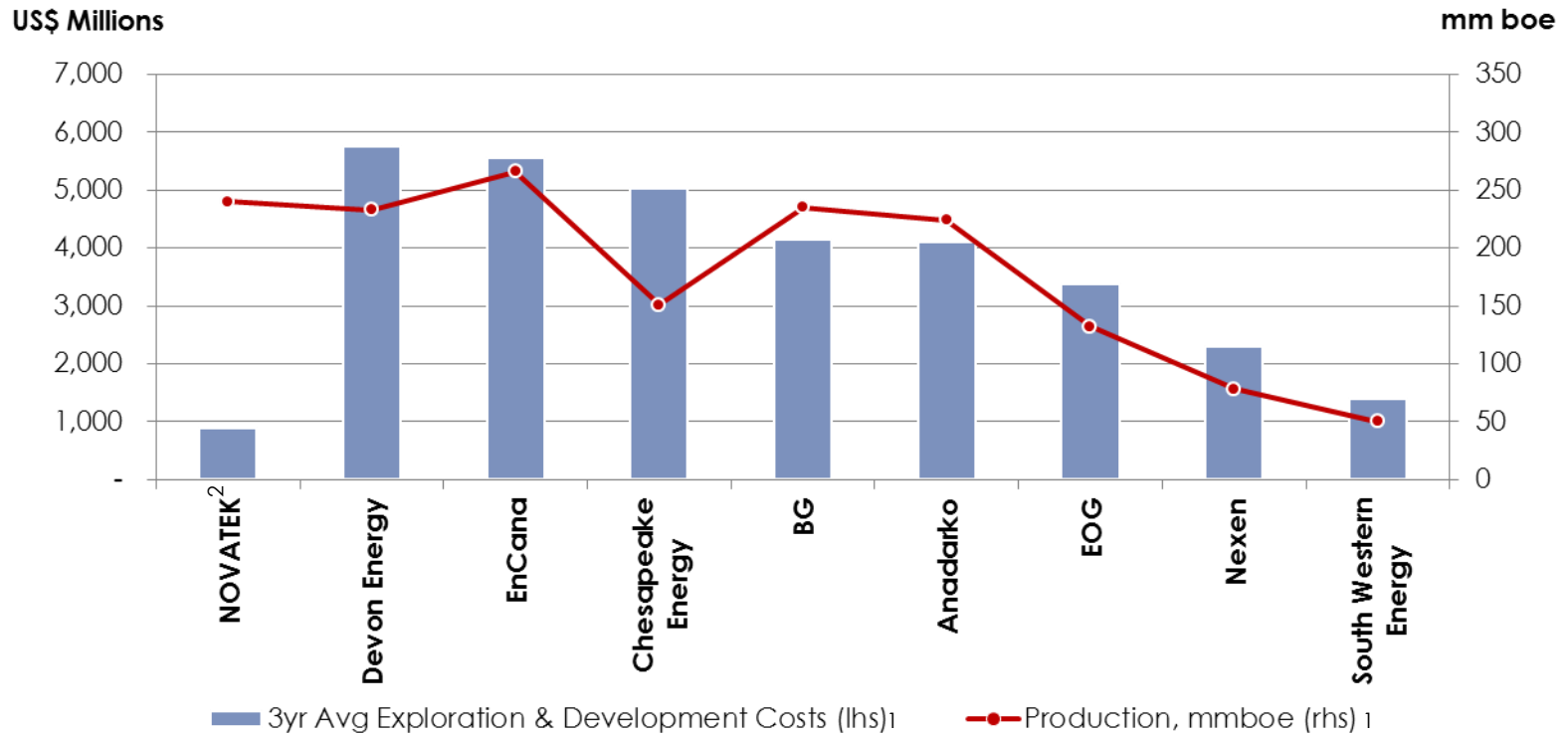
**NOVATEK is one of the most efficient operators among the peer group extracting the most value out of every dollar invested**



# Unrivalled Capital Efficiency



## Exploration & Development Capital Expenditures Converted to Production



High production flow rates yet low capital intensity

Notes:

1. John S. Herold, Inc (JSH) & Harrison Lovegrove & Co. for the years 2008 and 2009 and JSH 2010, "Global Upstream Performance Review"
2. NOVATEK exploration and development capital expenditures as reported in full year 2007, 2008 and 2009 financial statements unaudited supplemental oil and gas disclosures converted from Russian roubles to US\$ using average exchange rates for each period



# NOVATEK

## Questions and Answers

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