

The image features the Novatek logo on the left, which consists of a stylized blue 'N' made of horizontal bars. To the right of the logo is a large, semi-transparent blue 'NOVATEK' text. The background is a faded image of industrial gas processing equipment, including tall distillation columns and piping, with a plume of white steam or smoke rising from the center.

NOVATEK

Russian Natural Gas Frontiers: *Developing the Yamal and Gydan Peninsulas*

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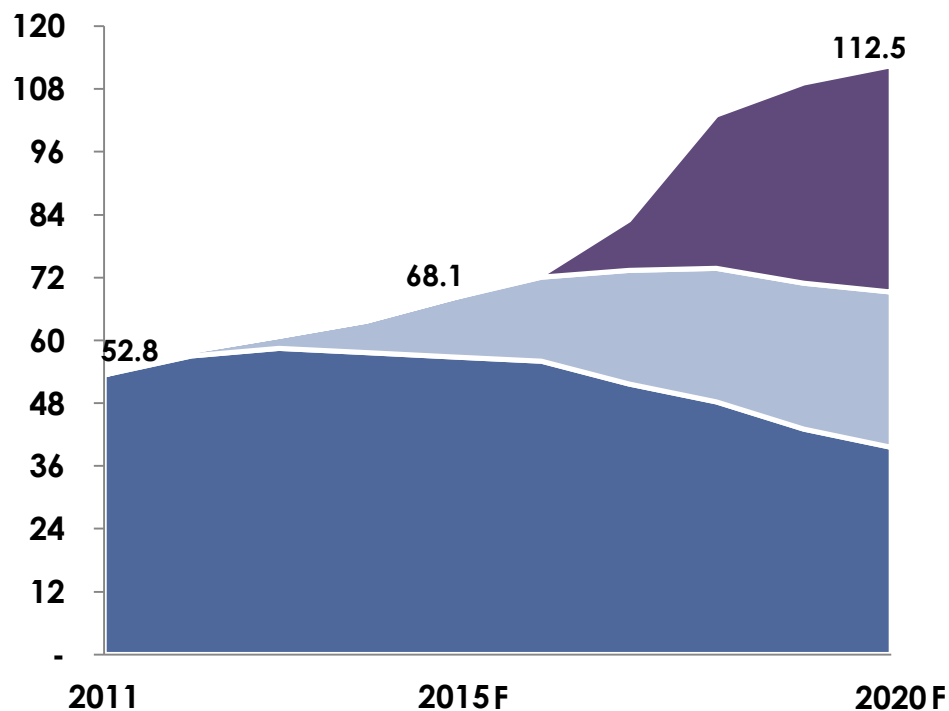
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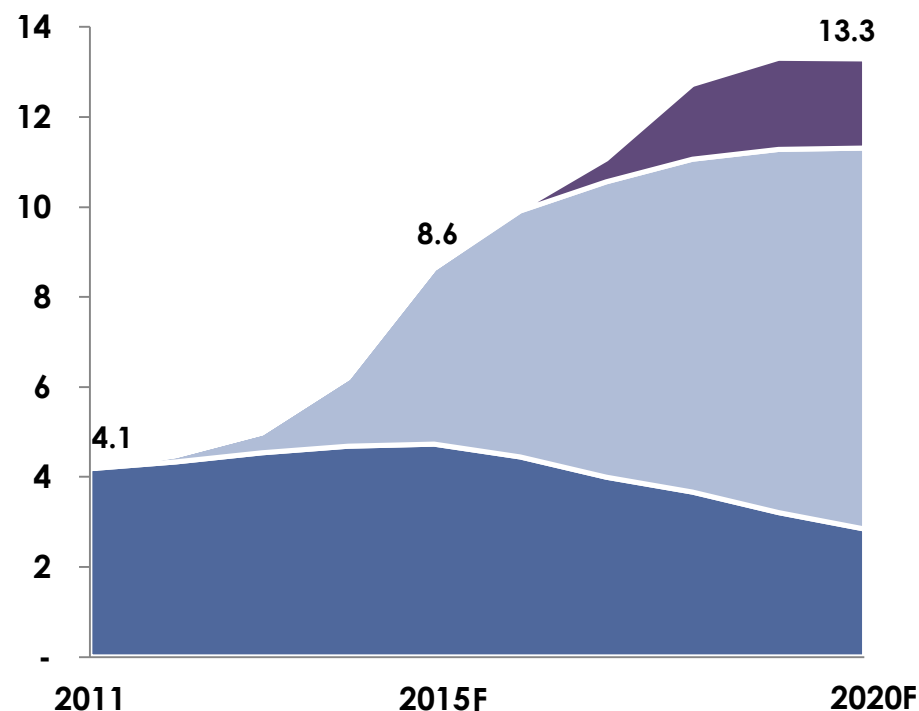
Production – All Fields¹



Natural gas production, bcm



Gas condensate and crude oil production, mmt



■ Producing Fields

■ New Fields

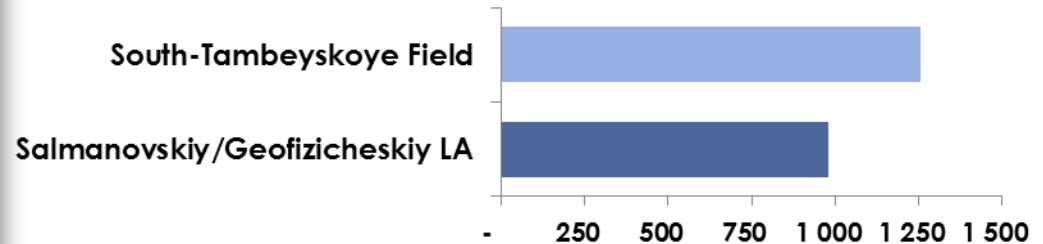
■ Yamal & Gydan Peninsula Fields

NOVATEK plans to more than double gas production and triple liquids production by 2020

Yamal & Gydan Peninsula Resources



Russian Reserve Classification ABC1+C2 – Natural gas, bcm



Russian Reserve/Resource Appraisal of New Licenses

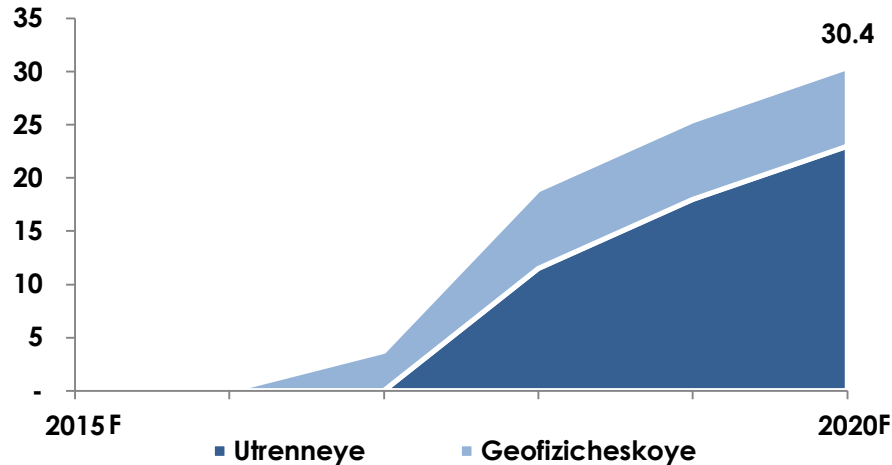
As at 31 December 2011

License area	Category	Natural Gas bcm	Liquid hydrocarbons, mmt	Total mm boe
Salmanovskiy (Utrenniy)	C1+C2	767	34	5,300
Geofizicheskoye	C1+C2	212	12	1,484
Total	C1+C2	979	46	6,785
North –Obskiy	D1+D2	1,164	187	9,178
East-Tambeyskiy	D1+D2	598	34	4,206
Total	D1+D2	1,763	221	13,383

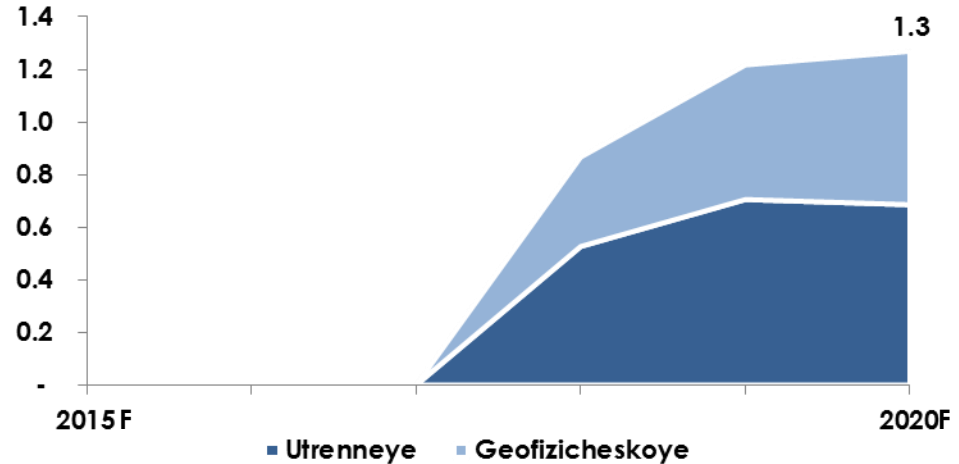
Utrenneye & Geofizicheskoye Fields¹



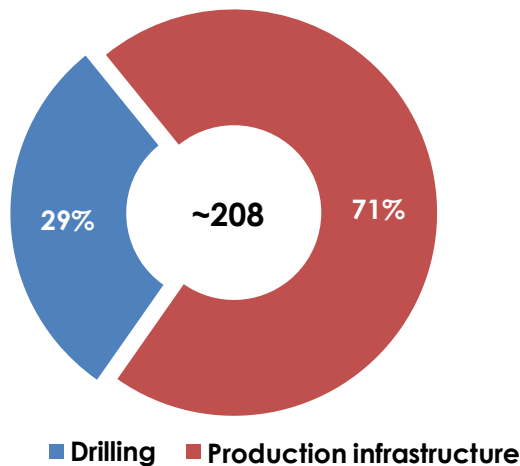
Gas production, bcm



Gas condensate production, mmt



Capital expenditures², RR billion



Preliminary Development Plans³

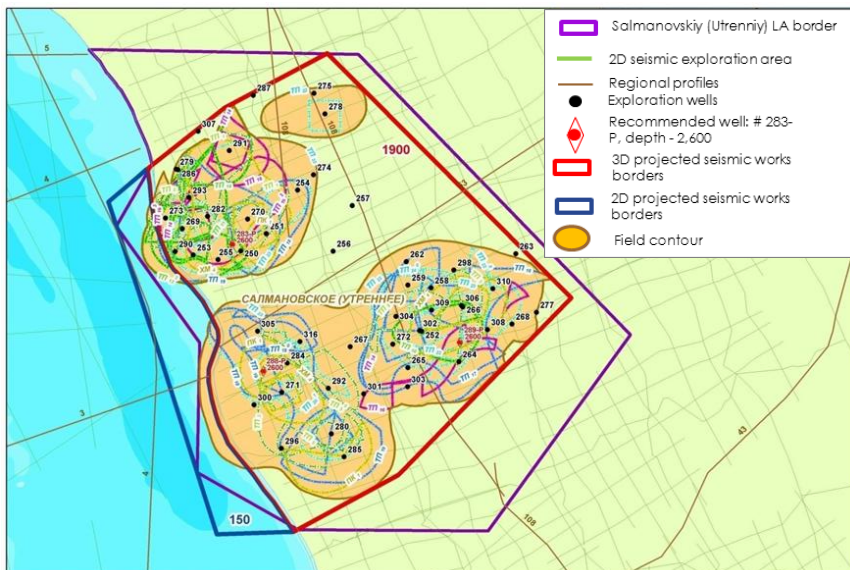
- ◆ Flexible development options, pipeline (UGSS) or LNG
 - ◆ Gas/gas condensate wells to be drilled 2015-2020 – 150
 - ◆ Utrenneye – 104 wells
 - ◆ Geofizicheskoye – 46 wells
 - ◆ Current development plan assumes pipeline connection to the UGSS
 - ◆ Unstable gas condensate: pipeline from the Geofizicheskoye field to the Utrenneye field (~150 km) for de-ethanization, stabilization and tanker loading for transport to export markets
 - ◆ Natural gas: pipeline from the Utrenneye field to the Geofizicheskoye field (~125 km), pipeline from the Geofizicheskoye field to the Yamburg Compressor station & UGSS (~260 km)

Notes:

1. 100% of field production volumes and capital expenditures
2. Capital expenditures (net of VAT)
3. Final decision on development plan will be made at a later date based on market conditions

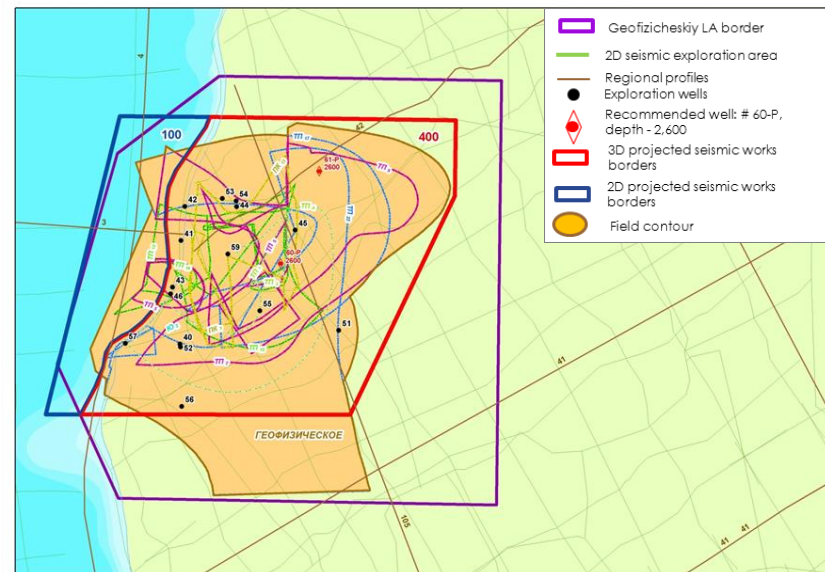
New On-shore blocks

Salmanovskiy (Utrenniy) License Area



License type: Exploration and production
Expiration date: 31.08.2031
License area: 2,958.75 km²

Geofizicheskiy License Area

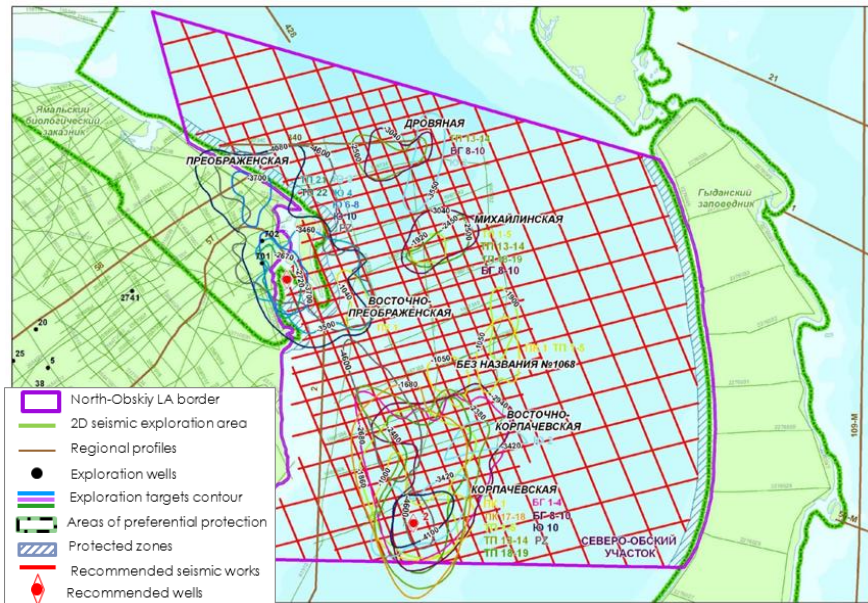


License type: Exploration and production
Expiration date: 31.08.2031
License area: 825.3 km²

License obligations include a five-year exploration period to run 250 linear kilometers (km) of 2D seismic and 2,300 km² of 3D seismic as well as the drilling of 4 exploration wells

New Off-shore Blocks

North-Obskiy License Area

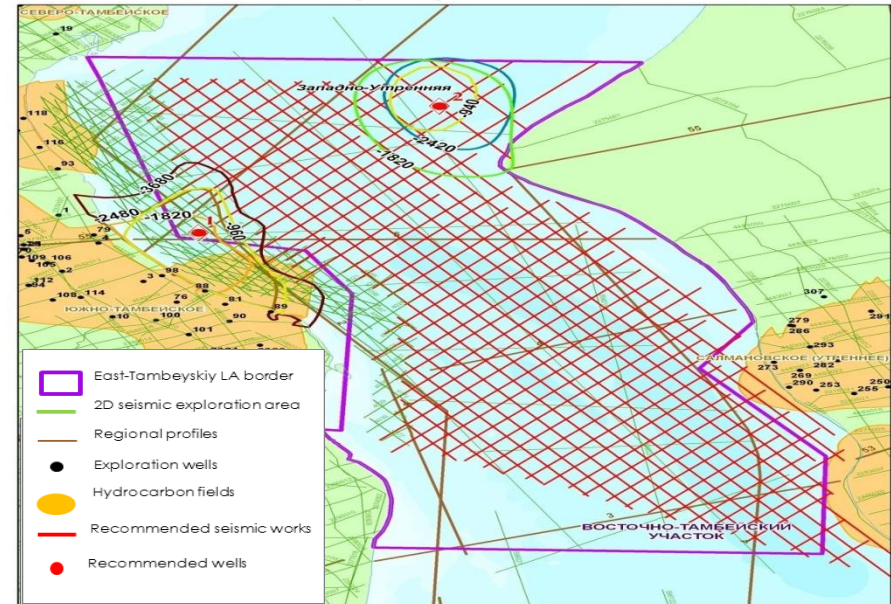


License type: Geological study, exploration and production of hydrocarbons

Expiration date: 31.08.2041

License area: 6,626 km²

East-Tambeyskiy License Area



License type: Geological study, exploration and production of hydrocarbons

Expiration date: 31.08.2041

License area: 3,216.4 km²

License obligations include a ten-year exploration period to run 6,000 linear kilometers (km) of 2D seismic and 252 km² of 3D seismic as well as the drilling of 4 exploration wells

Yamal LNG Production Facility



Integrated facility at Sabetta



- ☐ Gas treatment and liquefaction facility
 - Onshore LNG plant: three production trains of 5.0 mmt per annum
 - 1 mmt per annum gas condensate production capacity
 - Single site – integrated utilities and infrastructure
 - LNG tanks 4 x160 mcm
- ☐ Jetty with two berths
- ☐ Planned launch of first train in 4Q 2016
- ☐ Planned capital expenditures for field development and LNG facilities \$US18 – 20 billion¹

Production

Liquefaction

Transportation

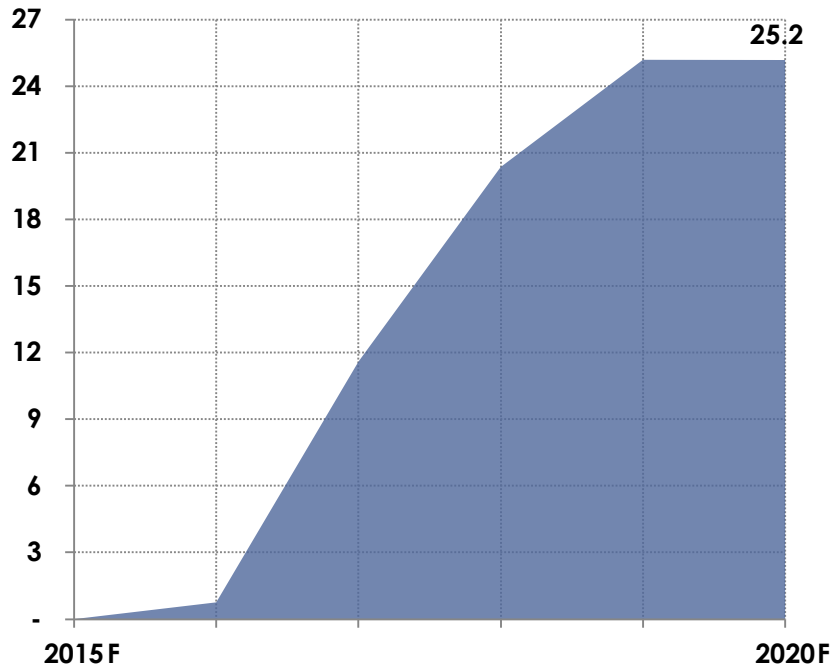
Marketing

Construction and operation of LNG shipping fleet will be carried out by a third party.
Yamal LNG will sign long-term charters with the operator

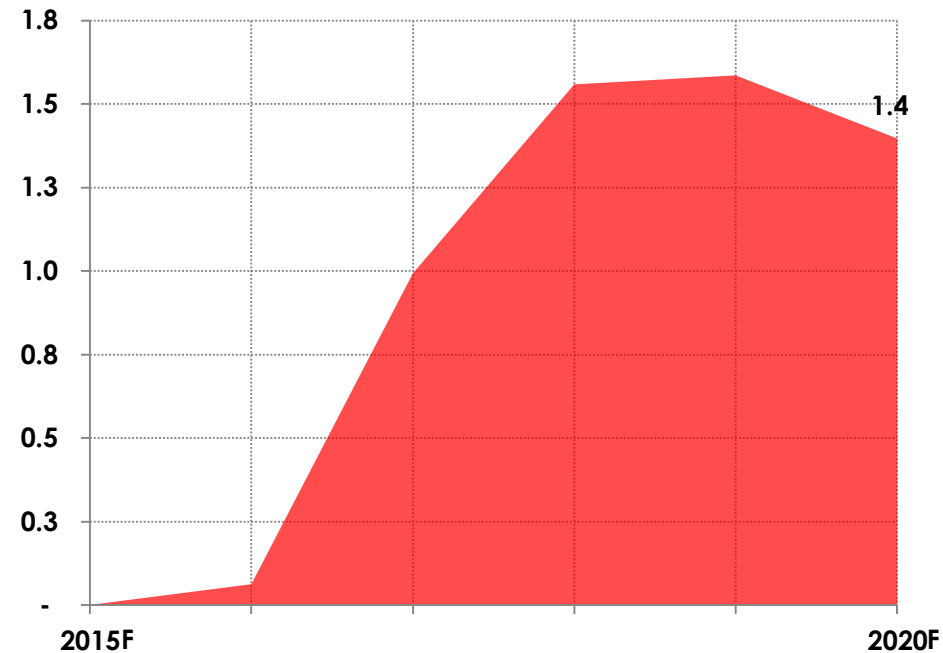
South-Tambeyskoye Field¹



Natural gas production, bcm



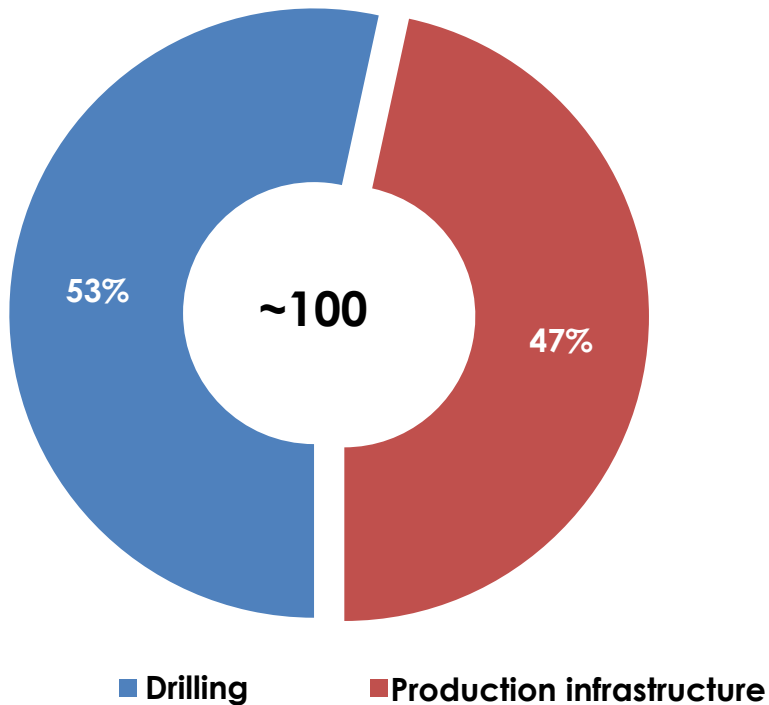
Gas condensate production, mmt



Export-oriented natural gas and de-ethanized gas condensate feedstock

South-Tambeyskoye Field¹

Capital expenditures, RR billion



South-Tambeyskoye Field Development Plan

◆ Field launch in 2016

- ◆ Total number of wells to be drilled 2011-2020 – 198
- ◆ Current number of exploration wells drilled – 58
- ◆ Number of exploration wells to be converted into production wells – 4

◆ Main infrastructure projects

- ◆ Gas gathering system
- ◆ Construction of well clusters
- ◆ Construction of support and housing facilities
- ◆ Construction of airport

LNG Shipping Scenarios



Key issues to be resolved

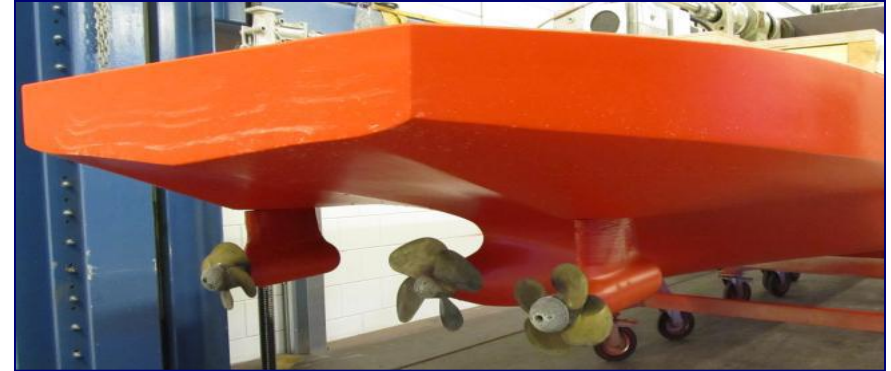
- ◆ Target markets
- ◆ LNG carrier design approval
 - ◆ Ice class, Winterization & LNG tank system (Moss, SPB, membrane)
- ◆ # of ships required

Shipping Scenarios

- ◆ Direct transportation to markets
- ◆ Transshipment
 - ◆ Ice-free port or Ship-to-Ship
 - ◆ Combination of different options

Tests conducted by Aker Arctic confirm that the LNG Carrier design is able to provide all-season independent navigation

Yamal LNG Carrier Concept



Based on operational experience from ice class tankers at Lukoil's Varandey project (Barents Sea) and Norilsk Nickel's arctic operations

Main concept - Double Acting Ship (DAS):

- Bow – forward movement in open water and thin ice
- Astern – reverse movement through thick ice and ice ridges
- Three shaft propulsion system (two AZIPOD's and one center shaft)

Ice model tests have validated the Arc 7 170,000 m³ LNG Carrier basic design

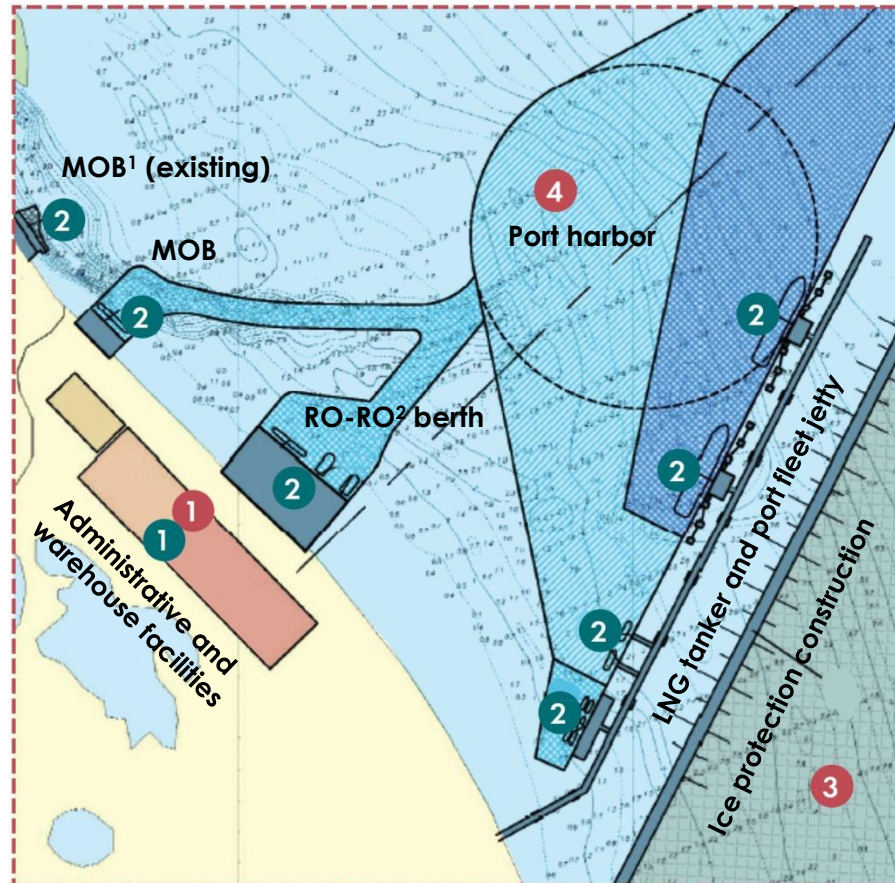
- Ice going capabilities: 2.3-2.4 meters (even ice)
- Confirmed speed: 19.5 knots in open water and 5.5 knots in even ice of 1.5 meters

Sabetta Port Infrastructure

Seaway and approach channels



Port facilities, berths and harbor



Government facilities

- 1 Administrative facilities
- 3 Ice protection construction
- 4 Port harbor
- 5 Approach channel
- 6 Seaway channel

Yamal LNG facilities











- 1 Administrative and warehouse facilities
- 2 Berths, jetty and utility systems

Notes:

- 1. Materials Off-loading Berth (MOB)
- 2. Roll-on, Roll-over (RO-RO) berth for loading and unloading large equipment

Yamal LNG Research & Consulting Partners



Organization	Description	Status	Due by
	Pre-FEED (comparative analysis of options and preparation of LNG Plant preliminary project documentation)		1Q 2011
Aker Arctic CNIIMF ¹ ABS	Design project and model testing of LNG-tanker		3Q 2011
   	FEED / Project (preparation of final project documentation on LNG Plant, terminal for storage and shipping)		1Q 2012
 YUZHNIIGIPROGAZ	Complex on-shore geotechnical research Project of South-Tambeyskoye field development		1 – 3Q 2012 (by stages)
 Lenmorniiproject	Complex off-shore geotechnical and ecological research Project design for modular offloading terminal, port and channel		4Q 2011 3Q 2012 (by stages)
 Lenaeroproject	Project design for Sabetta airport		2Q 2012

Yamal LNG Project Stages - Pre FID



Completed

- ✓ **License changes** (extended until 2045)
- ✓ **Agency agreement signed with Gazprom Export providing for the export of LNG**
- ✓ **Government support:** tax concessions, government participation in developing infrastructure, optimized tariffs for icebreaking support via Northern Sea Route
- ✓ **Pre-FEED.** Project concept approved
- ✓ **3 exploration wells drilled. Field development optimized** (20 well pads instead of 35)
- ✓ **Tanker testing completed. Initial design of ice-class tanker determined** (170 thousand cubic meters)
- ✓ **Entry of strategic partner**

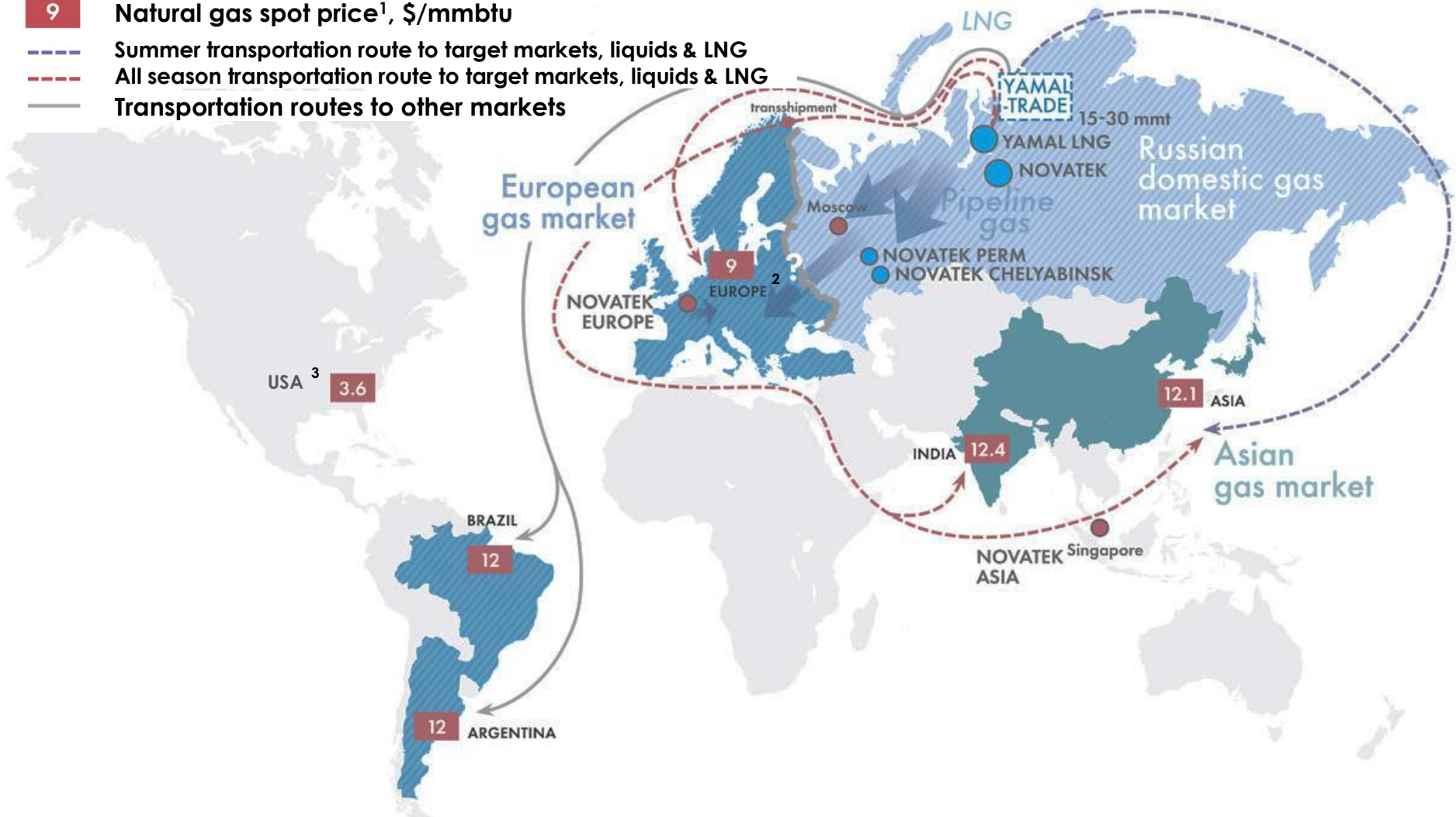
To be completed before FID

- Further Exploration & Development works**
- Complete FEED and the Russian part of project works** (2-4Q 2012)
- Begin detailed design and ordering of equipment with long supply periods**
- Prepare construction site** (living quarters, roads, airport and seaport to receive modules and construction material and LNG plant site)
- Determine environmental impact assessment**
- Receive necessary government approvals and permits**
- Conduct tenders for main operations** (construction of LNG facility, storage and transportation systems, infrastructure development, drilling)
- Conduct tender to determine shipyard/shipowner**
- Start LNG marketing**

NOVATEK LNG Strategy Implementation



- 9** Natural gas spot price¹, \$/mmbtu
- Summer transportation route to target markets, liquids & LNG
- All season transportation route to target markets, liquids & LNG
- Transportation routes to other markets



Notes:

1. Based on average actual prices in 3Q 2011 from Argus Global LNG
2. Average of: Title Transfer Facility (TTF) spot price (Netherlands) and National Balancing Point (NBP) spot price (UK)
3. Henry Hub

The image features the NOVATEK logo in large, bold, blue capital letters. To the left of the logo is a stylized blue graphic consisting of three horizontal, curved bars. The background is a faded image of industrial structures, possibly oil rigs or refineries, with smoke or steam rising from them.

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Questions and Answers

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