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**Presenter:** **Leonid Mikhelson, Mark Gyetvay, Oleg Maximov**

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Operator: Good day, ladies and gentlemen, and welcome to the Novatek 2012 Results conference call. Today's conference is being recorded. At this point, I would like to turn the conference over to Oleg Maximov. Please go ahead.

Oleg Maximov: Good afternoon and welcome. I am Oleg Maximov from Sberbank, and this is Novatek's Full Year 2012 IFRS Results conference call. With us today is Mark Gyetvay, Chief Financial Officer and member of the Board of Directors. Mark, please start with your presentation. Thank you.

Mark Gyetvay: Thank you, Oleg. Ladies and gentlemen, shareholders and colleagues, good evening, and welcome to our fourth quarter and full year 2012 earnings conference call. I would like to thank everyone for joining this evening, and again extend our sincere gratitude to Sberbank CIB for organizing and hosting our earnings conference call.

Joining me this evening during the question and answer session will be Mr. Leonid Mikhelson, CEO, Chairman of the Management Committee, and a member of the Board of Directors. The Q&A session will be handled simultaneously in Russian and English languages, so when we come to that part of the presentation call, I will ask to keep this important point in consideration when asking questions. There will be sufficient time allotted to answer your important questions.

Before we begin with the specific conference call details, I would like to refer you to our disclaimer statement as is normal practice. During this conference call, we may make reference to forward-looking statements by using words such as plans, objectives, goals, strategies, and other similar words, which are other than statements of historical facts. Actual results may differ materially from those implied from such forward-looking statements due to known and unknown risks and uncertainties, and reflect our views as of the date of this presentation. We undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events. Please refer to our regulatory filings included in our annual review for the year ended 31 December 2011, as well as any of our earnings press releases and documents throughout the past year, for more description of the risks that may influence our results.

This past year was an extremely difficult year from a share price performance perspective, as the company delivered another solid year of financial and operational results, concluded another value-accretive acquisition by acquiring at 49% equity stake in Nortgas, met its production guidance for both natural gas and liquids for the year, began trading commercially on the European markets, successfully launched the fourth phase of stage 2 development at our Yurkharovskoye field, and the initial two production lines at the Samburgskiy field of SeverEnergia, as well as continued to make in moving the Yamal LNG project towards FID, or final investment decision. Yurkharovskoye

Unfortunately, the equity markets continue to focus keenly on current news flows and markets for speculation, and correspondingly, a move away from the company's strong fundamentals. We witnessed this negative market reaction throughout all of 2012, despite our continued dialogue with investors and analysts. However, despite this fact, we remain steadfast in delivering the financial and operational results as outline in our Strategy Day presentation.

Another area of prolonged investor concern has been continued market noise around the gas mineral extraction tax, or MET, and more recently, gas condensate MET. As I mentioned on numerous occasions, we are actively involved in these important discussions with the relevant ministerial bodies, and believe the outcomes being proposed are not punitive to the independent gas producers, as speculated in the market. Currently, it is our understanding that there will be no change in the gas MET rates already published, and any change incorporated by the introduction of a new tax formula will come into effect in 2016. We continue to be surprised by all this noise around the gas condensate MET rates because we have previously addressed this issue on our last conference call in the Q&A session by stating that there are no present structural discussions to change the present tax system. And if you'll recall, the rates have already been adjusted and hence increased during the recent change in the tax calculation methodology from a percentage base to a flat rate per ton produced and disclosed in the tax section in our MD&A.

It is crucial that these points be raised early tonight, because we understand the nervousness and uncertainty voiced by our shareholder base, and as has been customary through all our discussions in 2012 and before, we prefer to address these issues and concerns in a proactive manner, rather than letting these concerns fester and negatively influence your decisions regarding our company, our future prospects, and our equity valuation.

I would like to spend the next minutes' discussion some important points that have been voiced lately by our shareholders, as well as to dispel some of the negatively biased comments, news, and reports.

First of all, I would like to dispel the rumour of my imminent departure or resignation as CFO of Novatek. I have been involved with the company for over 10 years, and I am fully committed to fulfilling my obligations to the company and our valued shareholders. I have set high standards for corporate governance and financial transparency when I began working full-time for Novatek in 2003, and have actively engaged our shareholders throughout this whole period of time through various conferences, direct meetings, and other investor forums. It has been really rewarding professional experience to have this opportunity to passionately expand Novatek from its humble beginnings to now one of the largest gas players in the global oil and gas industry. I believe we have clearly distinguished ourselves as one of the leading companies in Russia in many important respects, and we are committed to continue this high-level investor dialogue in the future. I will be part of the senior management team in my present capacity when Novatek and Yamal LNG make history with the delivery of the first LNG tanker to the international markets. There is much more to accomplish at Novatek, as we move forward and deliver on the corporate strategy that we articulated in December of 2011.

In regards to Yamal LNG, we read with amazement the reports being written on this project without any clear basis to make such statements. Moreover, the consistent speculation on project delays, difficulty in finding equity partners, to circumstances surrounding export liberalization or operating in subarctic climatic conditions are all intended to leave one to question the project's viability. It is important that I dispel some of these baseless statements with facts, not rumours or speculations.

There is no delay in the project or in the FID decision process, as erroneously reported in the press. Quite the contrary, as the project partners' recent field visits attest. We are proceeding along a path to make a positive project FID decision in the coming months, as they conclude the review process of EPC contractor proposals to our tender for the main construction of the project. This fact is well understood by the principal parties involved, both Novatek and Total, and we have all been proceeding along in accordance with the project-specified timetable. To make a statement to the contrary on the back of our recent Eurobond road show presentation, which stated that first production will commence in early 2017, rather than 2016, is purely semantics, and in my opinion, irresponsible and misleading reporting.

To set the record straight, we are presently reviewing all the materials submitted to us via the tender process from three bidding consortiums, and this internal review was never intended to be completed in haste. As you can appreciate, this review process is a very important step, and the selection process, and requires careful review and ongoing discussions with the potential EPC bidders. We are at the final stages of selecting the EPC contractor, and we believe that it is favorable to continue negotiating to get the best terms and conditions for the project's overall cost. As such, we believe we can make an announcement on the selected EPC bidders within the one or two weeks and conclude the final signing of all contractual documents shortly thereafter.

During this tender review process, the partners have agreed to continue funding the project to ensure the aggressive project timetables are being met, and we have recently initiated the tender process for long-lead items without delay. The tender process for long-lead items such as LNG tanks, gas turbines, main compressors, power stations, to name a few, have already begun, and a contract to begin drilling operations has already been designed with one of the new Arctic rigs already assembled and ready to commence drilling operations, and the second Arctic rig is being mobilized and erected and ready to begin drilling in the second quarter of 2013. In fact, we have already commenced the drilling of the first production well this past week at the South Tambeyskoye field.

Another area of pure conjecture has centred on the difficulty in finding another partner for the Yamal LNG project, and hence, a confirmation of the project's technical complexity. Again, I would like to set the record straight by strongly stating that this speculation is not an accurate assessment and/or conclusion of the process currently undertaken. In fact, the dialogue around potential partners has intensified recently, largely due to the perceived technical merits of the projects, and the industry's realization of the significant cost overruns on many of the competing LNG projects.

I had also mentioned on several occasions that we were in ongoing discussions with potential partners for a farm-out of an additional stake in the project, but that the timeline to complete this process is not solely defined by us, and requires potential partners to conclude their due diligence on the project. This important assertion is still valid. Moreover, our recent trip to Asia, which included a Russian Federation delegation, led by Alexander Novak, Minister of Energy, again confirmed to us the strong potential partner interest in this project, and accordingly, we will continue to consider these new partner relations, and undertake negotiations. We understand investor concerns related to the timing of these potential farm-outs, but will remain confident that we can complete this process in a satisfactory manner for ourselves as well as our partners.

More specifically, I would like to provide some updates on the project, as we have progressed with various work streams over the past year according to our work plans. As you know, the Russian government has designated the port of Sabetta as a new strategic Arctic port, and considers this port crucial for future oil and gas activities in the Arctic region. To support the project, the Russian government, through Rosmorport, will provide the financing to build the port complex as well as dredge the approach channel on the Ob River and the loading area.

In recent site visits in early December, and more recently, over the past few weeks, it is clear that the Russian government has made good on its promise to undertake the work activities in conjunction with our proposed timetables, and are progressing according to work plans on port construction and dredging operations. The dredging vessel *Alexander von Humboldt* has dredged the access channel from 29 August to 15 October, or 45 days, and has excavated and removed 1.5 million cubic meters of soil and deposited this soil in a temporary holding area until further use. These dredging operations were done in accordance with the work plans for this past year, and will begin once again when the operating conditions make these activities feasible.

We can also report that significant progress has already been made on the port construction activities, and we can also expect that the modular offloading facility will be ready to begin accepting materials later in the fourth quarter 2013, and modules delivered in the third quarter of 2014. With the completion of the new modular offloading facility, we will be able to receive the deliveries of materials and modules year-round.

The three LNG trains will be built in a modular fashion to enable construction works to be performed simultaneously in several locations, and then brought and assembled onsite, thus minimizing hookup, precommissioning and commissioning activities at the site. This work activity is standard practice for this type of arctic climate, and Russian companies, including us, have dealt with these types of construction activities in the past. On a previous conference call, I also mentioned that we were going to use a proven base liquefaction process by Air Products Chemicals, which is a process of base liquefaction technology used on many LNG projects around the world. We also signed a license agreement with BASF for the use of their pre-liquefaction gas treatment technology, which is one of the most important design solutions for the Yamal LNG project and the acid removal technology used at many of the world's leading LNG plants.

There are a number of technical reviews that have been undertaken by the Russian government in accordance with normal practices, and we are pleased to report that we have satisfactorily completed the majority of these reviews, and we believe the project will be fully sanctioned by the end of this month. Moreover, over the past year, the primary technical feasibilities of the project have already been obtained, including the design of the ARC-7 LNG tanker, the construction of the Yamal LNG plant, as well as confirming year-round shipment to all key consumer markets.

We are progressing with the market arrangement for future LNG sales with a recent series of trips to both Europe and Asia. After these series of meetings with potential offtakers, especially with the rapid progress of our discussion with potential Chinese customers, we believe that we have approximately 80% of the offtake agreements prepared and ready for signature subject to the positive change in the export law for LNG. We see a reasonable possibility that these crucial steps can be completed within the first half of 2013. We also recently completed a series of meetings with export credit agencies around the world, and we believe that the response to the Yamal LNG project, subject to the level of contractor participation and supplier content within their respective countries, has been extremely positive.

We have made significant progress throughout 2012 in regards to our ongoing work activities at Yamal LNG, as highlighted in my project summary, as well as the photos included in the conference call presentation materials. In our opinion, the comments made about this project are not an accurate assessment of the project's results to date, and more than likely distort the actual facts. The Yamal LNG projects has many positive advantages relative to competing LNG projects around the world, such as the South Tambeyskoye fields, long-lived, low-cost onshore conventional reserves that will be used for the feedstock of the LNG plant; a physical location that is accessible to primary consumer markets in both Europe and Asia, and strong Russian governmental support through attractive fiscal terms and a commitment to build a new strategic Arctic port at Sabetta, to name a few. We will continue to highlight this project on future conference calls and investor meetings as we move forward with the actual construction phase.

Our share price performance continues to be plagued by the market noise surrounding the gas MET deliberations, but as we rightly discussed in various conference calls and investor meetings, we believe that the ultimate outcome from these deliberations will not be punitive to Novatek and the independent gas producers. Last year, the uncertainty surrounding the gas MET discussions put significant downward pressure on our share price performance due to perception of punitive rents being extracted from the independent gas producers. As previously stated, we felt that the investment community overreacted to this news flow, and again we believe we are facing a similar overreaction to the current discussion on changing the tax policy to the new gas MET formula being presently considered.

For the sake of repetition, we are actively involved in these discussions, and believe the new gas MET formula will not be punitive to us or the other independent gas producers as currently being discussed. The Russian government has already approved and published a series of natural gas MET rates for 2013, 2014, and 2015. We have no reason to believe that they, the Russian government, will change the rates already approved and published, and that any change in the new tax formula being discussed, which considered export rights, transportation, specific road network base, and geographical area of operations will only come into effect around 2016. Both formulas being proposed the Ministry of Finance and the Ministry of Energy contemplate achieving the same results as already published and approved in the federal budget.

We are also facing the same level of market overreaction in regards to the gas MET news flow. For your information, the Russian government recently changed the methodology for calculating this volumetric tax from a flat percentage base to a rate per ton produced, and these two new rates are projected to rise over the next three years, as fully disclosed in our MD&A. Moreover, there are no present discussions to increase the gas condensate MET as currently published and approved.

The Russian government published a directive on 31 December 2010, which sets gas prices for each region on a quarterly basis, using a price formula within a range of minimum and maximum wholesale prices. The minimum and maximum wholesale gas prices may be revised semi-annually, and in addition, wholesale prices may be recalculated twice a year as of 1 April and 1 October, based on changes in the oil product prices on the European market within a range of +/- 3% from the average prices set previously. This new directive became effective on 1 January 2013.

As you know, the Russian government has maintained its commitment to raise its domestic tariffs in line with the initial plan formulated in 2003, and with some minor adjustments, has stuck to this slow liberalization process over the past decade. We are not aware of any imminent changes to the overall structure of natural gas price as already agreed to with the relevant ministries, and we are confident that they are committed to proceed with the proposed 15% annual tariff increases over the next couple of years.

Given the rise in proportion of our natural gas sales to the end consumer market segment, we are more concerned with a balanced approach to gas taxation, transportation tariffs, and gas pricing discussions, as these factors impact either positively or negatively our net back margins. In our view, the Russian government understands this issue at hand, and has sought our direct input into these important discussions.

Throughout the year, I provided a series of updates on our operational activities, so for tonight's call, I would like to provide some major highlights for 2012.

We increased our SEC proved reserves by 32% to approximately 12.4 million barrels of oil equivalent, and our PRMS proved reserves 38% to approximately 15.6 billion barrels of oil equivalent during the year. The increases in both our SEC and PRMS proven reserves were largely attributable to the recent value-accretive acquisitions, as well as successful ongoing exploration development activities at our fields. We achieved a record reserve appointment ratio for the past year of 842%. Our three-year average was 623%, and our reserve to production live increased from 25 years to 31 years on the SEC proved reserve case, and from 40 years to 55 years on the PRMS proved and probable case.

We maintained our industry-leading lift-in costs, in rouble terms, at RUB 17.8 per barrel of oil equivalent, or approximately $0.58 per boe, although this represented a 14% year on year increase. We remain confident that Novatek will continue to be one of the lowest-cost producers in the global oil and gas industries in terms of finding a development and reserving replacement costs for the next three-year period covering from 2010 to 2012, when the statistical information is published for the oil and gas industry. Our core natural gas and liquid productions increased by 6.3% and 2% respectively, which was reasonably consistent with our production guidance for the year. Our total natural gas and liquid production and purchases increased by 10.5% and 9.1%, respectively, if we include purchases from our joint ventures and others. The growth rate for our natural gas achieved in 2011 of approximately 42% extraordinary for our scale and size of operations, and accordingly, should not be used as a proxy for future growth rates or relative comparisons because these rates of growth are not sustainable.

We remained free cash flow positive during 2012 of approximately RUB 32.3 billion, further attesting to our ability to fund our capital expenditure program from internally generated cash flows. And finally, all of our financial parameters were met this past year, excluding the impact of the net gain of disposal, with our full year EBITDA and net profit margins at 45.1% and 33% respectively.

I would now like to provide a brief update on some of our key operational projects.

At SeverEnergia, we successfully launched two production trains on the Samburgskiy field last year, reaching current annualized 2013 production of approximately 4.6 billion cubic meters of natural gas, and approximately 700,000 tons of de-ethanized gas condensate. There were 25 operational wells at the field at year end 2012. We plan to launch the next field, the Urengoyskoye field, sometime in the second quarter of 2014, and have already completed six production wells, construction of an 89km condensate pipeline, which is approximately 90% complete, a 96km gas pipeline, which is approximately 50% complete, as well as other miscellaneous work activities. Other work activities are currently under way at the Yaro-Yakhinskiy field as planned, and we expect that field to be formally launched on the second half of 2014.

Excluding VAT, total capital expenditure planned at SeverEnergia is approximately RUB 40 billion for development and infrastructure activities and approximately RUB 2 billion for exploration type activities in 2013.

As I mentioned on our third quarter conference call, we plan to expedite the field development activities at Nortgas by moving forward the work activities on the eastern dome area in 2013 rather than 2014 as originally planned. We believe we can begin initial production flows from the eastern dome during the latter part of 2013. Proprietary work activities were started at the North Urengoyskoye field for the initial expected start of natural gas production on the eastern dome, including the construction of well-drilling pads, gas-gathering lines, and a gas treatment line. The launch of the eastern dome is expected to more than double the production of natural gas and triple the production of unstable gas condensate at the field. We will keep you informed of any new developments in regards to our planned operational activities on future conference calls.

Last year, we successfully launched the fourth complex of the second phase development activities at the Yurkharovskoye field, bringing total field production to the planned capacity of 36.5 billion cubic meters. We also launched the first-stage booster compression station for maintaining natural gas production at the field. During 2013, we plan to expend approximately RUB 12.3 billion on development activities, which includes the drilling of three wells, six sidetrack wells, and additional capital expense on booster compression stations and other miscellaneous work activities. As previously mentioned, we should notice a considerable reduction in capital spend on the Yurkharovskoye field commencing in 2014.

Overall, development drilling activities, including our joint ventures, amounted to 245,000 meters of drilling, representing approximately 133% more than in 2011. A total of 18 natural gas wells and 24 crude oil wells were completed and launched in 2012, including 6 new wells at Yurkharovskoye fields, with average initial flow rates of 2.2 million cubic meters per day, or approximately 78mcf per day.

During the past year, we also completed a new record well at the Yurkharovskoye field, with a total well bore of approximately 7100m including a horizontal section totalling 1200m. We made some design changes at our Ust-Luga gas fractionation plant, based on technical inspections and project documentation, which essentially optimized the plant’s processing technical specifications, and based on these project changes, required additional time during the initial startup phase. We now expect the plant will be commissioned in the second quarter rather than the first quarter as initially envisaged.

Our initial production guidance for 2013 is an increase in natural gas of approximately 7% to 8%, and approximately 9.0% to 9.5% for liquids. As customary, our 2013 production guidance targets are based on our best estimates as of the end of 2012, and are subject to potential revisions based on demand, economic growth activities, and prevailing weather conditions. With the recent growth in our natural gas production, we managed to supply demand balance through the underground storage facilities for natural gas, and these storage balances tend to fluctuate period on period, depending on seasonality, availability, and obviously, consumer demand.

From an operational perspective, Novatek had a very strong fourth quarter, with our gas production increasing by 15.4%, or by roughly 2bn cubic meters, led by continuous production growth at the Yurkharovskoye and East Tarkosalinskoye fields, as well as contributions by our equity share of joint ventures. Our natural gas production, including equity purchases, for the 12 months of 2012, totalled 56.5bn cubic meters, representing an increase of 3.6bcm, or 6.8%, over the corresponding reporting period, of which 56% represented organic growth at the Yurkharovskoye field, with the launch of the fourth stage of phase two in October 2012. We continue to purchase gas from Sibur, a related party, and during 2012, we purchased 3.5bcm of natural gas from this entity for resale in the domestic market.

For liquids, we increased our quarter on quarter production volumes, including in our shared joint ventures, but excluding other purchases, by 18.8%, or by 196,000 tons, led by production growth at the Yurkharovskoye field, whereas our full year production increased by 341,000 tons, or by 8.3%, led primarily by increased liquid production, namely crude oil at the East Tarkosalinskoye field and purchases from joint ventures. With the introduction of the zero MET tax regime for crude oil produced above the 65th parallel, we began to invest capital in the development and production of our crude oil layers at both the East Tarkosalinskoye and Khancheyskoye fields, which accounted for a large portion of liquids growth in 2012.

In terms of sales volumes, we increased our natural gas sales volumes by approximately 2% during the fourth quarter, or by 295m cubic meters, as compared to the prior year fourth quarter reporting period. Seasonally adjusted, our quarter on quarter 2012 sales volumes increased by 13.8bn cubic meters to 15.7bcm, or by 13.9%, reflecting continued strong sales throughout the traditional peak winter period. Within our total sales mix for natural gas, end customer sales represented 69% versus 55% year on year for the comparative 12 months ended 31 December, with volumes from the power generation sector accounting for approximately 40% of total sales volume, or 58% of our volume sold to our end consumers.

We had a notable year on year increase in gas sales volumes for large industrial customers in 2012. During the fourth quarter 2012, our sales mix was 73% end customers, and 27% wholesale traders. Our volumes of natural gas sold to end consumers increased by 32.5% in the fourth quarter, as compared to the third quarter 2012, which accounts for the increase in our transportation costs as part of our overall operating expenses for the period. During the fourth quarter, we withdrew approximately 212m cubic meters from underground storage, whereas in the third quarter, we injected 580m cubic meters of natural gas in the underground storage, resulting in a cumulative quarter on quarter change of 792m cubic meters of natural gas. We ended 2012 with an inventory balance of approximately 1.1bcm of natural gas in the underground storage facility, representing an increase of natural gas in storage of 370m cubic meters as of the beginning of the year.

Our realized average price for end consumer sales during the fourth quarter in 2012 increased by 14.2% in comparison to year on year, but was marginally lower than those prices realized quarter on quarter. For ex-field, or wholesale trader sales, our average realized price increased year on year by 18%, but was marginally higher with the prices received for this category of sales quarter on quarter. For the full year 2012, our end customers and wholesale traders average real-life prices increased by 7.5% and 9.1% respectively, which was consistent with our price expectations vis-à-vis the general tariff increase effective 1 July 2012 and the geographical mix of our natural gas sales.

Our average net backs for natural gas sales sold to end consumers, excluding trading margins, increased by RUB 217 per mcm, or by 15.2% for the full year 2012, and were marginally higher on a quarter on quarter basis due mainly to a 4.2% reduction in our average transport cost. We continue to achieve a higher margin differential between end consumer and ex-field net backs, excluding trading activities, as compared to the prior year, which continued the pricing dynamic trends achieved prior to the economic crisis, although we cannot be certain that these trends will continue, remain consistent, or fluctuate period on period.

For liquid sales, we sold 1.1m tons of liquids in the fourth quarter, which was relatively consistent with the volumes sold quarter on quarter. For the full year 2012, we increased our volumes of liquids sold by 92,000 tons, or by 2.2%, which represented a combination of production growth at our East Tarkosalinskoye field and purchasing from our joint ventures, which were offset by a corresponding increase of 238,000 tons of volumes in inventory held in storage or in transit. During the year, our volume of sales of stable gas condensate in transit and storage fluctuated throughout the year, depending on loading schedules and transit routes, and ended 2012 with a balance of 461,000 tons, representing a year on year increase of 233,000 tons from the beginning of the year, and an increase of 216,000 tons versus the third quarter 2012. Our overall liquid hydrocarbon volumes in inventory aggregated 563,000 tons at period end 2012 versus 325,000 year on year and 374,000 tons quarter on quarter.

For export volumes of stable gas condensate, we sold 2.8m tons realized at an average net back price of $424 per ton in 2012, as compared to 3m tons realized at an average net back price of $421 per ton in 2011. During the fourth quarter, we sold 690,000 tons on the export market for an average of net back price realization of $419 per ton, as compared to 723,000 tons in the third quarter 2012 at an average net back realization of $441 per ton. The difference per ton, quarter on quarter, was largely attributable to an increase in both export duties and transport expenses, which exceeded the increase in our average contractual price we received. On a total barrel of oil equivalent basis, we increased our full year production to 405m boe in 2012, versus 381m boe in the prior reporting period, representing an average hydrocarbon daily production of 1.170m barrels per day and a combined increase of 6% year on year.

We also increased our capital expenditure year on year by approximately 40% to RUB 43.6bn, which is slightly lower than our announced capital program for the year. Specifically, the Yurkharovskoye field accounted for approximately 33%, or RUB 14.1bn of our invested capital, which represented an increase of RUB 2.7bn, or 23%. In comparison to the third quarter 2012, the most significant increase to our capital expenditure program related to crude oil drilling activities at both the East Tarkosalinskoye and Khancheyskoye fields, as well as capital spend at the Yurkharovskoye field and the Purovsky plant. We increased the amount of spend, quarter on quarter, by approximately RUB 805m, or by 7%. Our capital expenditure program for 2013 is expected to be approximately RUB 60bn, which is consistent with that originally guided for in 2012, plus the carryover costs from the prior year.

As expected, the most significant changes in our operating expenses for the comparative periods were the relative increase in our transportation expense, which is explainable in the overall growth in the end customer sales, combined with the annual tariff increase, as well as taxes other than income, which have increased year on year, largely due to the volumetric nature of this expense, and the increase in the mineral extraction tax for natural gas expected 1 January.

The structure of our operating expenses continues to fluctuate period on period, but remained relatively consistent in terms of percentage to total revenues, except for a large percentage of growth in purchases of hydrocarbons. Our total operating expenses increased for the full year of 2012 in absolute terms, from RUB 96.8bn to RUB 125.8bn, or roughly by 30%, largely driven by significant increases in transport and purchases, which accounted for approximately RUB 24bn of the increase, or by 83%. Operating expenses in the fourth quarter 2012 amounted to RUB 38bn versus RUB 29.6bn in the third quarter, representing an increase quarter on quarter by RUB 8.4bn, or 28.3%. The growth in our quarter on quarter operating expenses is reasonably explainable by increase in transport expenses, in hydrocarbon purchases, as well as increases in specific charges booked in the fourth quarter for general administration expenses, depreciation, depletion, and amortization, and writeoffs related to exploration activities.

In the fourth quarter, we significantly increased our volume sold to end customers by 32.5% relative to the third quarter, thus increasing overall transport costs in the period. As a result, we incurred a higher transport cost of approximately RUB 3bn, or by 28.3%, to reflect a higher volume sold to end customers, although our average transport tariff rate declined in the quarter due to a slight decrease in the average distance to market. The more we sell to end consumer, the higher the proportion of transport costs relative to our total operating expenses. It is more instructive to note that despite the increase in our overall transport costs for natural gas, our net back margins were not adversely impacted between reporting periods.

We increased our volumes of hydrocarbon purchased between the third and fourth quarters by approximately RUB 1bn, or by 21.6%, comprised by natural gas and gas condensate of RUB 408m and RUB 634m, respectively. The increases of gas condensate purchases were a result of our increased purchases from the launch of the second production line at the Samburgskiy field and the commencement of gas condensate purchases from Nortgas. We do not see anything unusual with these purchases, as they are consistent with our commercial marketing plan, and supplement our core production marketing efforts.

We effectively manage control of our G&A expenses as a normal course of business, although these expenses continue to fluctuate period on period in our controllable expense category, due primarily to semi-annual and annual employee bonus payments, charitable contributions, consultant services, and business travel expense, among other line items. The main increases in our G&A expenses were primarily attributable to the increase in employee compensation and legal, audit, and consultant expenses, which represented 95% of the total quarter on quarter increase. All other changes in the G&A expense category were collectively immaterial.

Specifically, the largest increase in employee compensation were attributable bonus payments in the fourth quarter for results achieved over the past year and a significant increase in defined pension plans that changed during 2012. These two specific line items within the G&A category accounting for the majority of the increase, but there was also an increase in employee headcount of approximately 81 employees. The increase in the defined pension plan is usually booked in the fourth quarter after assessing all the plan’s attributes and calculations for the past year. Bonuses to employees and management are generally paid based on the first half and full year results, and generally comprise the largest increase in employee compensation each year, as well as the annual salary indexation for inflation.

In regards to legal, audit, and consultant expenses, the change between the respective quarters were largely attributable to expenses in relation to the acquisition of Nortgas in November, and the company’s Eurobond issuance in December. These were generally considered one-off type expenses.

Employee compensation within materials, services, and others increased quarter on quarter by RUB 255m, which accounted for roughly 77% of the increase in the overall expense category. The increase was similar to that noted within the employee compensation expenses at G&A, with costs related to defined pension plans generally booked in the fourth quarter increasing by RUB 197m. There was a minor increase in total headcount by 37 employees quarter on quarter, as well as the salary indexation of 6% effective 1 July 2012, but generally speaking, pretty consistent, period on period.

For DD&A charges, quarter on quarter, the most significant change was the units of productions relating to the increase in capitalization of costs to our depletable base of approximately RUB 14.2bn, which was also impacted by the change in reserves at year end and in the total production increase from 84m boe in the third quarter to 97m boe in the fourth quarter. The combined effect of all these changes was an increase in our UOP rate per boe of approximately RUB 7.3 per boe, and the correspondent booking of this increase in the fourth quarter.

As for the increase in exploration expenses quarter on quarter, we essentially wrote off unsuccessful exploration drilling wells in the fourth quarter in the amount of RUB 845m as well as increased in our non-capitalized geophysical work by RUB 218m over the corresponding quarter. The writeoff of the unsuccessful exploratory wells accounted for approximately 61% of the exploration expenses quarter on quarter, and are consistent with our successful efforts accounting policy.

As a result of the factors enumerated above, our EBITDA and net profit margins continue to remain robust, and reflect the reporting periods of 45.1% and 33%, respectively, excluding the net gain on disposal for the full-year 2012, which is consistent with our overall financial guidance, although the actual margins were slightly lower quarter on quarter due to the debooking of expenses in the fourth quarter as previously noted.

Our balance sheet and liquidity position continue to remain strong throughout the reporting period, although we increased our overall debt portfolio this past year by RUB 37bn as a result of the US dollar-denominated Eurobond in the amount of $1 billion that we concluded in December 2012 to finance the Nortgas acquisition. Post-balance sheet, we repaid a portion of 2013 debt ahead of schedule, as well as concluded a four-year, RUB 14bn Russian rouble-denominated Eurobond, which was also used to repay a debt due in December. We remain free cash flow positive during the fourth quarter of 2012, and throughout all of 2012, ending the period with a positive free cash flow at approximately RUB 32.3bn, which is lower than the prior year, but takes into account a higher capital expenditure program in the current year.

We continue to fund our capital expenditure program through internally generated cash flows, and have the ability to meet all our debt obligations and liabilities when they mature or become due for a payment.

In conclusion, we ended 2012 by successfully delivering on all of our financial and operational commitments as outlined by our corporate strategy. Our asset platform base is enormous and growing, and the company has clearly distinguished itself as one of the few true growth opportunities in the global oil and gas industry. We have an exciting portfolio of assets to continue delivering sustainable growth in the future in a cost-efficient manner, but our risk profile has changed in the eyes of the market.

Unfortunately, over the past year, market noise, or what I would characterize as aboveground risk, has trumped the success we achieved both financially and operationally, and this market noise has increased the investors' perception of our risk profile and had a negative impact on our share price performance relative to our peers. We understand these new risk concerns, and we are actively trying to address them through our participation in various governmental committee and industry workshops.

Despite these efforts, there is a clear disconnect between the market speculation and the company's strong business fundamentals. Although the level of speculation has risen of late, one thing remains consistent – our commitment to deliver above-average financial and operational reviews under any market condition. Since our inception, we have overcome many sceptics when few gave us a remote chance of succeeding, let alone building one of the largest gas companies in the world, despite the perceived risk ascribed to our business, our transport access, and our ability to sustain growth.

The cornerstone of the company's success has been built on project execution, cost control, and on delivering what we said what we would deliver. We are committed to making Novatek one of the premier oil and gas companies globally, but that requires periodic changes to our historical business model, and accepting some of the new industry challenges as they further north in the

Arctic Circle. The Yamal LNG project is just one prime example of the industry's move to the Arctic region, and we are very excited about the role we will play.

I would like to sincerely thank all of our valued shareholders for your continued support over the past year, despite the recent market uncertainties. We have a truly world-class operation at Novatek, and our financial and operational growth dynamics, our industry-leading performance metrics, and our long-life, low-cost resource base are second to none vis-à-vis our global and gas competitors.

I would like now to end this portion of the conference call, and open the session to questions and answers. Thank you very much.

Operator: To ask a question, please press the star or asterisk key, followed by the digit 1 on your telephone keypad at this time. Please ensure that the mute function on your phone is switched off to allow your signal to reach our equipment. Once again, if you wish to ask a question, please press *1. We will now pause for just a moment to allow everyone to signal.

We will now take our first question from Oleg Maximov. Please go ahead.

Oleg Maximov: Hi, Mark, and thank you for the presentation. Just a couple of questions from me – did I understand you correctly that you would expect 80% of Yamal NG volumes to be presold by the first half of this year? And FID is next month? And also, if you could update us on Ust-Luga, when do you expect first commercial tankers of condensate, and how much capex is still left to invest in Ust-Luga project? Project.

Leonid Mikhelson [Translated]: As Mark Gyetvay mentioned, we are currently going through the stage of negotiations to conclude contracts for the sale of the future LNG, and so the 80% mentioned reflects upon our current vision in terms of the readiness of the contracts to be signed. We, right now, are finishing to consider the extent of this which we have received from different consortia for the construction of the LNG plant. The final review of the best possible offerings, we anticipate to spend an additional few weeks to consider them, so as to which would have the best possible terms. And so the final period that we are planning will be reflected in these contracts. So this is one approach.

And the second approach, I'm sure that you might know, that the Russian government right now is considering changes in the legislation with respect to the gas exports in as far as granting exemptions to the producers themselves to sell LNG. And so the signing of the contracts which I have mentioned above, we relate to this process of consideration, and we are hopeful that the matter would be resolved positively, following which we will start signing contracts.

We also have conducted very good series of negotiation, both with leading majors in this market, as well as with very specific off takers and we as a result feel a preference for the Asia/Pacific market, Indian and Chinese markets, and during the second quarter, I hope that we will be able to achieve the signing of these final basic terms and also finalize the conditions in terms of the timing and pricing.

Now, as far as the Ust-Luga is concerned, as was mentioned by Mark Gyetvay, during the precommission stage, we have been able to improve the design conditions for the overall Ust-Luga project as a result of which a slight postponement took place as far as the launching of the project was concerned, which we will plan to do during this second quarter. To us, this is in no way a problem, and it doesn't introduce any major adjustment to the schedule and the plans which we have for 2013, and so we expect that the project will be launched in the second quarter.

Oleg Maximov: Thank you very much.

Operator: Thank you. We will now take our next question from Karen Kostanian.

Karen Kostanian: Yes, gentlemen, thank you very much for the presentation. I have two questions. The first question is you guided towards, during your strategy presentation, a couple of years back, you guided towards 68bcm by 2015. Given the new market realities in Russia and also in Europe, do you think you will stick to that guidance of 68bcm delivered to the Russian market by 2015? And also, Mark, you mentioned that you're comfortable with the gas price increases, tariff increases in Russia, by 15%. What do you think that does to your pricing? Do you also expect, given that Gazprom alone has about 40 to 50bcm of spare capacity today, that your pricing will also increase in line with the tariffs? Or do you anticipate that the price increases are going to be slower than the tariff brought?

Leonid Mikhelson [Translated]: These two questions are interrelated, and I would like to offer you just one answer to both of these questions. Yes indeed, we do confirm our ability to sell this particular amount, you mentioned 68bcm a year. You know that the gas balance, as is customary, is done in a three-year format, and is being submitted in the second quarter of the preceding year, so right now we are completing work for the gas balance for the period of 2014 to 2016.

We see clearly all of our opportunities and possibilities. You'll note that we've slightly changed our strategy and apart from direct shipments to major end consumers, we have reached the regional market, first in Chelyabinsk, we have reached the consumer market as of this year. And in the future, we are planning to go into other regions where we will have a big share of supply. And we don't have any doubts whatsoever in our ability to raise our output in terms of all this gas being in demand by our consumers.

This year, we'll see the 15th anniversary since Novatek started shipping its first gas back in December of 1998, and last year we reached about 57bcm of production. And with respect to our profitability, and in view of the government plan to raise the gas regulated prices annually by 15%, one ought to take into account that every year with the increase of our share of end consumers in our portfolio, we see only the effect coming from the transportation tariff in terms of the effect of the profitability – but the transportation tariff is growing much slower than the regulated gas prices. And so we believe that this is the kind of spread which will remain, and that would help us to maintain the kind of profitability that we are planning for the future. Thank you.

Mark Gyetvay: I would just like to add a couple of comments to what Mr. Mikhelson just stated. It's important to note that when we prepared our strategy presentation for December 2011, we took into consideration all the producers in a particular area and their reserve base. And based on that analysis, as we also did in 2005 at the time of IPO, we had come to the realization that given the current state of our production profile, given our geographic location of our fields, we are very confident that we're going to be able to deliver these volumes as noted in the strategy presentation.

And the second part of that discussion, I would just like to add that we've stated many, many times before that it's important when you look at the factor on gas price that you don't look at it in only isolation. As I mentioned in my prepared text, we look at it under gas pricing, transport tariffs, and MET, because what we're ultimately trying to do is ensure the net backs do not contract, rather expand. So I think we've been very good in managing those expectations. And as Mr. Mikhelson said, we believe that the overall transport costs will rise at a lower rate.

If you look at our production costs, and we have a presentation that captures the nine months numbers, and we will update it for the full year results, but you can actually see that transportation costs represents about 60% of our production cost. And that alone is by far larger than any of our competitors in the global oil and gas industry. And so it clearly has a direct impact on any of the volumetric movements between the third and fourth quarter, the actual transportation expense went up. So looking at the transportation expenses, and ensuring that the rate of increase is lower than the rate of tariff increase for gas prices will continue to expand margins for us, and I believe that's the direction we're headed for. Thank you.

Operator: We will now take our next question from Alexander Korneev. Please go ahead.

Alexander Korneev [Translated]: The effective tax rate in Q4 was 14%. Could you explain why it was so low? And the second question – could you disclose the average acquisition price from Sibur and SeverEnergia? Thank you.

Mark Gyetvay: On the first point, you have to remember that we have a tax policy in Russia that provided us with a reduction in our profit tax for projects in the Yamal-Nenets region. We took advantage of that this past quarter on projects that we are undertaking at the East Tarkosalinskoye – there's a list of projects that are basically priority projects, and we took advantage of that tax concession that reduced profit tax by 4.5%, so the effective tax rate for those particular projects was 15.5% rather than the 20%. That's why the overall rate for the particular quarter, the fourth quarter, was lower than the 20% historically.

I'm going to pass the second part of the question on to Mr. Mikhelson.

Leonid Mikhelson [Translated]: And so as far as the SeverEnergia question is concerned, I should say that SeverEnergia is selling gas to Gazprom most comfortable for all of the parties involved, as you might know, because together with Gazprom, we have the controlling share of stock of 51%, whereas 49% belongs to our Italian partners Eni and Enel. And so these sales aren't related to Yamal, Yamal-Nenets; they are market-based prices, and all of the participants of the project, including Novatek, are very much satisfied with these prices.

Alexander Korneev [Translated]: The tax discount of 4.5% – is it a one-off event or is it something that you will be enjoying also in the subsequent years? And with respect with Sibur, could you also specify what is the average acquisition price for gas that you acquire from Sibur?

Mark Gyetvay: In terms of the first question on the tax, I believe we used approximately about 90% of the allocable amount for us in relation to this tax concession in the Yamal region. But we believe, there are discussions being currently had at the tax ministry, to talk about potentially extending this program. But right now, that has not been finalized. So right now, I believe we've utilized about 90% of the allowable tax concession for our properties in that area.

Leonid Mikhelson [Translated]: And as far as Sibur is concerned, Novatek is interested in being able to have a bigger part of the domestic gas market and finds it attractive and economical to buy gas from other producers in order to resell it. Certainly, we do not have the kind of a margin that we may have when we sell our own gas, but also with respect to reselling gas, we do enjoy a slight margin on commercial terms for reselling it further on.

Alexander Korneev: Thank you.

Operator: Thank you. We will now take our next question from Ron Smith. Please go ahead.

Ron Smith: Good evening, gentlemen. Thank you for the call. I have two questions. First, Mark, you mentioned something, or maybe I just misheard during the course of the call, but you said you had been able to confirm year-round delivery to all major customers. Can I take from that you're going to be able to deliver year-round to Asia? For some reason I was thinking you were going to have a few months of the year where you couldn't. Maybe I just misunderstood or misheard. And second, could you please repeat your liquids production guidance for 2013, including SeverEnergia? Thanks.

Mark Gyetvay: It's actually unstable gas condensate production for 2013 that is forecast up 5%, while total liquids production is forecast to grow by 9% to 9.5% for the year.

Ron Smith: Thanks. I'm afraid my first question didn't get completely answered.

Leonid Mikhelson [Translated]: So in terms of our plans of the LNG sale in between different markets, Mark specifically mentioned what we've planned to observe the capacity, which is going to be 16.5 million tons, which is at an advanced stage of contracting, which covers about 80%. So at this point in time, we would rather not specify percentage-wise in between different target markets. In my comments, I stated that we have preference for the Asia/Pacific markets generally speaking.

The second question, which was about the overall volume of liquids for our production in 2013, including SeverEnergia, it's like Mark mentioned, we have a plan to increase this volume by about 5% for gas condensate (total liquids – 9% to 9.5%). As far as we can recall – and further, on the second question, by the end of last year, we acquired Nortgas, and so currently we are putting together our investment program, which should be endorsed for 2013. That we plan to do in March, and as was stated, we are working to bring ahead the commencing of the production of the eastern dome. And we plan to do that sooner than what is planned in 2013, and so consequently, the percentage of overall liquids production in 2013 might turn out to be a bit bigger because of the earlier commissioning and the production of the eastern dome.

Ron Smith: If I could jump back in, I'm sorry I don't think my first question wasn't very clear. I was afraid that I had misunderstood Mark. Did he say that LNG deliveries would be able to be conducted year-round to all major markets from Yamal LNG. I had been under the impression that the northern route would be closed for a few months per year.

Leonid Mikhelson [Translated]: You are quite right because making reference to the northern sea route, we definitely don't plan on it working all 12 months through. And so consequently, the shipments that we are planning are undertake towards the Asia/Pacific markets during the period when the northern route is not going to be navigable are going to be done through train shipment arrangement, with respect to which we have already conducted all necessary commercial negotiations for our LNG to be train-shipped during these months. And because of the premium nature of the Asia/Pacific market compared to the European and North American ones, that particular arrangement would guarantee very good profitability on an average annual basis for the Yamal LNG project.

Operator: Thank you. We will now take our next question from Max Markov. Please go ahead.

Max Markov: Thank you. I just have three questions. Would you please update us on the production plan for Novatek for 2013 and Sibneftegaz and Nortgas. And also production plans for the key equity holding in SeverEnergia and also Nortgas? The second question is actually how you see the split between end users and ex-field sales for this year for 2013? And last question, how much unstable gas condensate did Novatek purchase from Nortgas and SeverEnergia separately in the fourth quarter last year? Thank you.

Leonid Mikhelson [Translated]: You have asked not three but six questions, so we would rather make the answering also separate because it would be difficult to give you one answer to all of them.

Max Markov: Should I ask separately question by question?

Leonid Mikhelson [Translated]: Yes, please.

Max Markov: The first question was about production plans for Novatek standalone and for Sibneftegaz, SeverEnergia and Nortgas.

Leonid Mikhelson [Translated]: So in terms of the Nortgas capex program, it hasn't yet been finally approved. It is being considered right now, and it will be endorsed in March, but what is important for investors to know is that Nortgas has a separate credit line made available, and so a majority of what is necessary to be funded will be covered by this particular credit line. If it is not sufficient, we are currently in preliminary negotiations with the bank in order to extend it. And so any funding which would be necessary above what we currently believe to be necessary will be covered by this credit line directly to Nortgas.

With respect to SeverEnergia, Mark similarly mentioned this particular figure in his presentation, which is about RUB 40 billion, and in this case a consortia of Russian banks has made the project finance available without recourse to the shareholders, and this credit line will be also enough to be cover necessary investments so as to deliver all the way to the design capacity all the fields under SeverEnergia.

Now with respect to investment program and capex for Novatek standalone, they are somewhat at the level of last year, and all of the major investment targets have been described by Mark in his presentation. If I remember the translation correctly, I feel to add on top of what Mark mentioned that this year, we also plan to expand the capacities of our Purovsky gas processing plant to process gas condensate from 5 million tons towards the end of the year up to 11 million tons.

Max Markov: If possible, could you also mention the Sibneftegaz capex, for every entity your production plans for the year. Thank you.

Leonid Mikhelson [Translated]: In terms of the established manner of communication with the investment community, we've always tried to disclosure to analysts and investors all of our plans that we are making and report on these specific achievements and procedures. And so, I believe that all through the years where we've worked together, we've deemed to think that the satisfaction bilateral and mutual. Today we have mentioned all the figures that we have in our plan to increase our production and to increase the capital expenditures into specific projects, but as far as the specific figures are concerned, you will see them in the report which will cover production and capex separately.

Max Markov: Thank you. May I go to the second question? It's about how do you see the difference between end users and ex-field gas sales for 2013?

Mark Gyetvay: And the percentage?

Max Markov: Yes.

Leonid Mikhelson: [Answer in Russian]

Max Markov: Okay. That's clear. And the last question was how much unstable gas condensate did Novatek purchase in the fourth quarter last year separately from Nortgas and from SeverEnergia? Thank you.

Mark Gyetvay: Excuse me. Let him translate the answer first.

Leonid Mikhelson [Translated]: Let me start off by answering the question that you have been able to see that year in and year out, we have been able to increase share of end users in our portfolio; exactly the same thing will repeat itself this year. You have been able to see the reports in terms of us being able to transfer the longstanding trading contracts that we have working with Gazprom under, from Gazprom to one of its subsidiaries, which is SeverEnergia, which this year will see a further increase of a share of our end users, meaning to say that this year again, there will be a very tangible increase of the end users in terms of our overall portfolio compared to 2012, in 2013.

Max Markov: And the third question was how much unstable gas condensate did Novatek purchase in the fourth quarter last year separately from Nortgas and from SeverEnergia? Thank you.

Leonid Mikhelson [Translated]: We have purchased all of the unstable gas condensate which was produced both by SeverEnergia and Nortgas. And specifically, the extension of our Purovsky gas processing plant from 5 million up to 11 million is based upon our ability to receive all of the output from Nortgas and SeverEnergia in terms of unstable gas condensate to Purovsky gas processing plant.

Operator: Thank you. We will now take our next question from Viacheslav Shilin. Please go ahead.

Viacheslav Shilin: Good afternoon, everyone. I just wanted to ask two quick questions. Would you share with us any guidance for where you see your net leverage at the end of 2013, as you have terms that mature at the end of the year versus nine months? And how much of your short-term debt was repaid, or will be repaid in the first quarter of this year, 2013? Thank you.

Mark Gyetvay: I'll answer that question. In relation to the leverage, we have a policy in place maintaining a 1x debt to EBITDA ratio, with some exclusions specifically rated to acquisitions, whereby we would then endeavour to get that ratio back down to that period of time to 1.2 to 1% within one to three years. So currently, we're at 1.2x debt to EBITDA. We expect that to sort of migrated back down, like I said, within the next one or two years.

Your second question, what debt has been repaid – as you know, in December, we took on approximately $1 billion debt to finance the acquisition of Nortgas, and then we subsequently did a rouble-denominated Eurobond of RUB 14 billion in February of 2013. And the RUB 14 billion is essentially the repay back of debt that was due in December, a Sberbank loan, which have done already. So what we have done now with the four year debt, we have moved the debt out four years. And that was actually ahead of schedule, we paid back Sberbank ahead of schedule.

And the other thing we did recently, we repaid a $200 million from Nordea ahead of its majority schedule in March. So effectively, we refinanced RUB 15 billion and placed it in a different bucket in a later year, four years. So that gets us around 2017. And we repaid back $200 million of a debt due in the current period in the first quarter.

Viacheslav Shilin: Thank you so much. Thanks.

Operator: Thank you. We will now take our next question from Ildar Khazev. Please go ahead.

Ildar Khazev [Translated]: I have a question about the acquisition of the gas from Sibur. What is the geographical basis for the shipments for this gas? Thanks.

Leonid Mikhelson [Translated]: It is difficult, and I cannot be very specific in terms of the supply basis because this is in the Novatek overall portfolio, and so it is quite complex to be specific with respect to any particular volume within any destination, because primarily, if you look through the portfolio, the gas that we buy from Sibur comes from the southern corridor, but some share of it is available from the central corridor. And so, generally speaking, this portfolio is being distributed amongst our consumers and the shipment corridors that I've mentioned.

Ildar Khazev [Translated]: The delivery basis from Sibur to Novatek –

Leonid Mikhelson [Translated]: That's basically where Sibur has its gas processing plants, starting with Yuzhno Balyksky, probably exactly where they process their associated petroleum gas. That is the location, these are the locations where we do the gas acquisition from them.

Ildar Khazev [Translated]: Thank you.

Operator: Question from Katya Rudina. Please go ahead.

Katya Rudina: My question has been already answered. So I can just thank you for the presentation.

Leonid Mikhelson [Translated]: Exactly one hour of presentation and one hour of Q&A. In conclusion, I would like to extend my gratitude to all those who participated in this conference call about our IFRS report.

And in conclusion, I would like to say a few words about specifically the Yamal LNG project because there are so many issues and so many discussions related to the partial and staged liberalization of the LNG exports from Russia because of the large scale of the investment project for Novatek and of the great importance that it constitutes to the company.

We, as the management of Novatek, would like to confirm all of the plans and the timing for this project. We're very confident in it, and the further we go into the process of negotiating with all of the contractors and suppliers, we find it extremely important to maintain a very positive pace of the project implementation and the stage where we negotiate with the consumers and offtakers, meaning the contracts, and so we're not going to reconsider or change the period within which this project is going to be commissioned into operations, finding it extremely important for the future of the company. Thank you very much for your attention.

Operator: That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.