NOVATEK

Russia's Natural Gas Frontiers:
"*Harnessing the Energy of the Far North*"

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Forward-Looking Statements

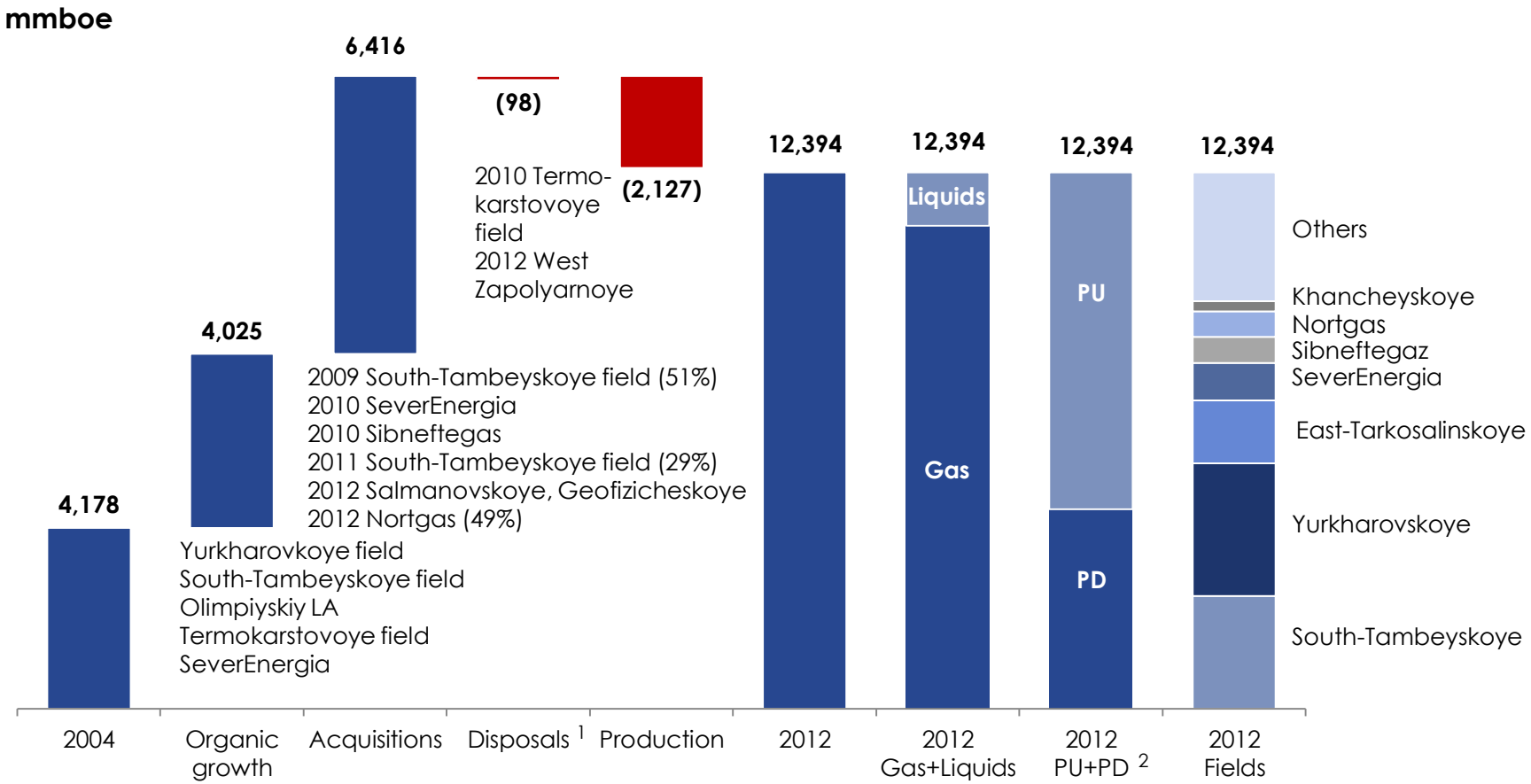
- Certain statements in this presentation are not historical facts and are "forward-looking". Examples of such forward-looking statements include, but are not limited to:
  - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
  - statements of our plans, objectives or goals, including those related to products or services;
  - statements of future economic performance; and
  - statements of assumptions underlying such statements
- Words such as "believes", "anticipates", "expects", "estimates", "intends", "plans", "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements
- By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario

Main Operational Highlights – 2012

- **SEC proved reserves increased by** 32% to 12.4 billion boe
- **Increased Gross Production**:
  - Natural gas production increased by 7.1% to 57.3 bcm
  - Liquid hydrocarbons production increased by 4.0% to 4.3 mmt
  - Total production increased by 6.8% to 411 mmboe
- **Launched new production capacities:**
  - Launch of the fourth stage of Phase Two development at the Yurkharovskoye field, bringing total production at the field to its target plateau. Commissioning of the first stage of a booster compressor station at the field.
  - The start of commercial production at the Samburgskoye field, which is being developed by SeverEnergia joint venture: launch of the first and second phases.
- **Acquisition of a 49% equity stake in Nortgas**, which owns the license for the North-Urengoyskoye field.
- **Acquisition of an 82% interest in Gazprom Mezhregiongas Kostroma**, which supplies gas to a broad range of customers in Kostroma Region.
- **Signing of gas supply agreements with end-users**, including contracts with record duration (10-15 years) and contracts with new large customers.

SEC Reserve Growth

Reserve replacement ratio from 2004 to 2012 – 486%



Notes:
1. Disposal of a 49% participation interest in Terneftegas
2. Proved undeveloped and proved developed reserves

Hydrocarbon Production

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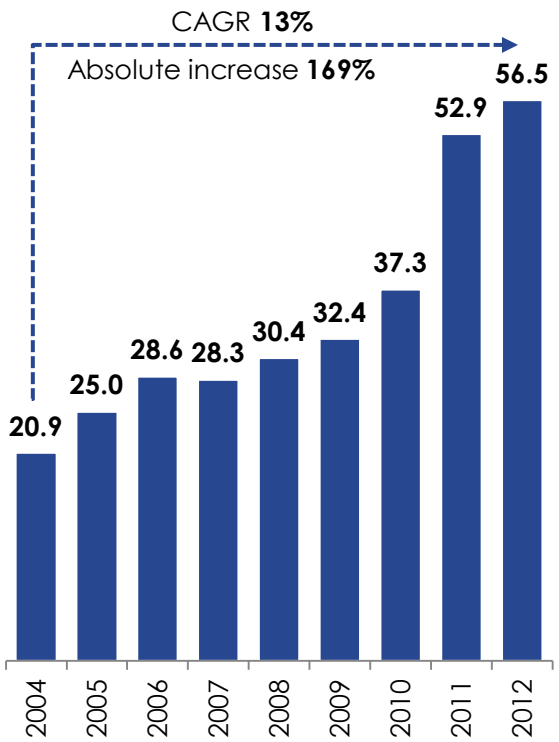
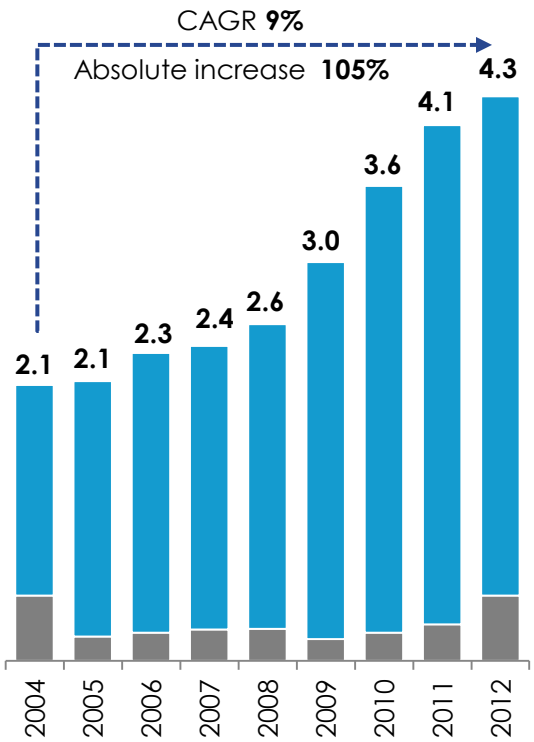
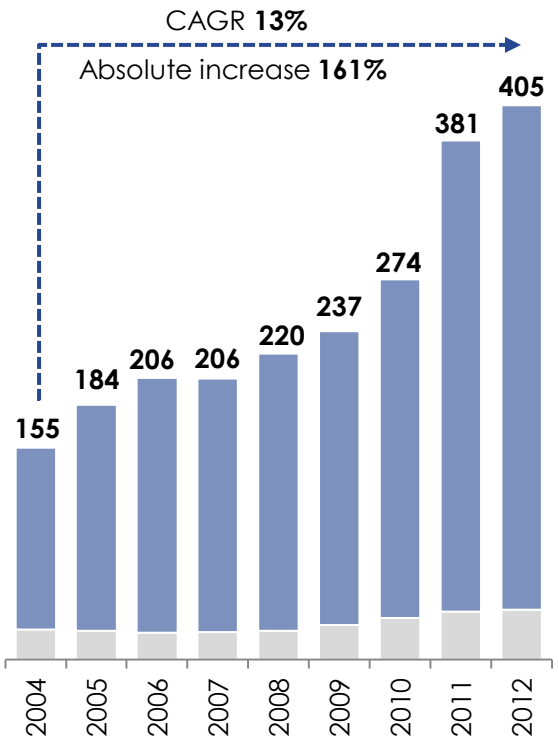
Natural Gas Sales Production, bcm



Liquids Sales Production, mmt



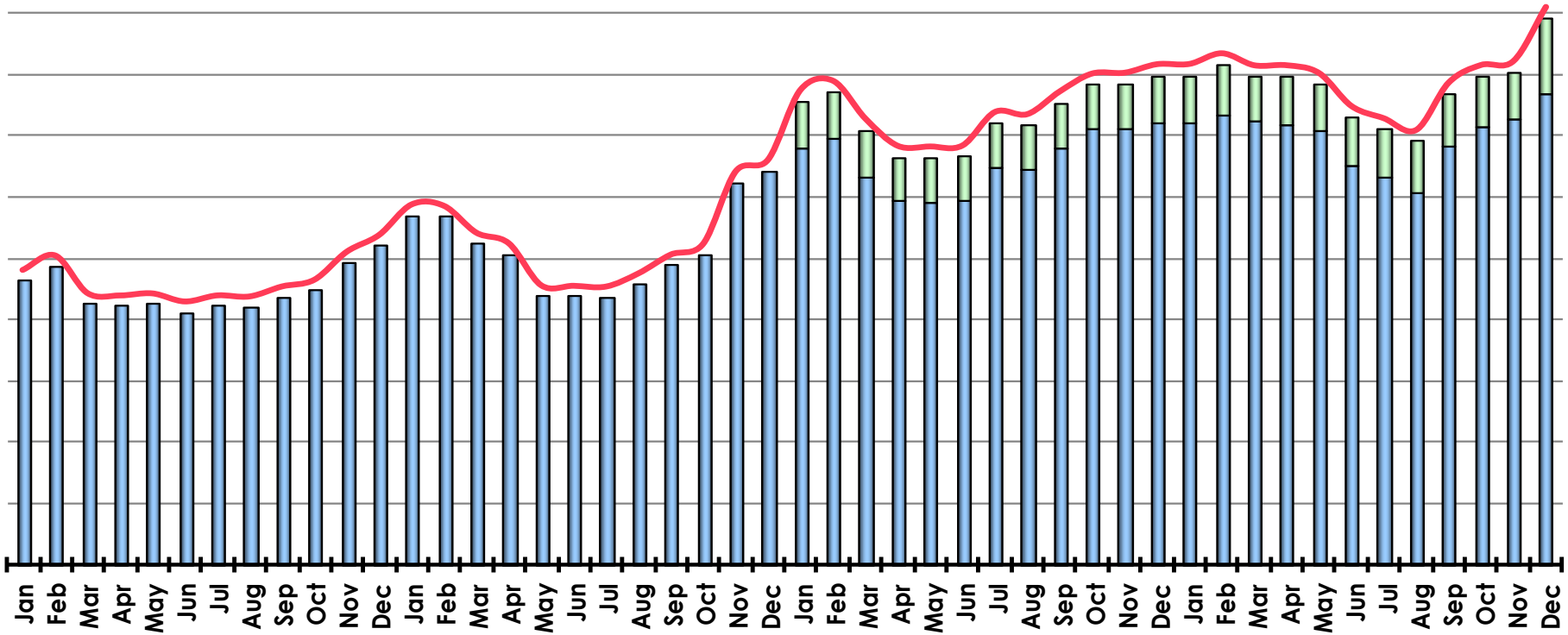
Total Hydrocarbon Production, mmboe



Sustainable production growth

Note 1: Production data for 2012 provided on this slide represent a preliminary assessment only, which can be adjusted after statistical, financial, fiscal and business reporting becomes available.

Increasing Natural Gas Production (mmcm per day)



2009

2009 Avg.
90 mmcm/day
3,171 bcf/day

2010

2010 Avg.
103 mmcm/day
3,655 bcf/day

2011

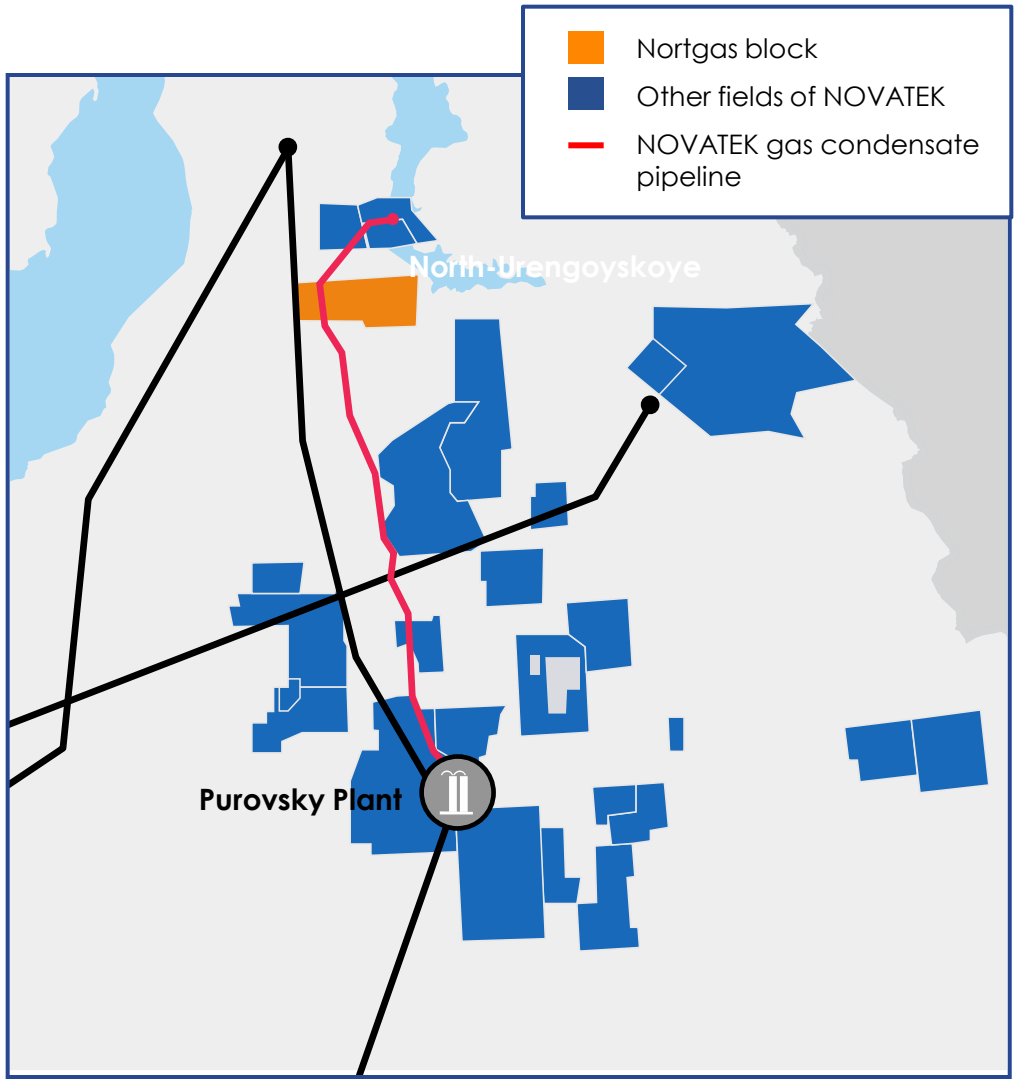
2011 Avg.
147 mmcm/day
5,180 bcf/day

2012

2012 Avg.
157 mmcm/day
5,531 bcf/day

4Q 12 Avg.
166 mmcm/day
5,875 bcf/day

Acquisition of 49% in Nortgas



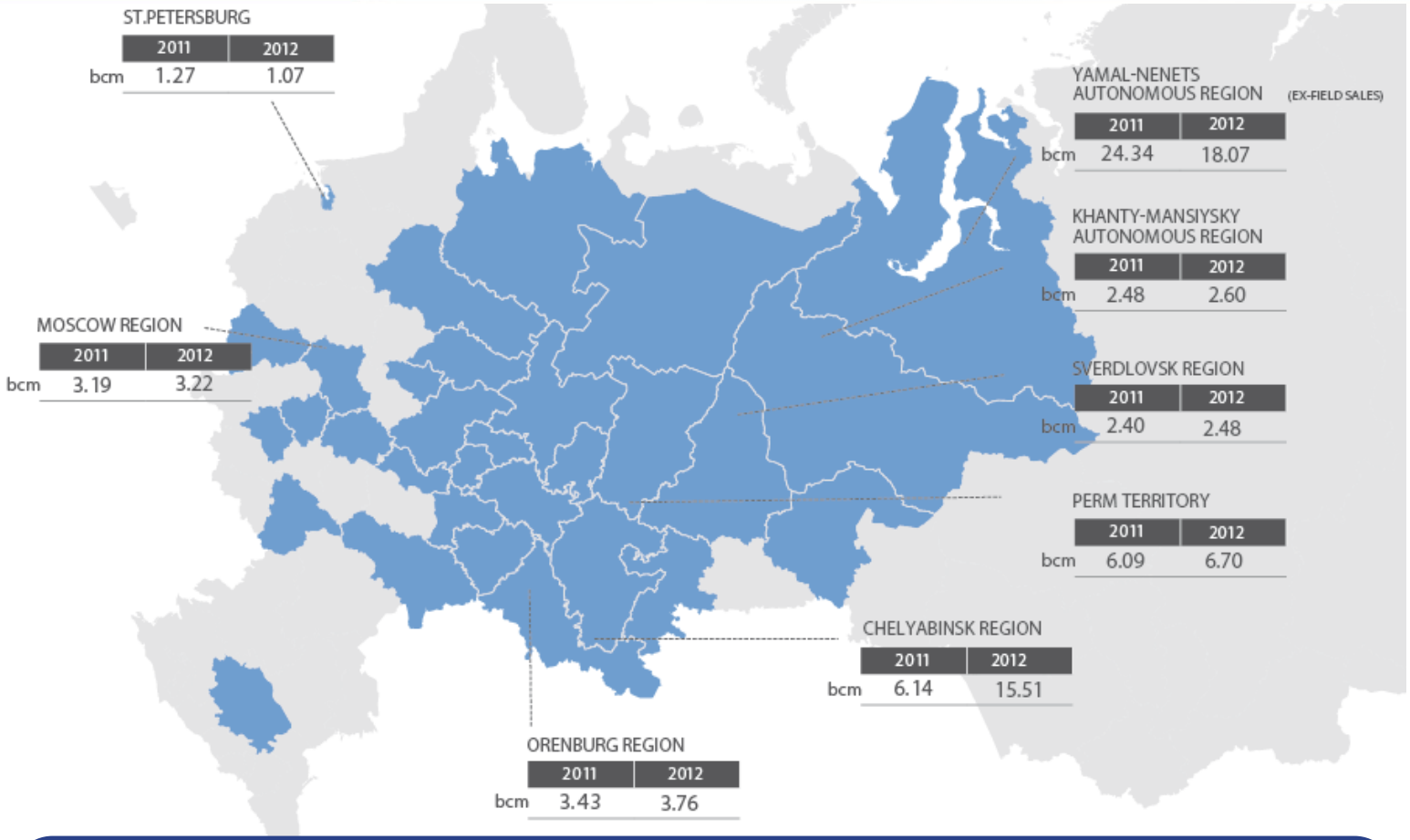
- Date of acquisition – November 2012
- Partner – Gazprom

Producing green field with material production upside:

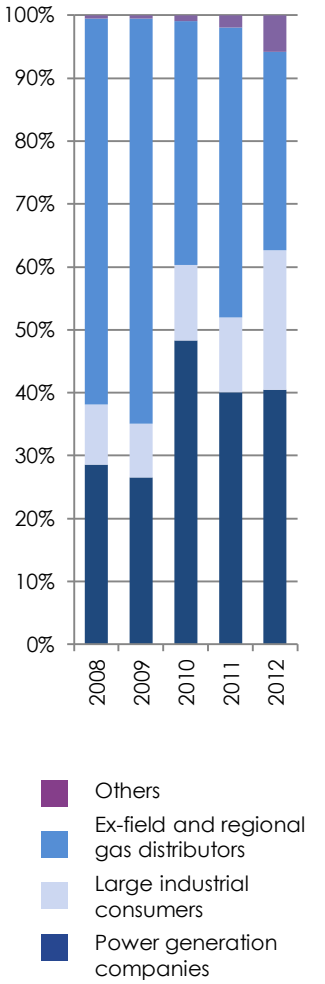
- North-Urengoyskoye field with proved SEC reserves of **157 bcm** of gas and **21 mmt** of liquids
- Production in 2012
  4.2 bcm per annum of gas and
  0.4 mmt of gas condensate
- Estimated peak annual production
  ~9-10 bcm of gas
  ~1.4 mmt of gas condensate

- NOVATEK acquires **50%** of gas and **100%** of gas condensate is processed at the Purovsky plant

Natural Gas Sales

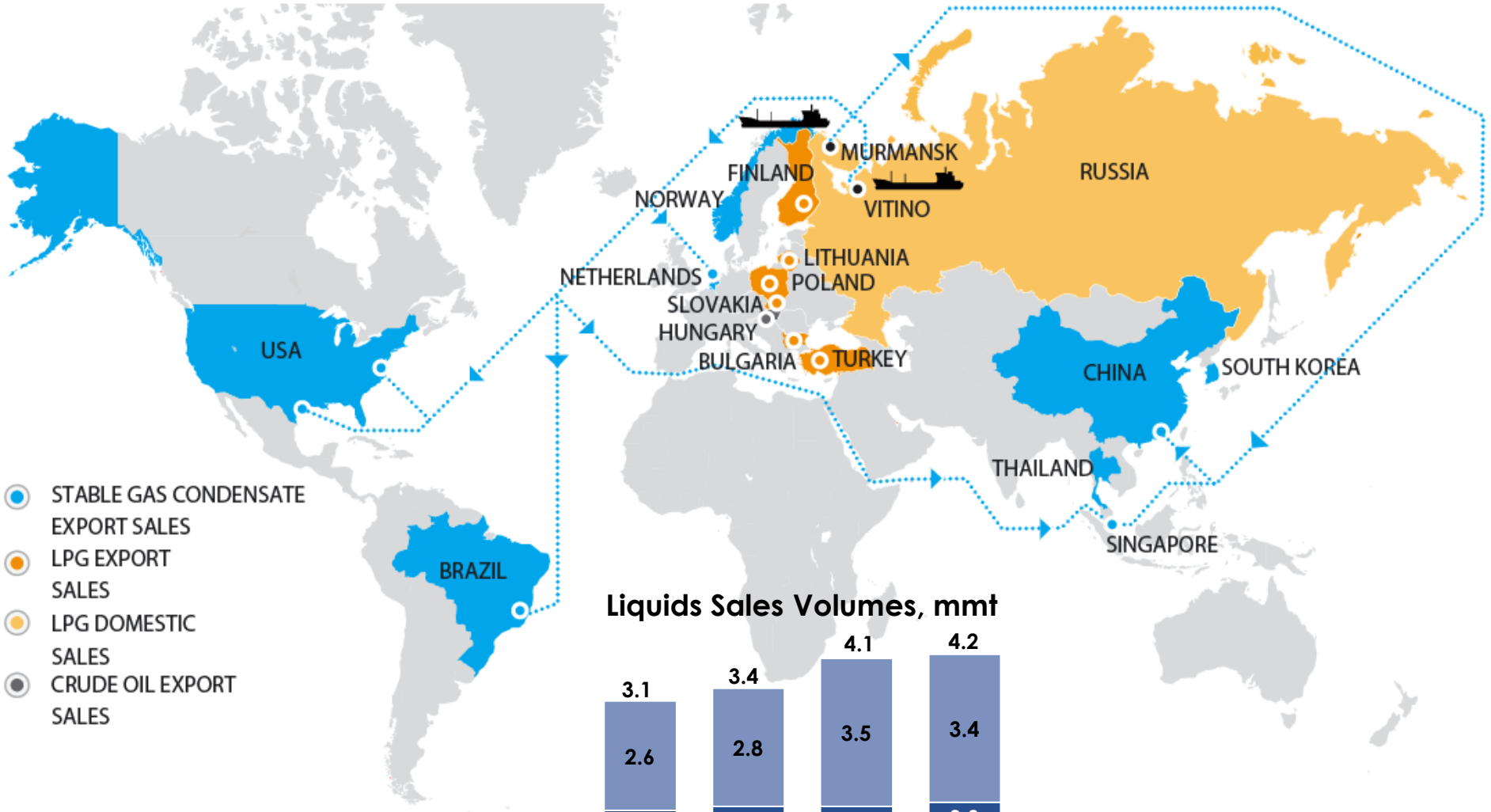


Gas Sales Breakdown

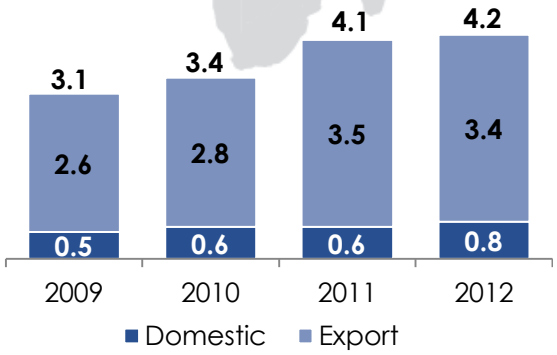


- Contracts concluded with E.ON and Fortum (15 years), MMK (10,5 years), Mechel (10 years and longer), Severstal (5 years) and Mosenegro (3 years)
- Acquisition of an 82% interest in Gazprom Mezhregiongas Kostroma, which supplies gas to a broad range of customers in Kostroma Region

Liquids Sales



Liquids Sales Volumes, mmt



Yamal LNG Project

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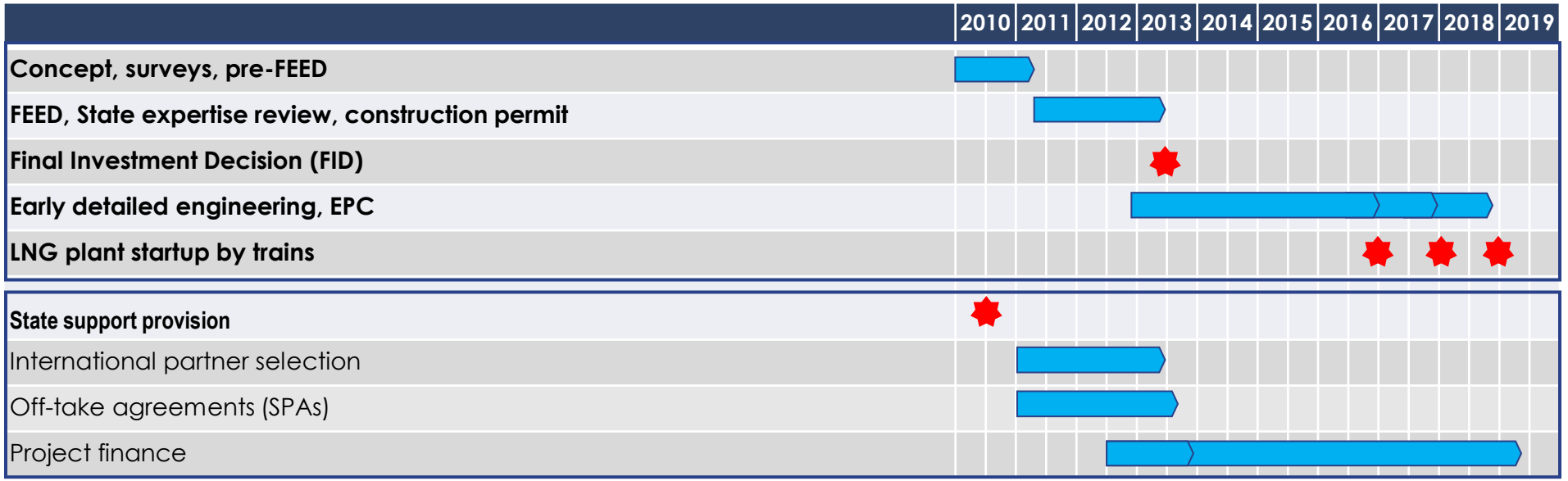
Project for construction of an LNG plant on the Yamal Peninsula

- The onshore South-Tambeyskoye field holds **907 bcm** of conventional 2P gas reserves
- **16.5 mmt** of LNG per annum (3 trains)
- **1 mmt** of marketable gas condensate per annum
- Participants – NOVATEK (80%), TOTAL (20%)



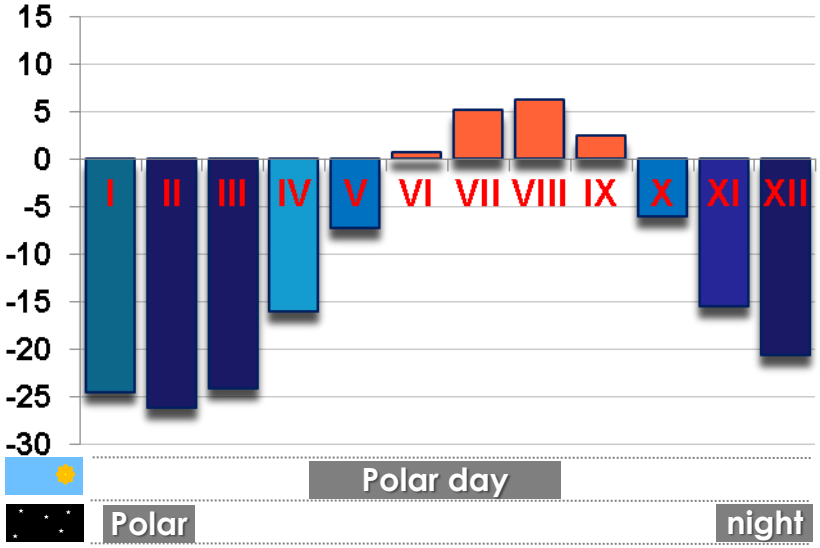
Facts About The Yamal Peninsula

- **The Yamal Peninsula is located in the north of Western Siberia** and is bordered by the Kara Sea to the west and by the Gulf of Ob to the east
- **The administrative center is Yar-Sale** and the peninsula has a total population of 16,100 inhabitants
- **The Yamal territory is located in a tundra zone,** and the peninsula consists of mostly permafrost soil
- **A large part of the peninsula is covered by swamps and lakes,** with the northern part characterized by wetlands and arctic tundra
- **The peninsula's relief is characterized as smooth** with altitude variations of less than 90 meters. The peninsula's average altitude is approximately 50 meters above sea level
- **The Yamal territory has a large concentration of natural gas fields.** Currently, total explored reserves constitute more than 16 tcm of natural gas and more than 230 mmt of gas condensate

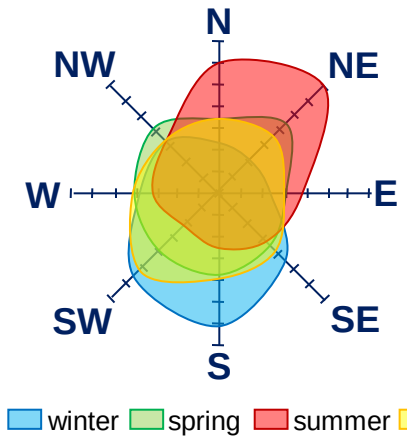
Arctic Climatic Conditions

- **Subarctic and arctic** climate
- **Average annual temperature** - minus 9° C
- **Absolute minimum temperature** - minus 57° C
- **Strong winds and blizzards** with wind speeds of up to 32 meters/second
- **Permafrost** with depths of up to 300 to 500 meters
- **Long-lasting ice cover** (about 300 days a year)
- **Swamps and lakes** cover over 60% of the territory

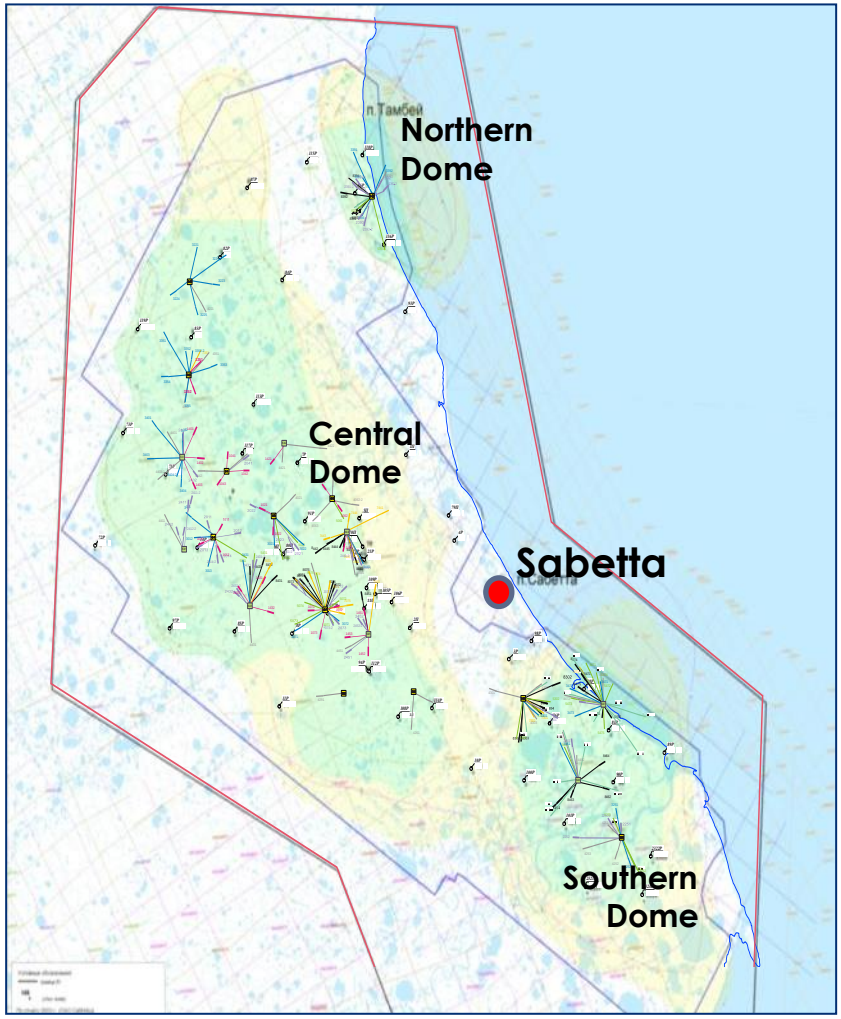
Average annual temperature



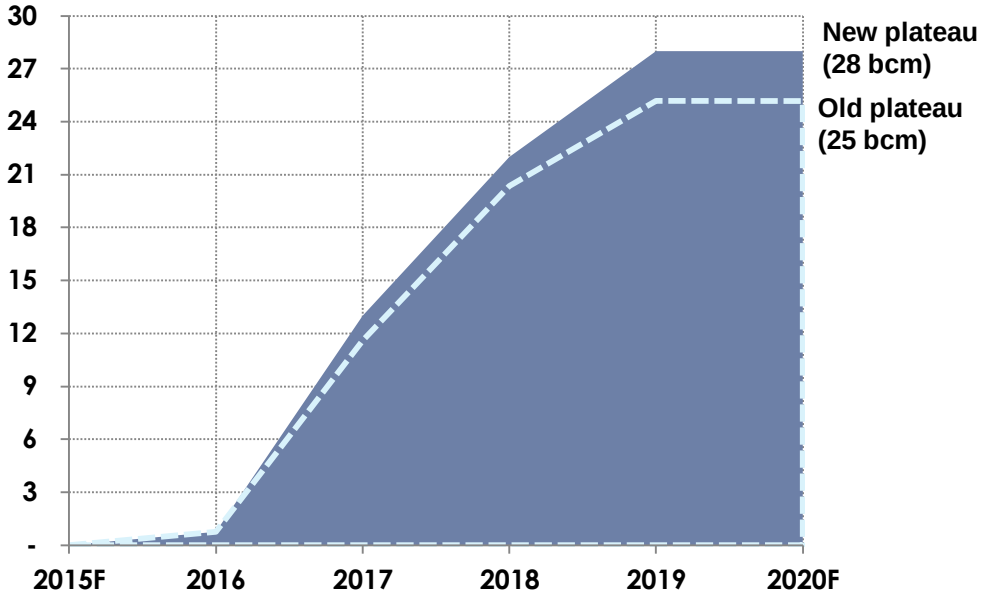
Annual wind rose



South-Tambeyskoye Field



Natural gas production[1], bcm



- Production plateau level raised from **25** to **28 bcm** (duration of the plateau - **20 years**)
- New production curve confirmed by independent reserve auditor D&M
- LNG production level increased from **15** to **16.5** mmt per annum

Note 1: 100% of South-Tambeyskoye field production volumes

Field Development

Current development parameters

- **208** production wells to be drilled from **19** well pads:
  - **58** wells to feed the 1st train of the LNG plant
  - **66** wells to feed the 2nd and 3d trains
  - **84** wells to keep production at the plateau
- Directional wells (average horizontal displacement **~500** meters)
- Priority is given to reservoirs with optimal condensate flow rate and simultaneous supply of required natural gas volumes to the LNG plant;
- First production drilling to start in April 2013.

Field infrastructure

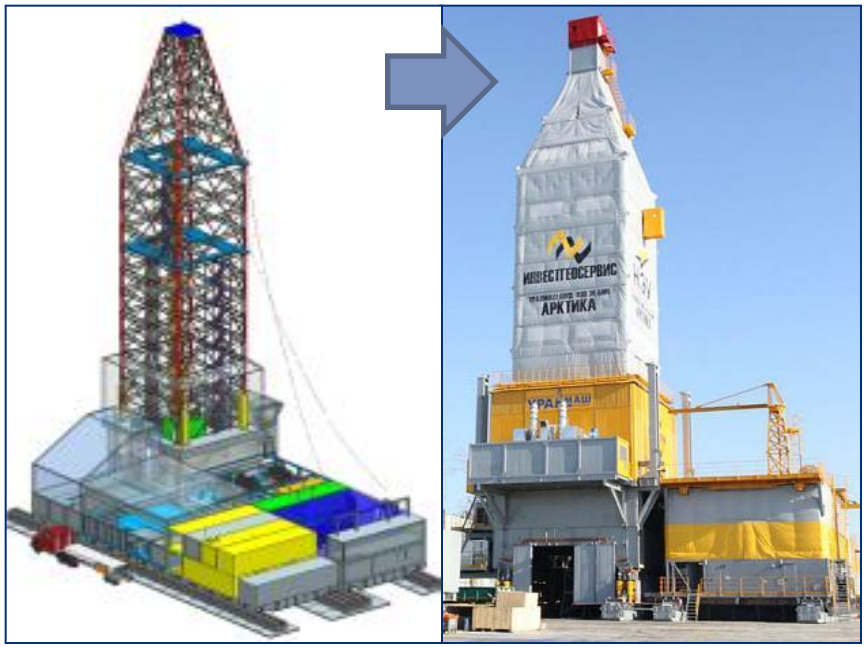
- 288 km of gas gathering lines
- 121 km of roads and 143 km of high voltage lines

Optimized drilling and surface facilities

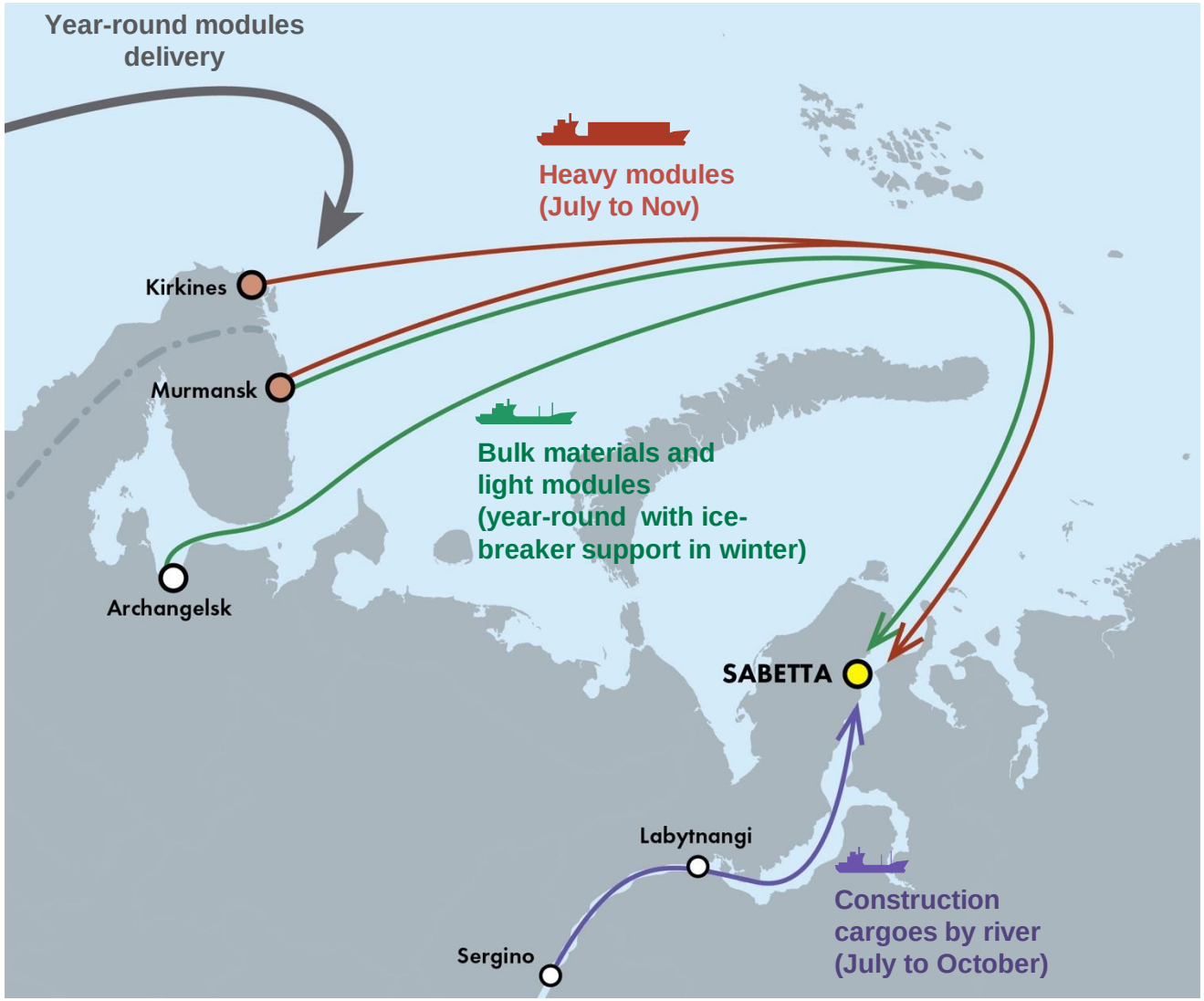
	Initial	Current
Max. No. of drilling rigs	**8**	**5**
No. of well pads	**35**	**19**
Gas gathering lines	**350 km**	**288 km**

Drilling rig "Arctic"

First rigging up – 60 days
Rig move within the field – 30 days
Rig move within the pad – 1.5 days



Logistics of Material Supplies



Heavy modules transportation

- By big lift RoRo vessels
- Year round yard-to-transhipment
- Accumulation at storage areas (Kirkines-Murmansk)
- July-October storage-to-site transportation

Light modules and bulk

- Year-round by ice-class vessels to Sabetta with ice breakers support
- July-October by sea and river

Port of Sabetta

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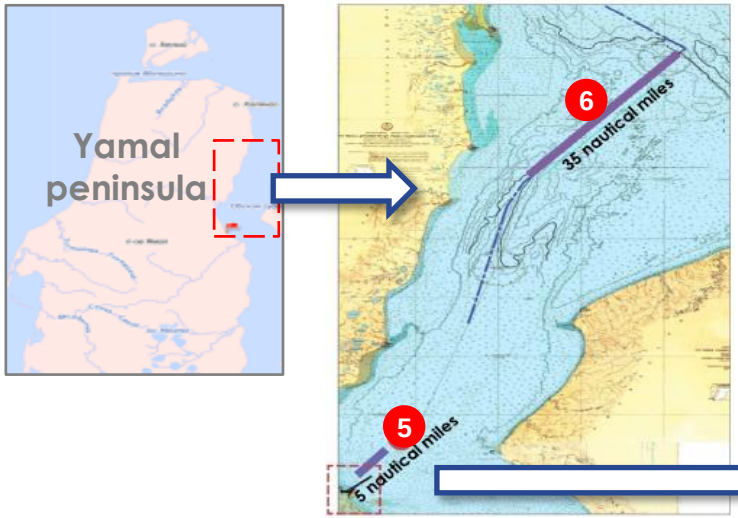
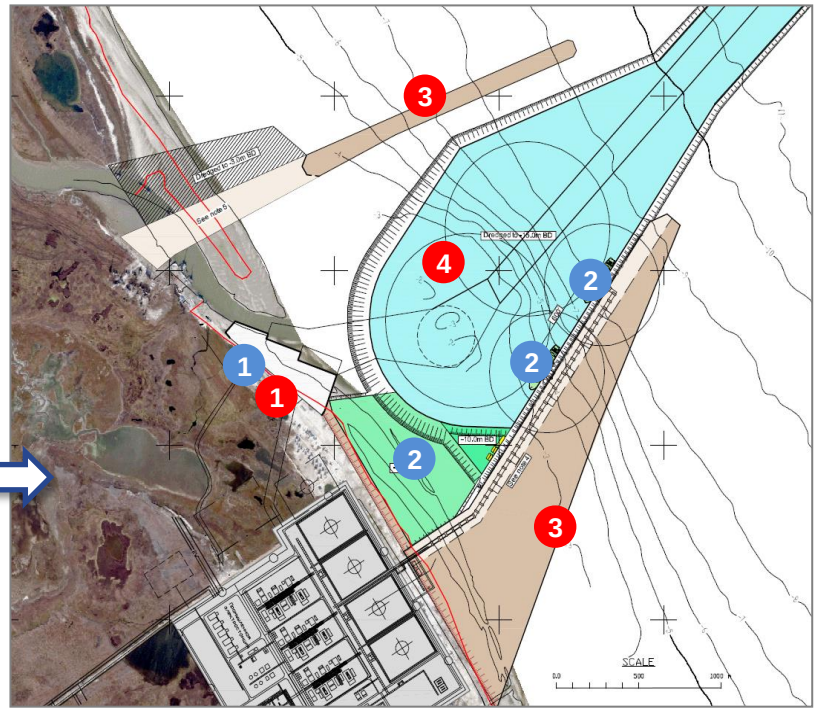
Seaway and approach channels



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

Port facilities

- Design work performed by Lenmorniiproekt and Artelia
- Materials Off-loading Berth
- Jetty with two (2) berths
- LNG loading infrastructure
- Ice management system
- Tugs and port ice-breakers

Channels

Dredging is required for the passage of LNG tankers with a capacity of 170,000 m^3 and with a draft of 11.7 m:

- Approach channel – five (5) nautical miles
- Seaway channel - 35 nautical miles

Port and approach channels financed through the federal budget in accordance with an agreement with Rosmorport

On-Site Activity

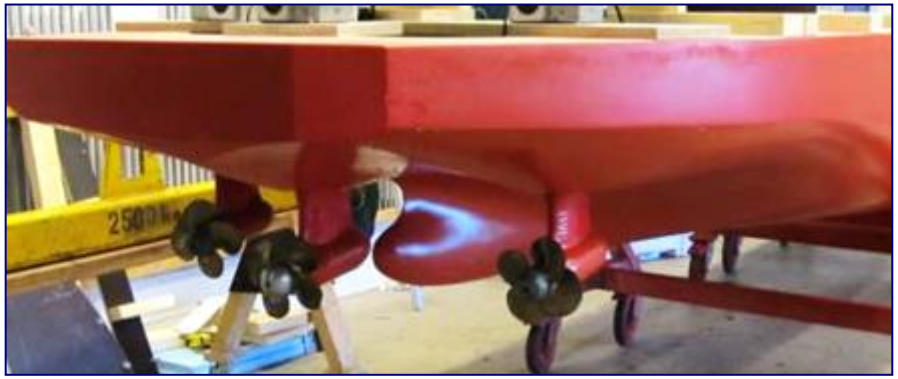
Berth piling construction

Arctic drilling rig assembled

Materials offloading (4.5 km offshore the Gulf of Ob)

Living quarters

Yamal LNG Carrier Concept



Based on existing operational experience and extensive studies and model tests at ice model basin by Aker Arctic

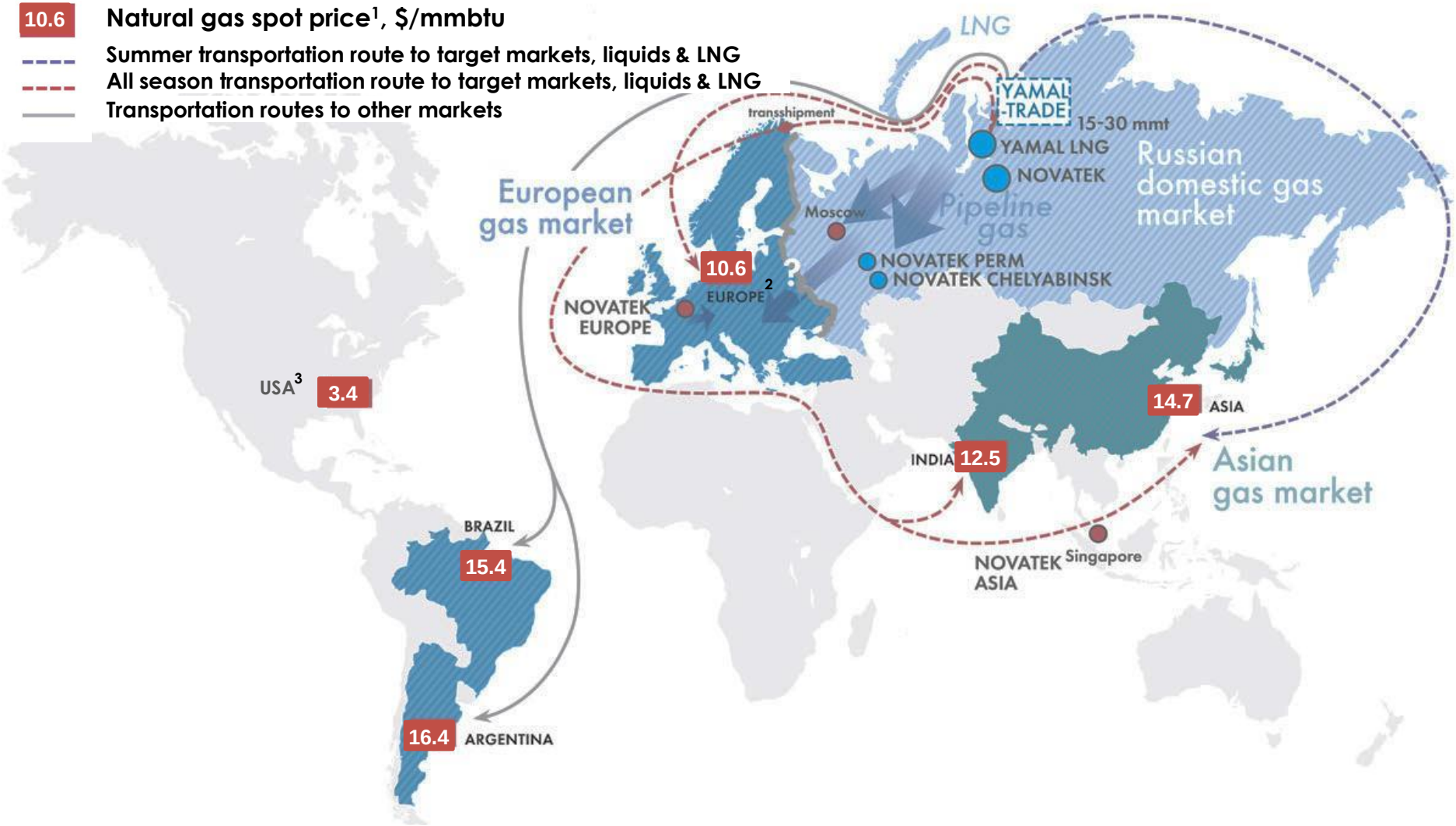
Main concept - Double Acting Ship (DAS):

- Bow – forward movement in open water and thin ice
- Astern – reverse movement through thick ice and ice ridges

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

- Moderate ice bow
- Three shaft propulsion system (AZIPOD's)
- Ice going capabilities: 2.1 meters
- Confirmed speed: 19.5 knots in open water and 5.5 knots in even ice of 1.5 meters

LNG Marketing Logistics



Notes:
1. Based on average actual prices (delivery January 2013) from Argus Global LNG and Heren LNG Market Daily
2. Average of: Title Transfer Facility (TTF) spot price (Netherlands) and National Balancing Point (NBP) spot price (UK)
3. Henry Hub

Yamal LNG - Key Project Advantages

- **Low-cost, long-lived feedstock**
  - Large onshore conventional reserve base with high concentration of reserves
  - Well known geology and proven development technologies
  - Very low F&D and lifting costs
- **Convenient location**
  - Reserves are located at the coast line and highly concentrated – minimal capital expenditures on gas transportation from the wells to the LNG plant
  - High efficiency factor of gas liquefaction process due to sub-zero temperatures – relatively low liquefaction capital expenditures per unit of LNG production
  - Access to both European and Asian markets
- **Strong Russian State support**
  - Tax concessions – 12 years
  - Financing of new strategic arctic port infrastructure

2012 Financial Results

Another Record Year (RR million)

	2012	2011	+/(-)	+/(-)%
Oil and gas sales	210,246	174,811	35,435	20.3%
Total revenues	210,973	175,273	35,700	20.4%
Operating expenses	(125,775)	(96,820)	(28,955)	29.9%
EBITDA (1)	95,106	148,349	(53,243)	-35.9%
Normalized EBITDA (2)	95,166	85,401	9,765	11.4%
EBITDA margin	45.1%	84.6%		
Normalized EBITDA margin	*45.1%*	*48.7%*		
Effective income tax rate (3)	19.5%	11.7%		
Profit attributable to NOVATEK	69,458	119,655	(50,197)	-42.0%
Normalized profit attributable to NOVATEK (4)	69,518	56,707	12,811	22.6%
Profit margin	32.9%	68.3%		
Normalized profit margin	33.0%	32.4%		
Earnings per share	22.89	39.45	(16.56)	-42.0%
Normalized earnings per share	*22.91*	*18.69*	*4.22*	*22.6%*
CAPEX (5)	43,554	31,161	12,393	39.8%
Net debt (6)	114,067	71,647	42,420	59.2%

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments from the "Financial instruments and financial risk factors" in the notes to the consolidated financial statements and depreciation, depletion and amortization from the Consolidated Statement of Cash Flows
2. Normalized EBITDA represents EBITDA excluding net gain (loss) on disposal of interest in subsidiaries
3. Effective income tax rates, excluding the effect of application of a reduced income tax rate of 15.5% in respect of the Group's priority investment project in YNAO in 2012 and excluding the net gain on disposal of Yamal LNG in 2011, were 21.4% and 21.7%, respectively
4. Normalized profit attributable to shareholders of OAO NOVATEK represents profit attributable to shareholders of OAO NOVATEK excluding net gain (loss) on disposal of interest in subsidiaries
5. CAPEX represents additions to property, plant and equipment excluding prepayments for participation in tender for mineral licenses
6. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Total Revenues Breakdown

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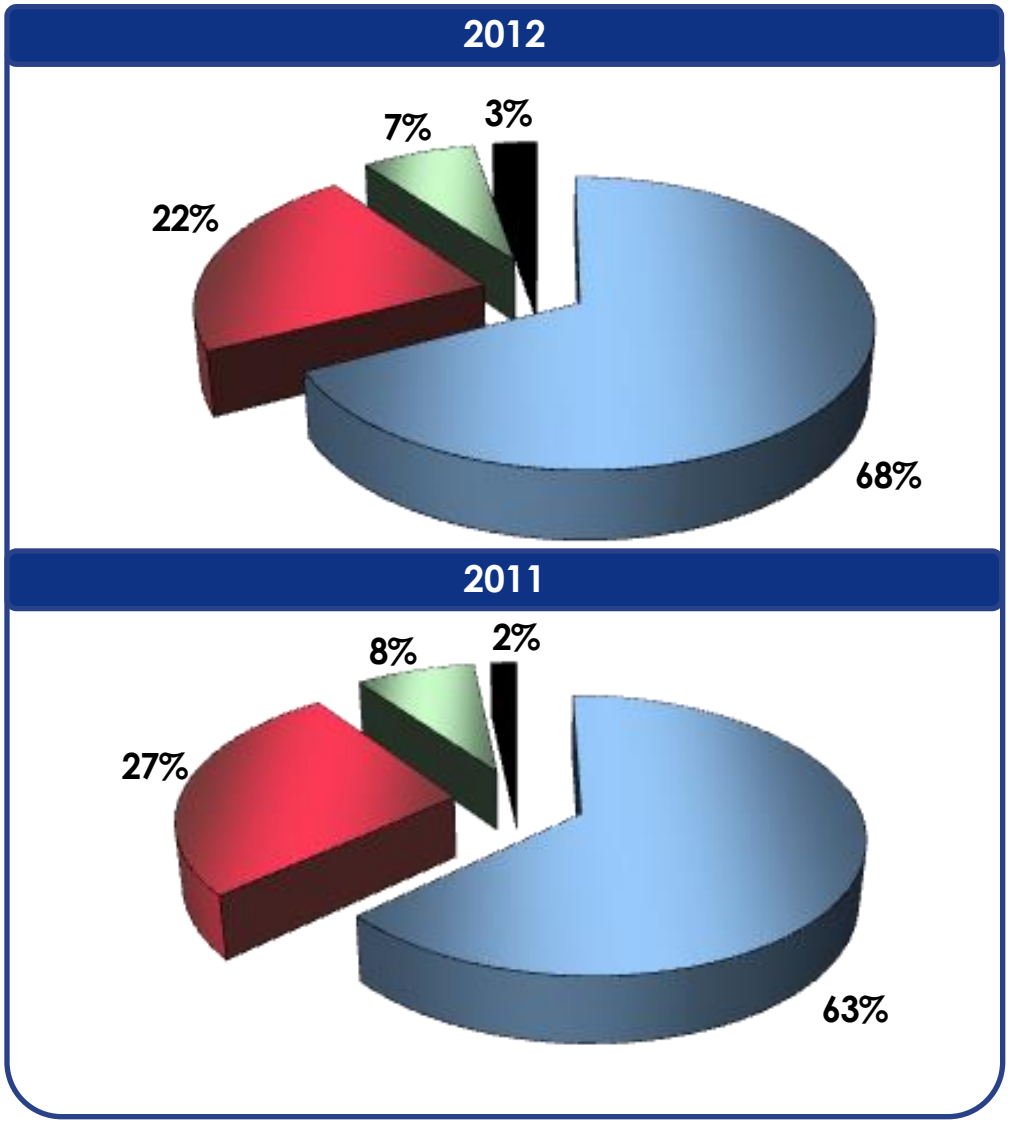
- Natural gas
- Stable gas condensate
- LPG
- Other



Market Distribution – Sales Volumes

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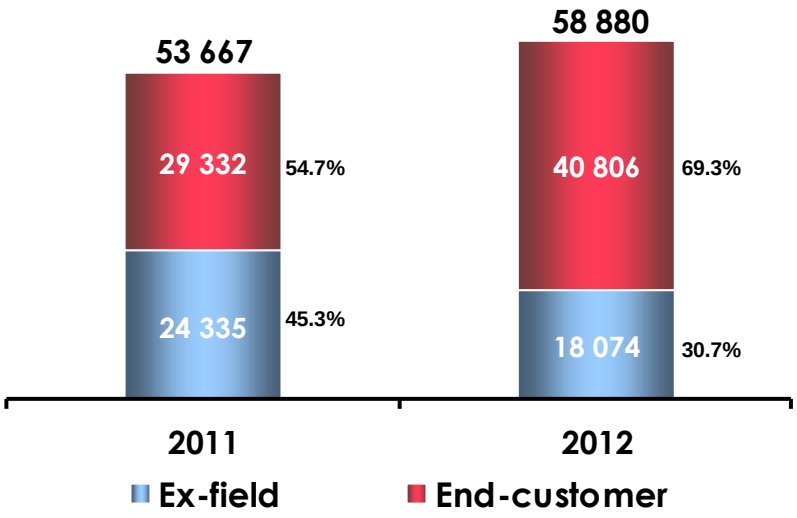
Natural gas sales volumes, mmcm



Liquids sales volumes, mt

- Growth in natural gas sales volumes was mainly due to a combination of increased production at our core fields and the commencement of purchases from our related party SIBUR Holding effective from 1 January 2012
- Our proportion of natural gas sold to end-customers increased Y-o-Y due to higher natural gas deliveries to the Chelyabinsk region as a result of the acquisition of regional gas trader Gazprom mezhregiongas Chelyabinsk in November 2011

- Growth in liquids sales volumes was mainly due to the initiation of unstable gas condensate purchases from the Group's joint ventures, as well as the increase in crude oil production, which were partially offset by an increase in liquids inventory balances in 2012 as compared to a decrease in 2011

Stable Gas Condensate in Transit

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"Goods in transit" 31.12.2011
~ 61 thousand tons

61 mt
USA

"Goods in transit" 30.09.2012
~ 122 thousand tons

61 mt
South Korea

61 mt
South Korea

"Goods in transit" 31.12.2012
~ 217 thousand tons

61 mt
Singapore

60 mt
Singapore

36 mt
Singapore

60 mt
South Korea

Realized Hydrocarbon Prices (net of VAT, excise and export duties)

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	2012	2011	+/(-)	+/(-)%
Domestic prices				
Natural gas end-customers, RR/mcm	2,821	2,627	194	7.4%
Natural gas ex-field, RR/mcm	1,518	1,392	126	9.1%
Stable gas condensate, RR/ton	12,489	13,818	(1,329)	-9.6%
LPG, RR/ton	14,009	13,458	551	4.1%
Crude oil, RR/ton	10,985	9,792	1,193	12.2%
Methanol, RR/ton	10,659	10,000	659	6.6%
Export market				
Stable gas condensate, RR/ton	16,432	15,676	756	4.8%
LPG, RR/ton	20,109	19,199	910	4.7%
Crude oil, RR/ton	11,935	10,983	952	8.7%

Note: Prices are shown excluding trading activities and excluding natural gas volumes purchased for resale in the location of end-customers

Operating Expenses (RR million and % of Total Revenues)

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	2012	% of TR	2011	% of TR
Transportation expenses	**60,848**	*28.8%*	**48,329**	*27.6%*
Taxes other than income tax	**16,846**	*8.0%*	**16,559**	*9.4%*
Non-controllable expenses	**77,694**	*36.8%*	**64,888**	*37.0%*
Depreciation and amortization	**11,185**	*5.3%*	**9,277**	*5.3%*
General and administrative	**10,936**	*5.2%*	**8,218**	*4.7%*
Materials, services & other	**7,216**	*3.4%*	**5,947**	*3.4%*
Exploration expenses	**2,022**	*1.0%*	**1,819**	*1.0%*
Net impairment expenses	**325**	*n/m*	**782**	*n/m*
Change in natural gas, liquids and WIP	**(1,086)**	*n/m*	**(105)**	*n/m*
Subtotal operating expenses	**108,292**	*51.3%*	**90,826**	*51.8%*
Purchases of natural gas and liquid hydrocarbons	**17,483**	*8.3%*	**5,994**	*3.4%*
Total operating expenses	**125,775**	*59.6%*	**96,820**	*55.2%*

- **Operating expenses increased by 29.9% due to an increase transportation expenses and purchases of natural gas and liquid hydrocarbons**
- **Transportation expenses increased due to a 30.8% increase in natural gas sales volumes to end-customers, for which we incurred transportation costs, as well as a 7% average increase in the natural gas transportation tariff set by the FTS effective from 1 July 2012**
- **Taxes other than income tax increased by 1.7% primarily due to an increase in the UPT expense for natural gas**
- **Depreciation, depletion and amortization expense increased by 20.6% due to an increase in our depletable cost base, as well as a 5.8% increase in our total hydrocarbon production in barrels of oil equivalent basis**
- **Our hydrocarbon purchases increased due primarily to the commencement of natural gas purchases from our related party SIBUR Holding effective 1 January 2012 and, to a lesser extent, due to the commencement of unstable gas condensate purchases from our joint ventures SeverEnergia and Nortgas from April and November 2012, respectively**

General and Administrative Expenses (RR million)

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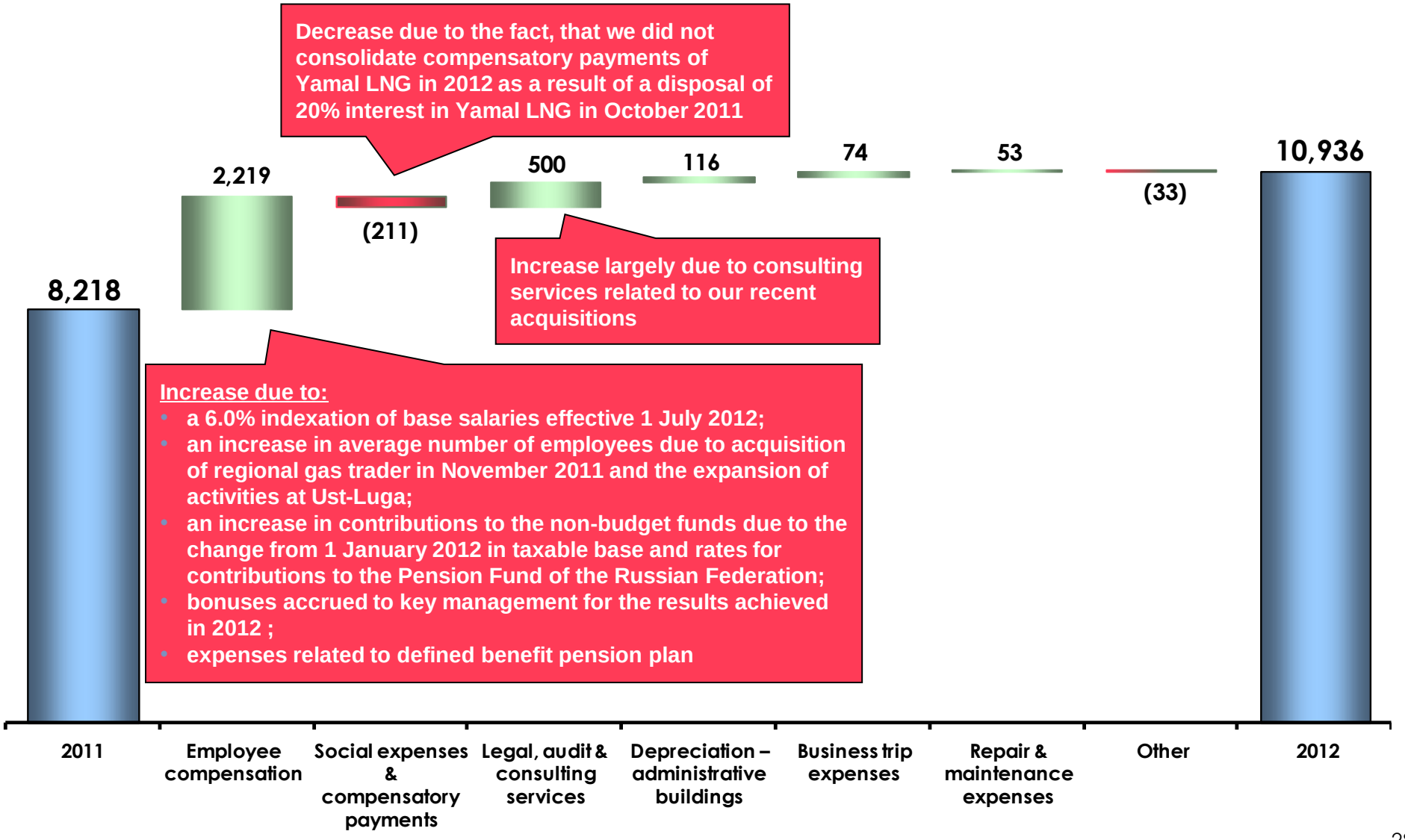

Materials, Services and Other Expenses (RR million)

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Increase in materials used for repair works of our production assets and own rail cars used for transportation of LPG

Increase due to ongoing repair works at our wholly owned subsidiaries

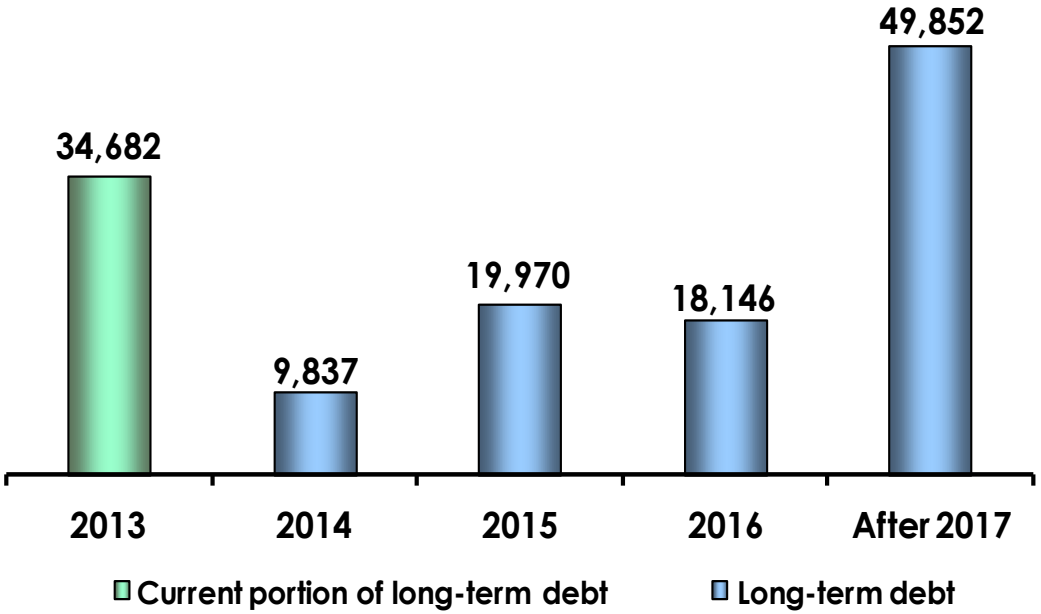
Increase due to:

- a 6.0% indexation of base salaries effective 1 July 2012;
- an increase in average number of employees;
- expenses related to defined benefit pension plan

Condensed Balance Sheet (RR million)

	31 December 2012	31 December 2011	+/(-)	+/(-)%
Total current assets	**58,243**	**58,316**	**(73)**	**-0.1%**
Incl. Cash and cash equivalents	*18,420*	*23,831*	*(5,411)*	*-22.7%*
Total non-current assets	**404,890**	**325,116**	**79,774**	**24.5%**
Incl. Net PP&E	*197,376*	*166,784*	*30,592*	*18.3%*
Total assets	**463,133**	**383,432**	**79,701**	**20.8%**
Total current liabilities	**55,130**	**50,114**	**5,016**	**10.0%**
Incl. ST debt	*34,682*	*20,298*	*14,384*	*70.9%*
Total non-current liabilities	**116,702**	**91,636**	**25,066**	**27.4%**
Incl. Deferred income tax liability	*13,969*	*12,805*	*1,164*	*9.1%*
Incl. LT debt	*97,805*	*75,180*	*22,625*	*30.1%*
Total liabilities	**171,832**	**141,750**	**30,082**	**21.2%**
Total equity	**291,301**	**241,682**	**49,619**	**20.5%**
Total liabilities & equity	**463,133**	**383,432**	**79,701**	**20.8%**

Total Debt Maturity Profile (RR million)



- In February 2013, the Group placed Russian rouble denominated Eurobonds in the amount of RR 14 billion with a four-year maturity and an annual coupon rate of 7.75%
- In February 2013, the Group repaid a RR 15 billion loan from OAO Sberbank ahead of its maturity schedule
- In March 2013, the Group repaid a USD 200 million loan from OAO Nordea Bank ahead of its maturity schedule

Debt repayment schedule:

Up to 2013 – Sumitomo Mitsui Banking Corporation Europe Limited, OAO Nordea Bank credit lines, RR denominated bonds, Sberbank loan

Up to 2014 – Sberbank loan

Up to 2015 – RR denominated bonds

Up to 2016 – Eurobonds Five-Year (USD 600 mln)

After 2017 – Eurobonds Ten-Year (USD 650 mln) and Eurobonds Ten-Year (USD 1 000 mln)

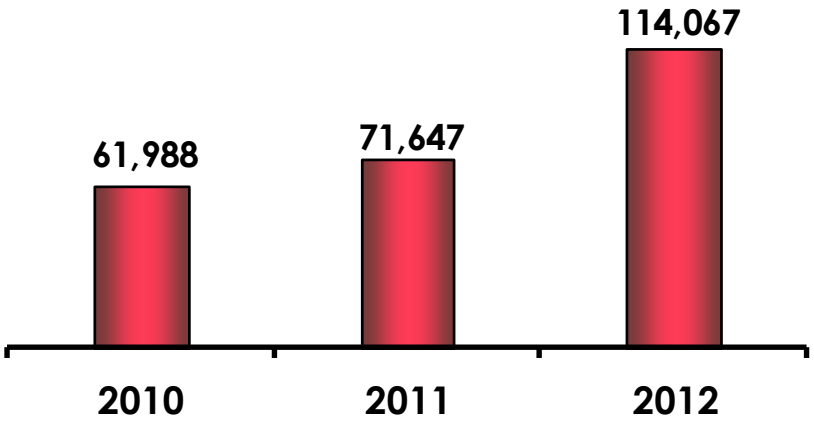
Note: Current debt maturity profile as of 31 December 2012 with repayments in the 12 months ended 31 December 2013, 2014, 2015, 2016, 2017 and after 2017

Debt Structure

Debt structure and maturities

RR million	2012	2011
Short-term debt	**34,682**	**20,298**
Including current portion of long-term debt	*34,682*	*20,298*
Long-term debt	**97,805**	**75,180**
Scheduled maturities		
2013	n/a	35,198
2014	9,837	-
2015	19,970	-
2016	18,146	19,206
after 2017	49,852	20,776
Total debt	**132,487**	**95,478**
Cash and cash equivalents	**18,420**	**23,831**
Net debt (cash)	**114,067**	**71,647**

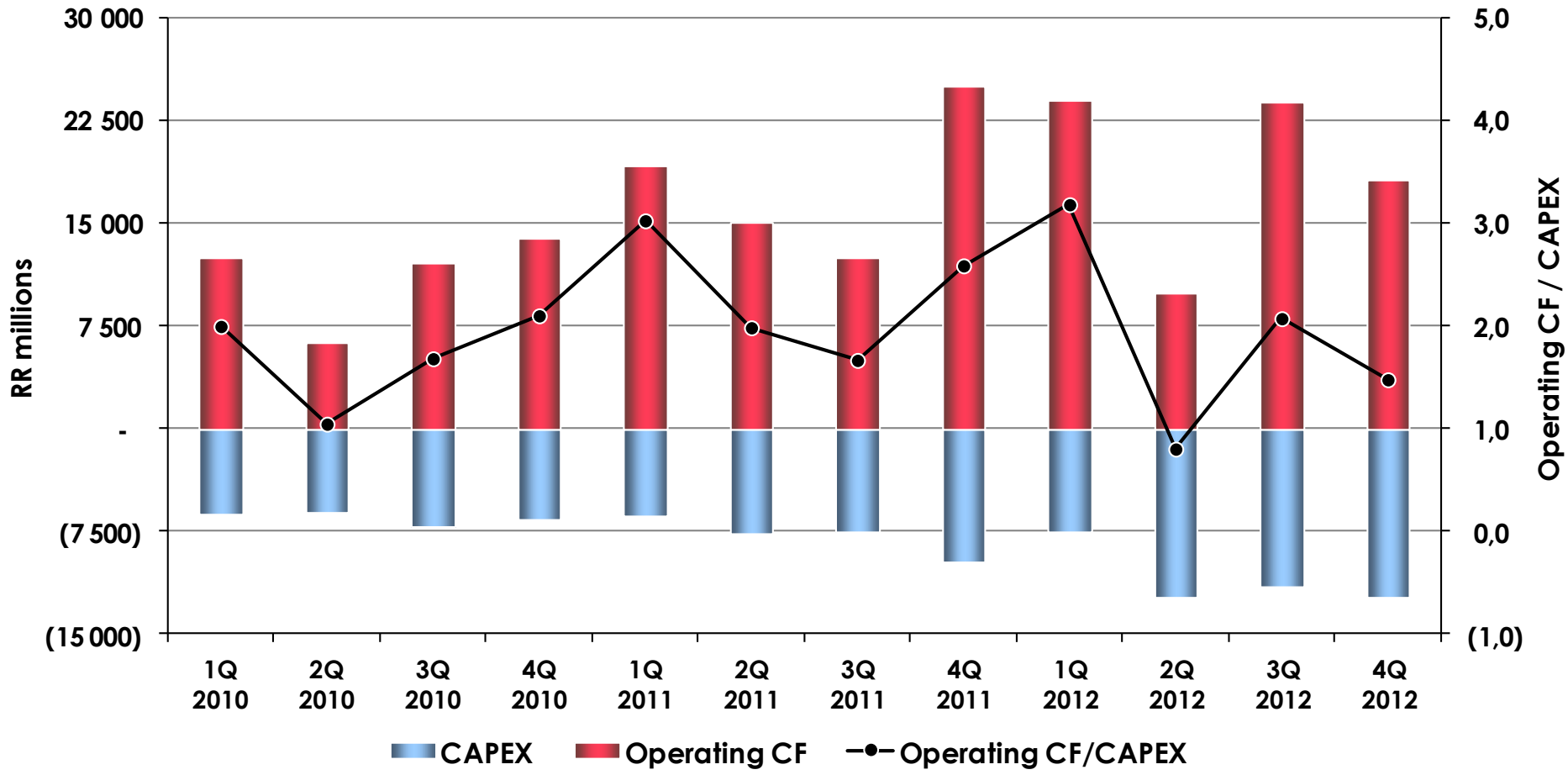
Net Debt (cash) evolution, RR million



During 2012, the Group:

- ✓ repaid a RR 10 billion loan from OAO Gazprombank ahead of its maturity schedule (January)
- ✓ repaid the final tranche of loan from ZAO UniCredit Bank aggregating USD 20 million as scheduled (October)
- ✓ placed on the MICEX Stock Exchange the Russian rouble Bonds of RR 20 billion (October)
- ✓ issued ten-year USD denominated Eurobonds in the amount of USD one billion (December)

Internally Funded Investment Program



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