

The image features the Novatek logo on the left, which consists of a stylized blue 'N' with horizontal bars. The background is a light blue gradient with a faint image of industrial gas processing equipment, including towers and pipes. The word 'NOVATEK' is written in large, bold, blue capital letters across the center.

NOVATEK

Russia's Natural Gas Frontiers:
“Harnessing the Energy of the Far North”

Mark A. Gyetvay, Chief Financial Officer and Member of the Board

Credit Suisse 19th Annual Energy Summit

Vail, Colorado, USA

12-13 February 2014

Forward-Looking Statements

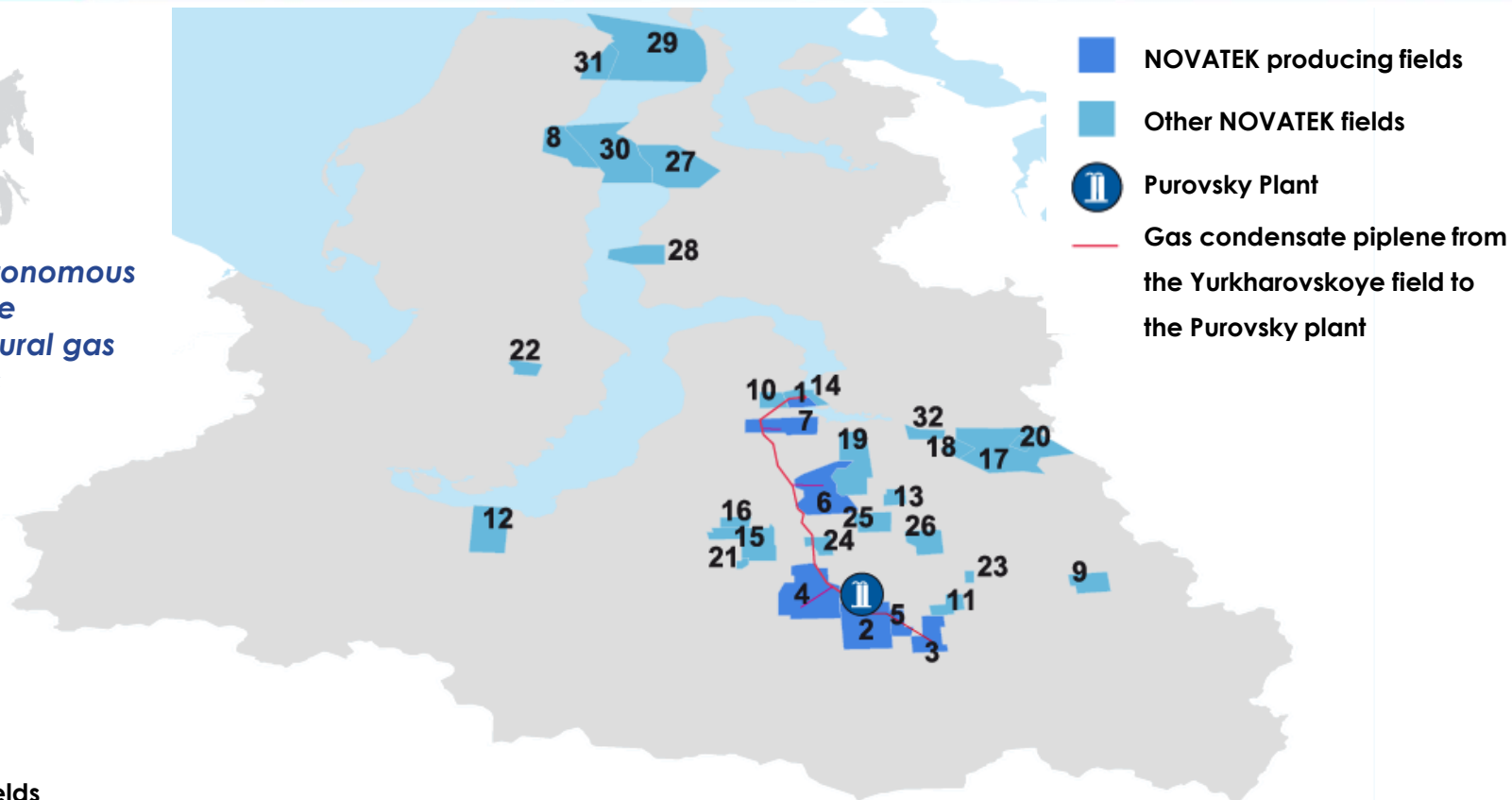


- ❑ Certain statements in this presentation are not historical facts and are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other 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

Fields and License Areas



Yamal-Nenets Autonomous Region – one of the world's largest natural gas producing regions



■ producing fields

1. Yurkharovskoye field
2. East-Tarkosalinskoye field
3. Khancheyskoye field
4. Olimpiyskiy license area
5. Yumantil'skiy license area
6. Samburgskiy license area
7. Severo-Urengoi'skoye field
8. South-Tambey'skoye field

9. Termokarstovoye field
10. West-Yurkharovskoye field
11. North Khancheyskoye field
12. Yarudeyskoye field
13. Raduzhnoye field
14. New Yurkharovskiy license area
15. Zapadno-Urengoi'skiy license area
16. Severo-Yubileynoye field

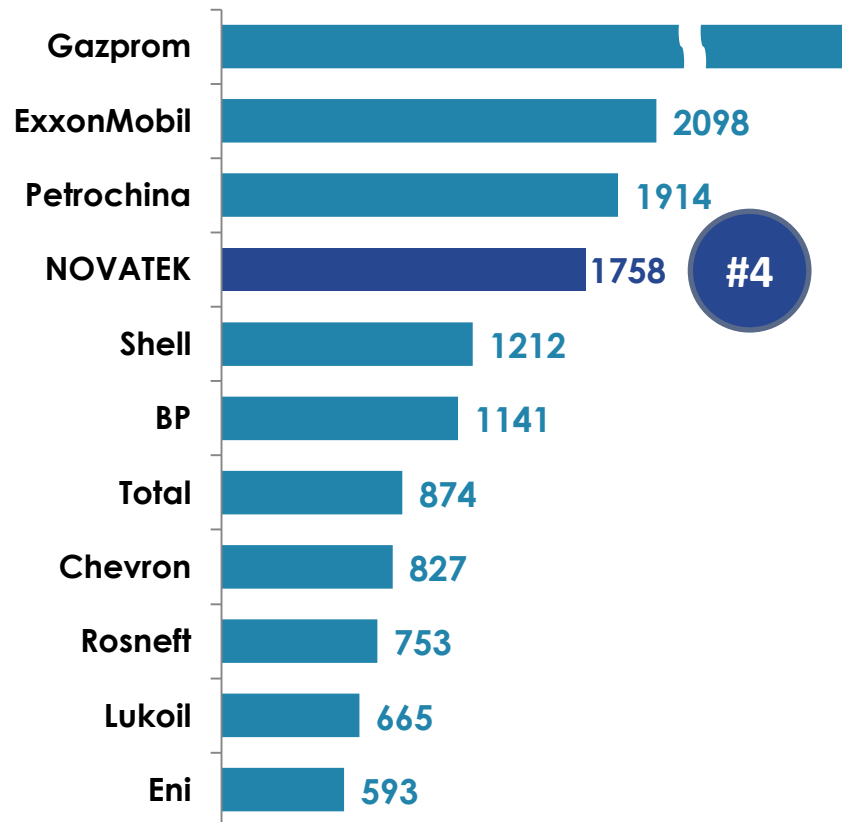
17. Severo-Russkiy license area
18. Severo-Russkoye field
19. Zapadno-Tazovskiy license area
20. Dorogovskiy license area
21. Ukrainsko-Yubileynoye field
22. Malo-Yamalskoye field
23. Zapadno-Chaselskoye field
24. Yevo-Yakhinskoye field

25. Yaro-Yakhinskiy license area
26. Severo-Chaselskiy license area
27. Salmanovskoye (Utrenneye) field
28. Geofizicheskoye license area
29. North-Ob'skiy license area
30. East-Tambey'skiy license area
31. Severo-Tasiyskiy license area
32. East-Tazovskiy license area

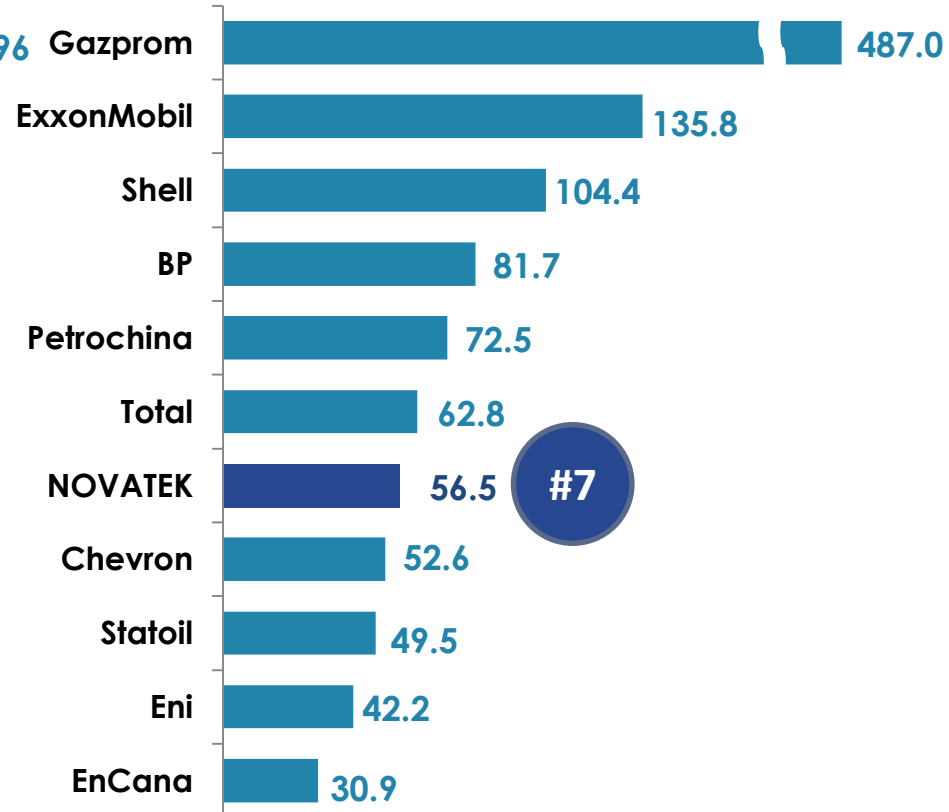
Positions in the World



Proved gas reserves as at 31.12.12 (SEC), bcm



Gas production in 2012, bcm



**ONE OF THE INDUSTRY LOWEST COST BASE:
2012 LIFTING COSTS OF \$0.57 PER BOE, RESERVE REPLACEMENT COSTS OF \$1.1 PER BOE**

Targets for 2014



- ◆ Launching the Urengoykoye, Yaro-Yakhinskoye fields and third stage of the Samburgskoye field of SeverEnergiya
- ◆ Launching the North-Khancheyevskoye field
- ◆ Increasing gas production by 7-8% y-o-y
- ◆ Increasing liquids production by ~1.5 times y-o-y
- ◆ Securing project financing for Yamal LNG
- ◆ Capital expenditures in a range of RUB 50-60 bln (including 51% stake in the Yargeo project)
- ◆ Preparing Yarudeyskoye and Termokarstovoye fields for launch in 2015
- ◆ Exploration drilling on the Gydan peninsula

Purovsky and Ust-Luga

Purovsky Plant Expansion Completed

Year	Stage	Capacity
2005	First stage 1 st and 2 nd stabilization technological trains	2 mmt per annum of de-ethanized condensate
2008	Second stage 3 rd and 4 th stabilization technological trains	3 mmt per annum Total – 5 mmt per annum of de-ethanized condensate
2009	Second stage 1 st and 2 nd LPG scrubber technological trains	1.3 mmt per annum of LPG
2013	Third stage 5 th and 6 th stabilization technological trains	3 mmt per annum Total – 8 mmt per annum of de-ethanized condensate
2014	Third stage 7 th and 8 th stabilization technological trains	3 mmt per annum <u>Total – 11 mmt per annum of de-ethanized condensate</u>



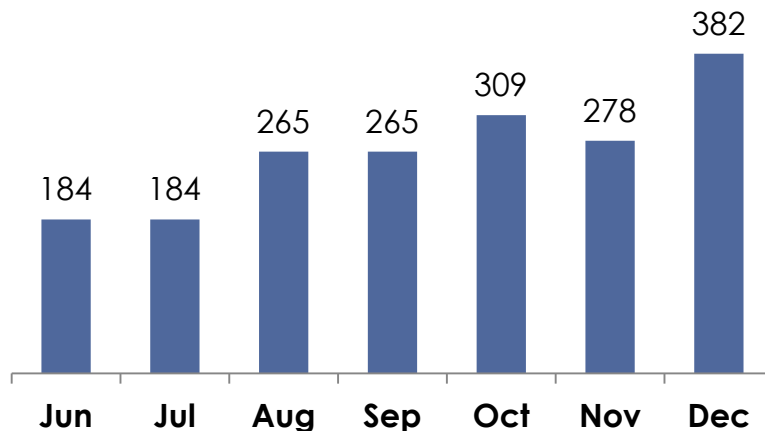
Ust-Luga Gas Condensate Fractionation and Transshipment Complex Completed



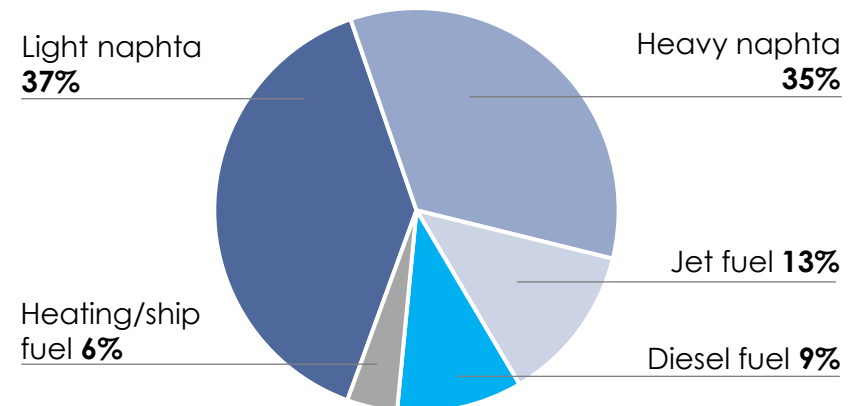
- Nameplate processing capacity – **6 mmt** of stable gas condensate per annum (2 trains of **3 mmt** each)
- **First train launched in June 2013, second train launched in October 2013**
- The complex allows to process stable gas condensate from the Purovsky Plant and ship the products to international markets



Throughput volumes in 2013, mt



Project output structure, %



Integrated Technological Chain and Logistics

Naphta (tankers with deadweight of up to 85 th. t)
Jet fuel (up to 35 th. t)
Diesel (up to 35 th. t)
Heating/ship fuel (up to 15 th. t)
Stable gas condensate (up to 90 th. t)

Barents sea

Stable gas condensate (up to 60 th. t)

Kara Sea

UST-LUGA port

VITINO port

4,178 km

Fractionation of stable gas condensate

3,795 km

Stabilization of gas condensate

Unstable gas condensate

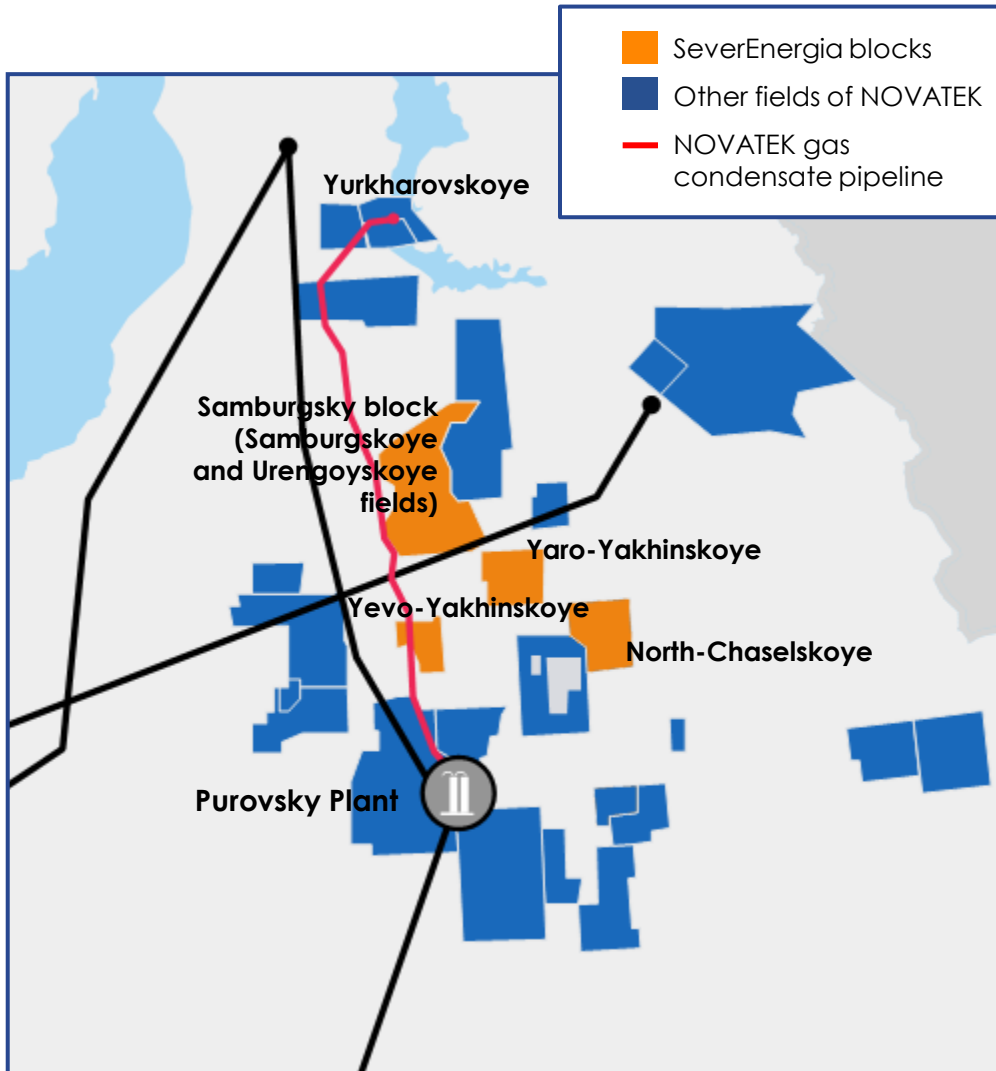
Stable gas condensate

Purovsky Plant

- Producing fields of NOVATEK
- Gas condensate pipeline of NOVATEK
- Railroad transportation to Vitino
- Sea transportation from Vitino
- Railroad transportation to Ust-Luga
- Sea transportation from Ust-Luga

Major Launches in 2014-2015

Fields of the SeverEnergiya JV



- ❑ **NOVATEK has recently increased its stake in the JV from 25.5 to 59.8%**
- ❑ **4 blocks with proved SEC reserves of 421 bcm of gas and 70 mmt of liquids**
- ❑ Annual gas and gas condensate production potential: **35 bcm** of gas, **6.5 mmt** of gas condensate
- ❑ Production at the Samburskoye field started in April 2012: current annual production capacity is **~5.0 bcm** of gas and **>600 th. tons** of gas condensate
- ❑ **Production launch at the Urengoyevskoye and Yaro-Yakhinskoye fields is planned for 2014**
- ❑ **100% of gas** is acquired by Gazprom, **100% of gas condensate** is acquired by NOVATEK for further processing at the Purovsky plant

Fields of the SeverEnergy JV: Urengoyskoye Field



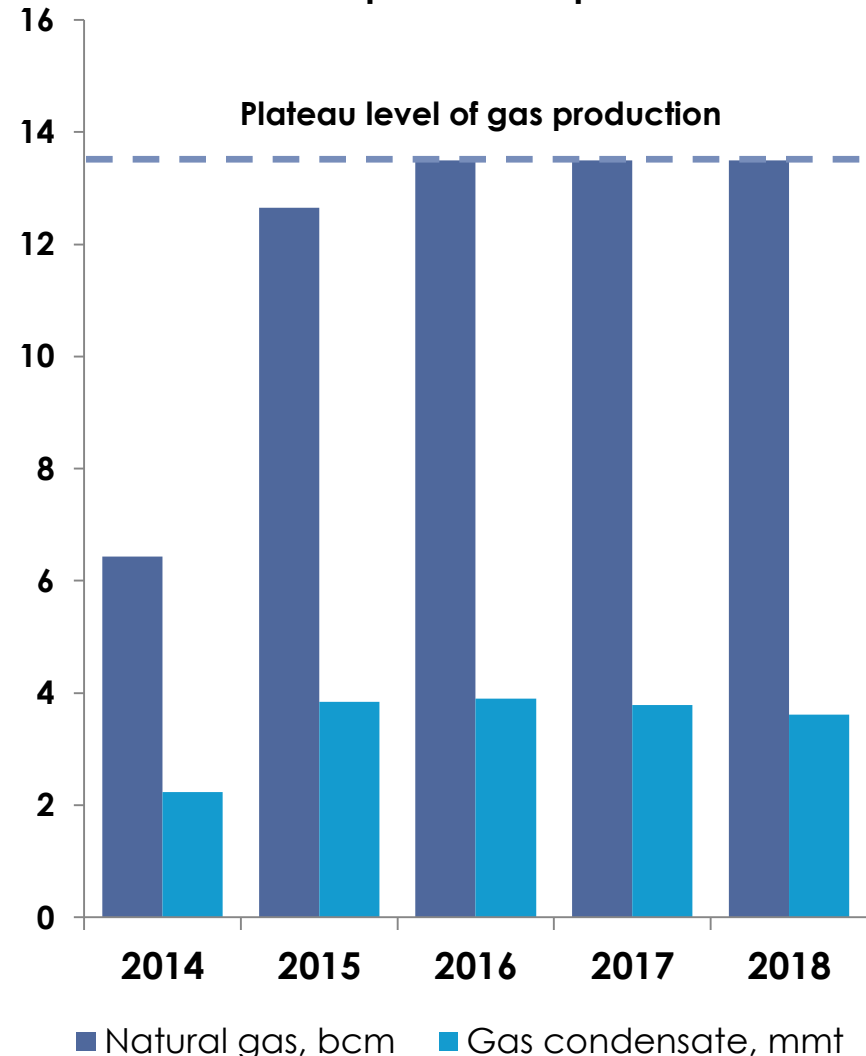
Geology and reserves

- **Achimov deposits:**
 - depth – **3,700 – 3,900 meters**
 - pressure – **abnormally high**
 - permeability – **low**
 - initial condensate factor – **>350 gr. per cm**
- SEC proved reserves – **164 bcm** of gas and **36.4 mmt** of liquids

Development status

- **33** production wells drilled (cumulative), including **5** horizontal wells
- main facilities (gas treatment unit, gas and gas condensate pipelines) completed and are being tested
- **Scheduled launch – mid 1H2014**
- successful horizontal wells drilled for Achimov resulted in a decision to review field development plan by replacing vertical wells by horizontals, which will reduce well count and capex and increase gas condensate production

Estimated production profile



Fields of the SeverEnerгия JV: Yaro-Yakhinskoye Field



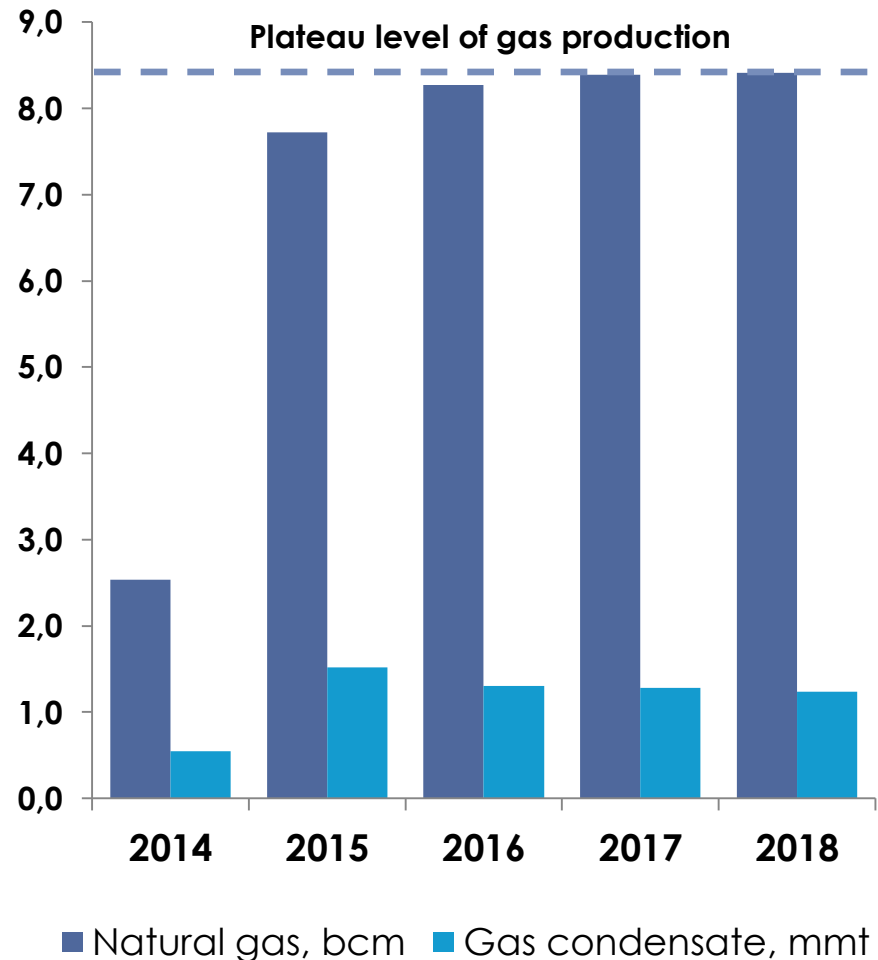
Geology and reserves

- **Valanginian deposits:**
 - depth – **3,000 – 3,300** meters
 - very compact location at the dome of the structure
 - initial condensate factor – **>200 gr. per cm**
- SEC proved reserves – **106 bcm** of gas and **15.9 mmt** of liquids

Development status

- **24** horizontal gas production wells drilled (cumulative) and **5** oil wells
- back filling of well pads, roads, and areas for gas treatment and other units completed, piling underway
- condensate and gas pipelines – under construction
- gas treatment facility – all equipment supplied to the site
- **Scheduled launch – mid 2H2014**

Estimated production profile



Fields of the SeverEnergy JV: Samburgskoye Field

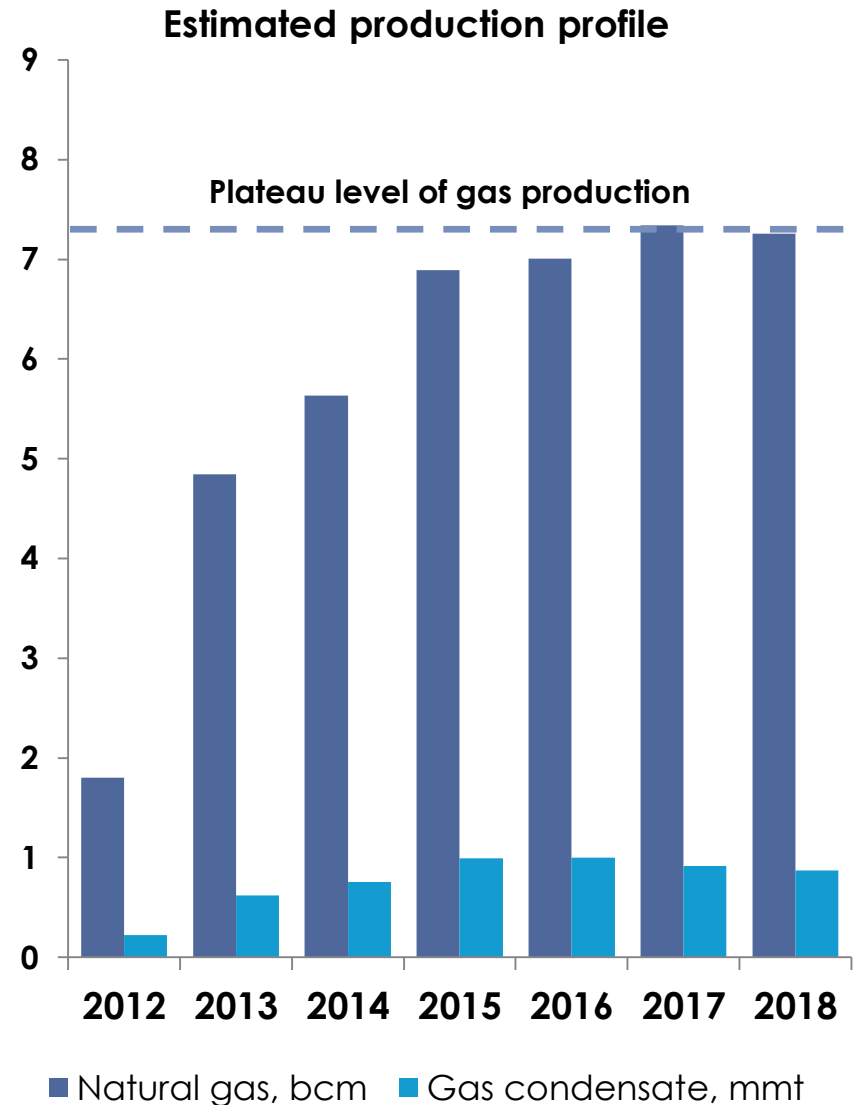


Geology and reserves

- **Valanginian deposits:**
 - depth – **3,000 – 3,450 meters**
 - initial condensate factor – **>150 gr. per cm**
- SEC proved reserves – **98 bcm** of gas and **15.7 mmt** of liquids

Development status

- Production at the Samburgskoye field started in April 2012 - two gas treatment trains are currently in operation
- **41** production wells drilled (cumulative)
 - **38** gas and gas condensate wells and **3** crude oil wells
 - **30** horizontal wells,
 - **11** vertical wells, including **7** horizontal side tracks
- **Launch of the 3rd train rescheduled from 2015 to the end of 2014**



Yarudeyskoye Oil Field



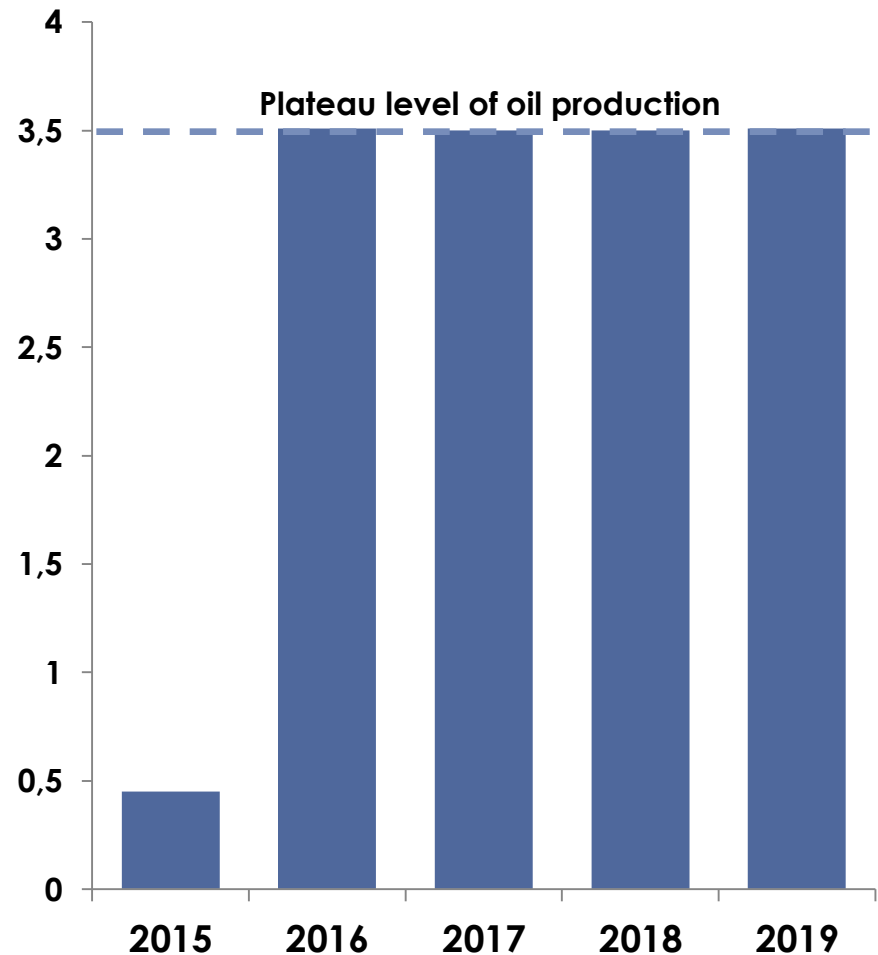
Geology and reserves

- **Sandstone reservoir:**
 - depth – **1,850 – 3,050** meters
 - estimated average initial flow rates – **>450** tons per day per well
- C1+C2 recoverable reserves – **46 mmt** of liquids

Development plan

- **65** new wells and **4** sidetracks from exploration wells
 - **33** horizontal production wells with horizontal parts of **500 – 1,200** meters long
 - **32** injection wells (some of them used as production wells at the initial stage)
- **350-km** pipeline to Purpe
- Backfilling and production drilling began
- **Scheduled launch – 2015**

Estimated oil production profile, mmt



Other Launches in 2014-2015

#	Field	Share	Launch	Peak production
1.	Dobrovolskoye	100%	2014	0.7 bcm of gas, 0.15 mmt of condensate
2.	North-Khancheyevskoye	100%	2014	0.9 bcm of gas
3.	Termokarstovoye	51%	2015	2.15 bcm of gas, 0.85 mmt of condensate

Yamal LNG

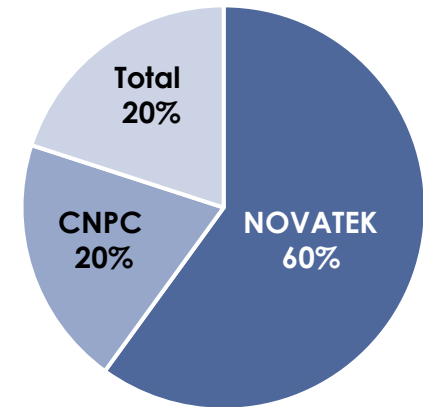
Yamal LNG Project



Project for construction of an LNG plant on the Yamal Peninsula:

- ❑ 2P gas reserves of the South-Tambeyskoye onshore conventional field - **907 bcm**
- ❑ Liquefaction capacity - **16.5 mmt** of LNG per annum (3 trains)
- ❑ FID date - **December 2013**
- ❑ Capex estimate - **USD 27 bln**
- ❑ First commercial production is scheduled for **2017**

Shareholders



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

South-Tambayskoye Field Development Plan



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 3^d trains
 - **84** wells to keep production at the plateau
- Horizontal wells with horizontal parts of up to **1,000** meters long
- First priority is given to deeper wet gas reservoirs, which will allow to maximize gas condensate output from the beginning of the commercial production
- **10** production wells completed since April 2013 – the wells generated higher than planned flow rates and confirmed the geology of the field

Field infrastructure

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

Drilling rig “Arctic”

First rigging up – 60 days

Rig move within the field – 30 days

Rig move within the pad – 1.5 days

2 rigs are currently in operation

3rd rig to be erected in March 2014



Selected Contractors

#	Equipment	Contractor
	EPC	Technip/JGC
1.	Cryogenic Heat Exchangers	APCI
2.	Turbine Cryogenic Compressors	General Electric
3.	Boil-Off Gas Compressors	Siemens
4.	Integrated Control & Safety System	Yokogawa
5.	Gas Turbines for the Power Plant	Siemens
6.	LNG Tanks	Entrepose/Vinci
7.	Power Plant	Technopromexport
8.	Acid Gas Removal System	BASF
9.	Arc-7 LNG Carriers	Daewoo Shipbuilding & Marine Engineering

On-Site Works



Airport construction

On-Site Works



MOF construction

On-Site Works



Living quarters

On-Site Works



Dredging works in the harbour

On-Site Works



**Cargo with
construction materials**

9M 2013 Operating and Financial Results

9M 2013 Financial Highlights, RR million



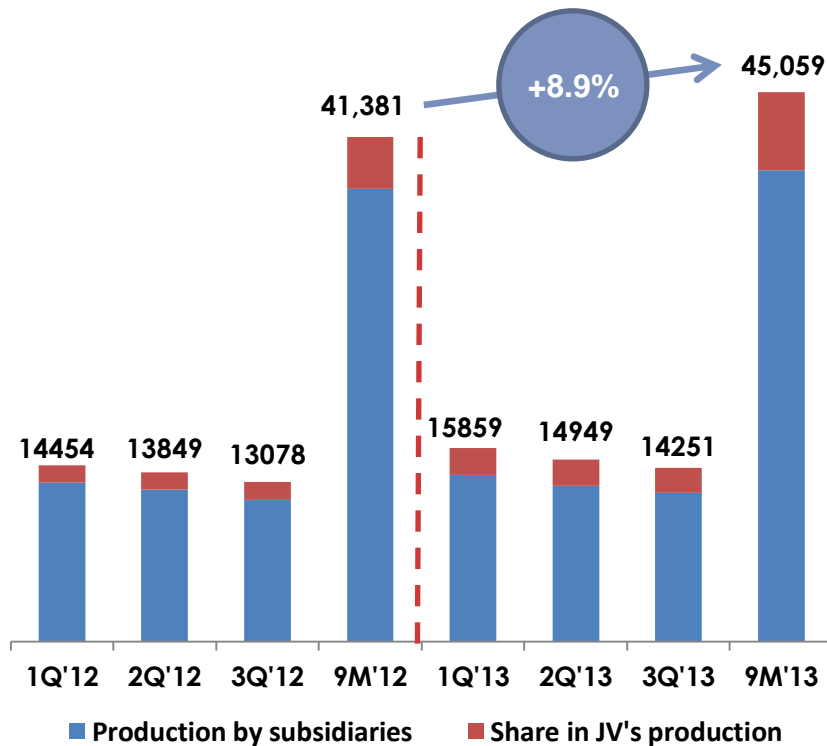
	9M2013	9M2012	+/(-)	+/(-)%
Oil and gas sales	213 907	150 984	62 923	41,7%
Total revenues	214 243	151 535	62 708	41,4%
Operating expenses	(137 749)	(87 762)	(49 987)	57,0%
EBITDA ⁽¹⁾	87 054	69 883	17 171	24,6%
EBITDA margin	40,6%	46,1%		
Effective income tax rate ⁽²⁾	19,8%	21,3%		
Profit attributable to NOVATEK	57 886	50 911	6 975	13,7%
Profit margin	27,0%	33,6%		
Earnings per share	19,10	16,78	2,32	13,8%
CAPEX ⁽³⁾	44 933	31 269	13 664	43,7%
Net debt ⁽⁴⁾	130 408	67 187	63 221	94,1%

Notes:

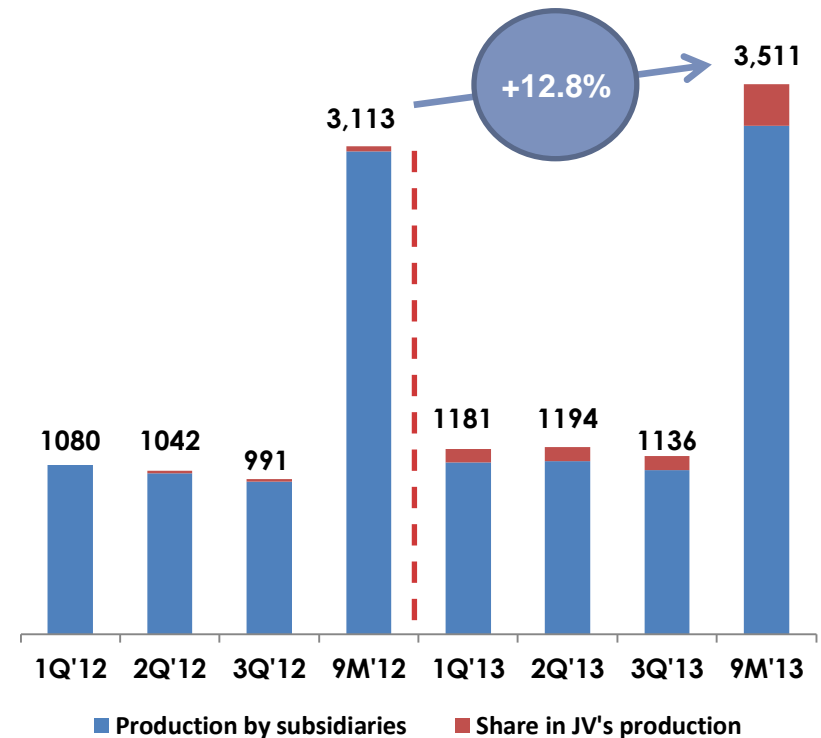
1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments from the "Financial instruments and financial risk factors" in the notes to the IFRS consolidated financial statements
2. In 2012, one of Group's investment projects in the YNAO was included by the YNAO authorities in the list of priority projects, which allows the Group's subsidiary, that carried out the project, to apply a reduced income tax rate of 15.5%
3. CAPEX represents additions to property, plant and equipment excluding prepayments for participation in tenders for mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Hydrocarbon Production

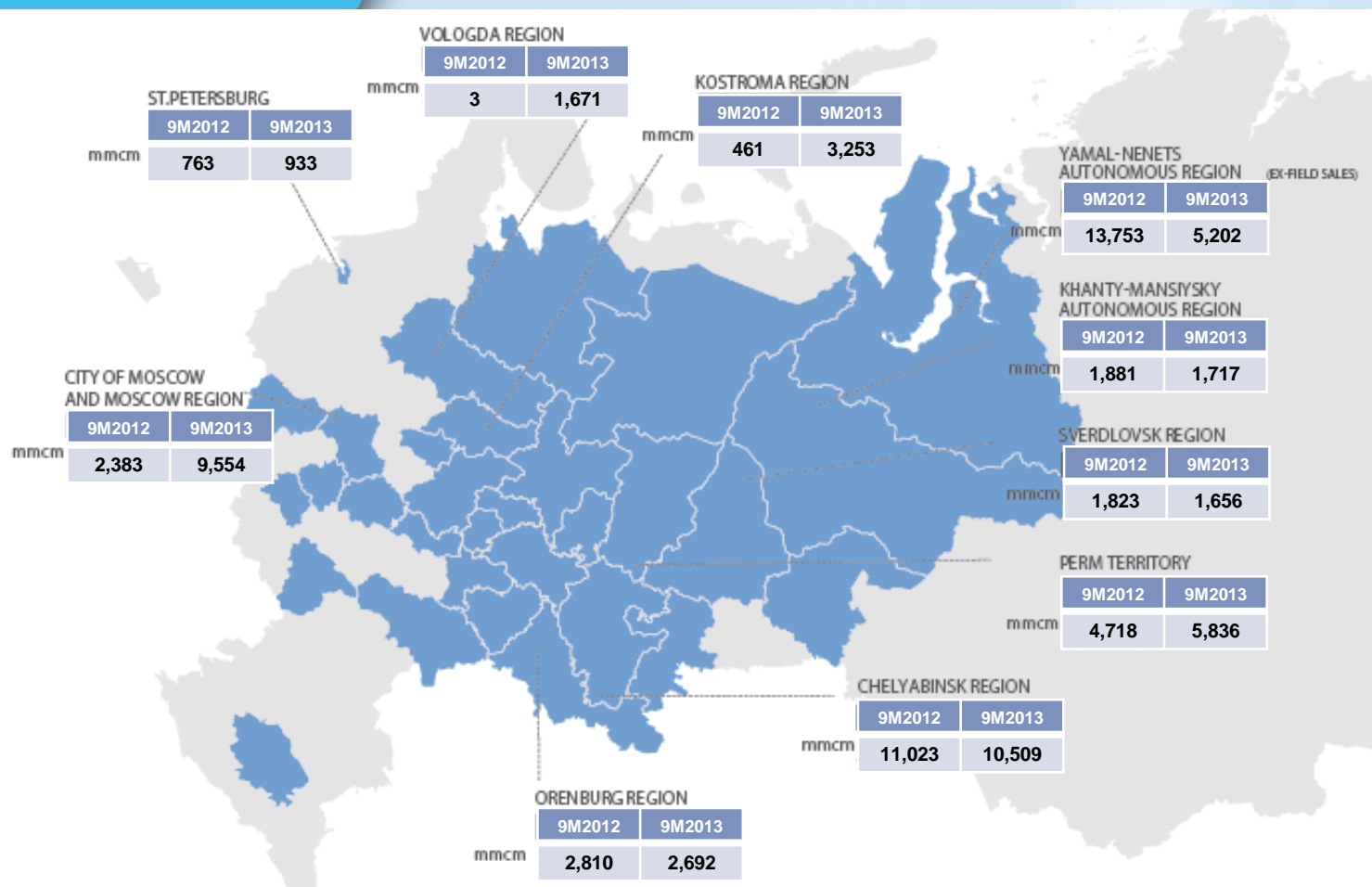
Natural gas production, mmcm



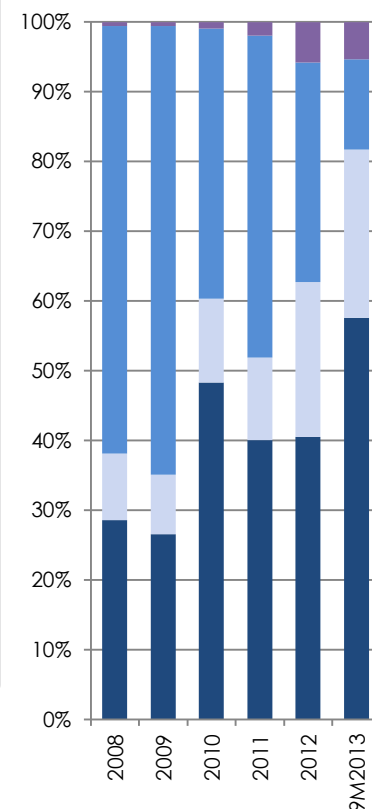
Liquids production, mt



Natural Gas Sales



Gas Sales Breakdown



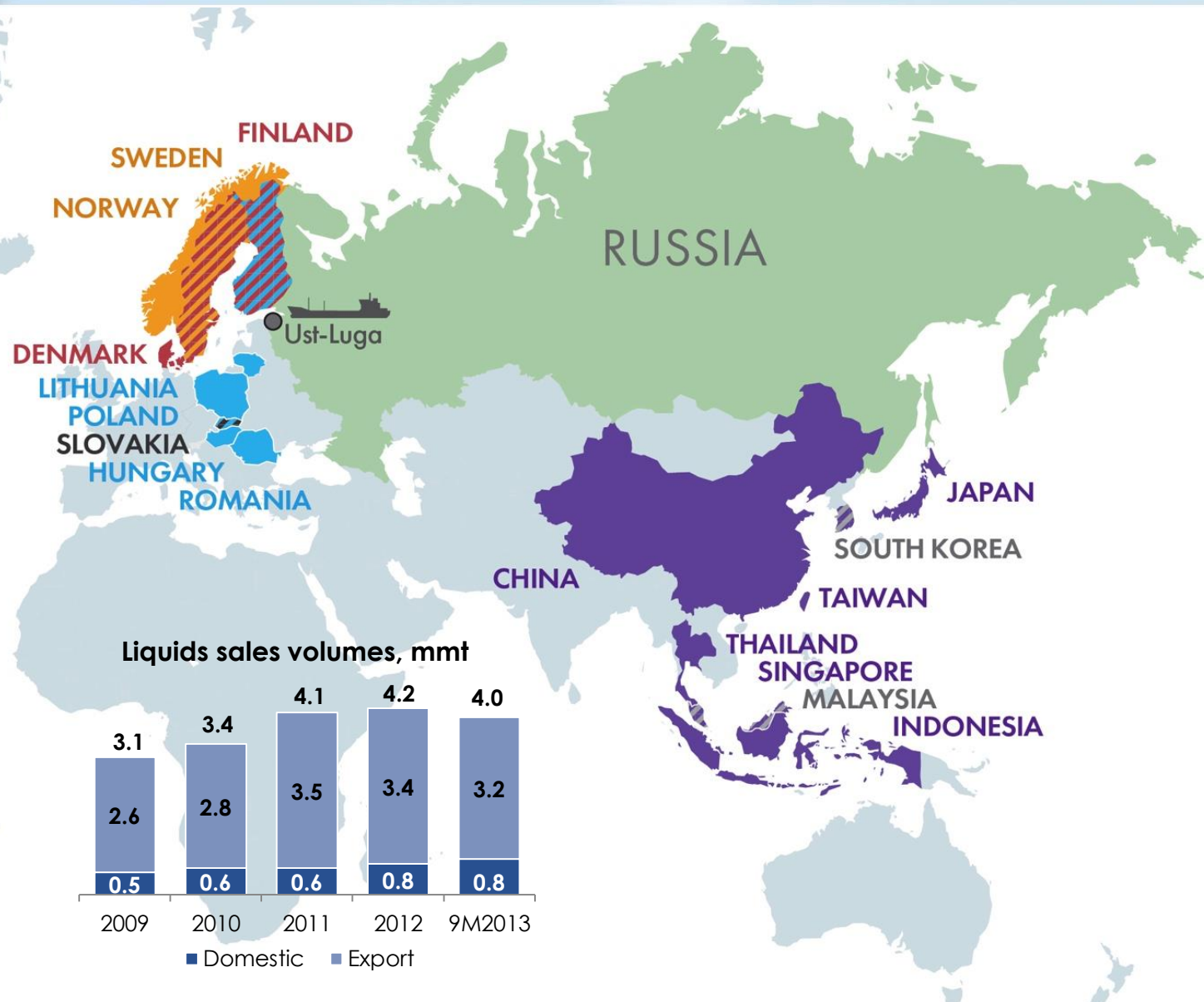
Significant increase in natural gas sales volumes to Moscow, Vologda, and Kostroma regions due to the contracts concluded with Severstal (for 5 years) and Mosenegro (for 3 years) and acquisition of an 82% interest in Gazprom Mezhhregiongas Kostroma in 2012

- Others
- Ex-field and regional gas distributors
- Large industrial consumers
- Power generation companies

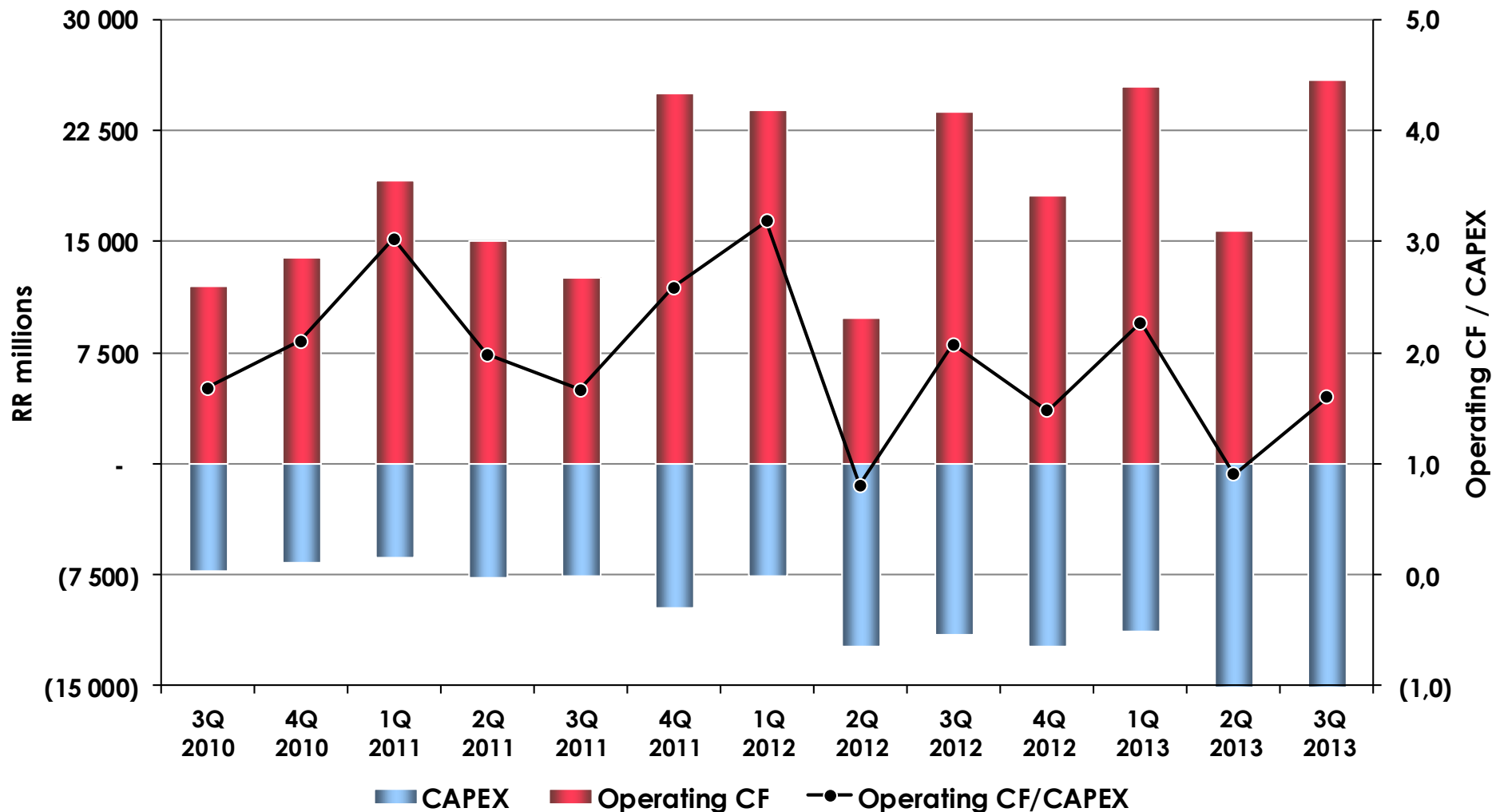
Liquids Sales

3Q 2013 Liquids sales

- Naphtha
- Jet fuel
- Diesel and fuel oil
- LPG
- Crude oil
- Stable gas condensate

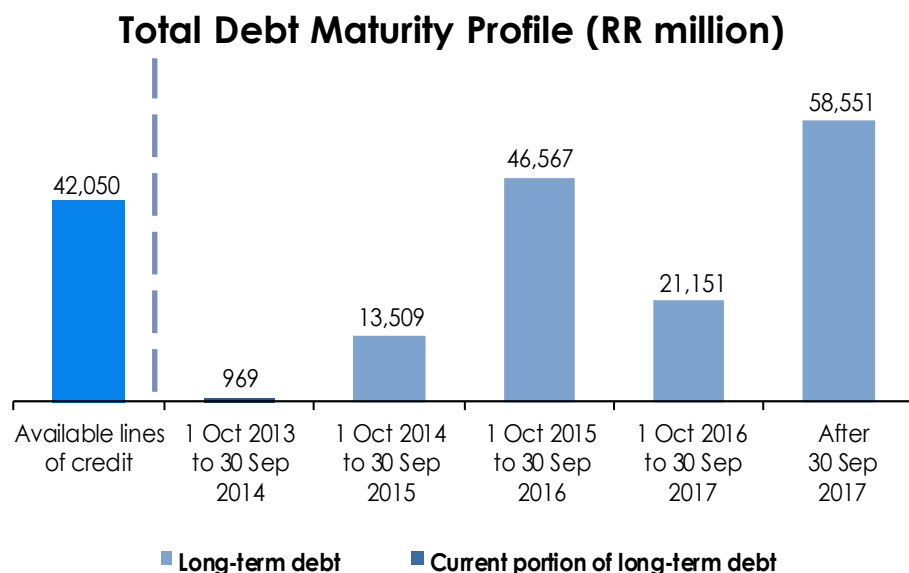


Internally Funded Investment Program

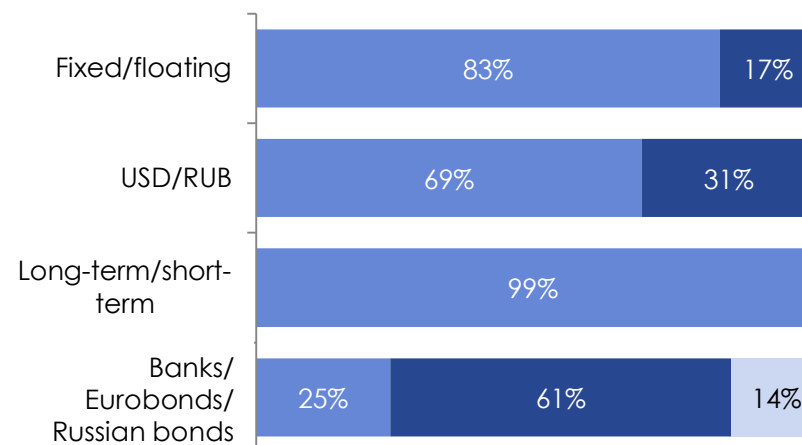


Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows

Financial Position at 30 September 2013



Debt Structure (Total Debt = RR 140.7 billion)



Established track record of adhering to financial policies

Metric	Policy Target	2009	2010	2011	2012	9M 2013
Debt/Normalized EBITDA, (x)	~1.0x	1.0	1.3	1.1	1.4	1.3
Net debt/Normalized EBITDA, (x)	<1.0x	0.7	1.1	0.8	1.2	1.2
Cash Balance, million \$	\$100 - \$150	348	336	740	607	320
Lines of credit, million \$	\$300 - \$500	579	500	1,592	1,538	1,300

Source: IFRS financials (9M2013 (unaudited), 2009 - 2012)

The image features the NOVATEK logo in large, bold, blue capital letters. To the left of the logo is a stylized blue graphic consisting of three horizontal, curved bars. The background is a faded image of an industrial facility with several tall, cylindrical structures and metal scaffolding under a light blue sky.

NOVATEK

Questions and Answers

Contact details:

NOVATEK's Investor Relations

Mark Gyetvay, Chief Financial Officer

Alexander Palivoda, Head of IR

Tel: +7 (495) 730-6013

Email: ir@novatek.ru

Website: www.novatek.ru