NOVATEK

"Harnessing the Energy of the Far North"

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Forward-Looking Statements

NOVATEK

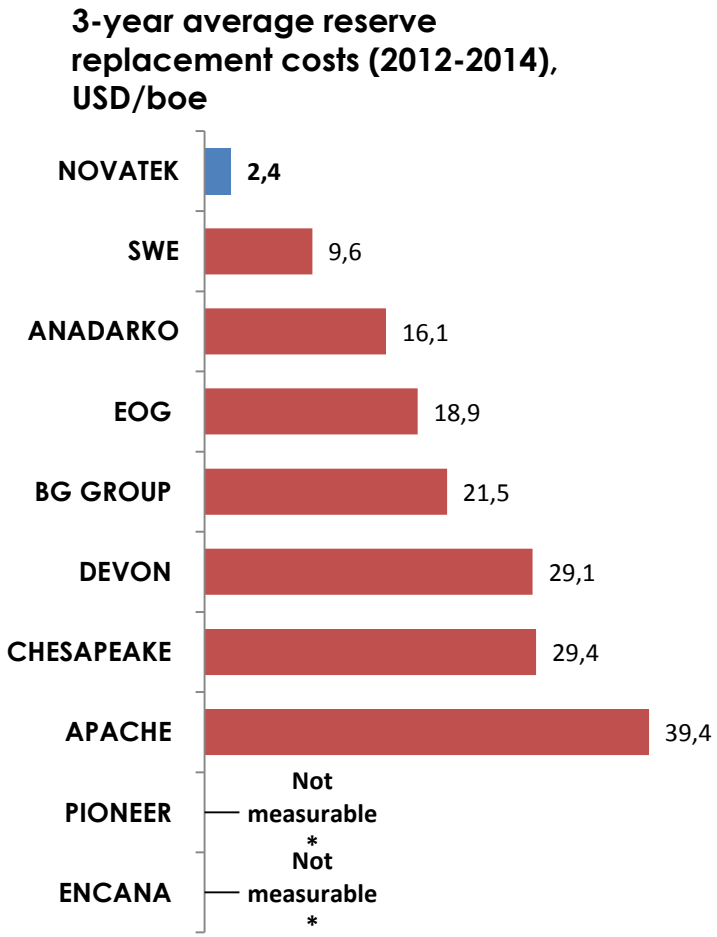
- Certain statements in this presentation are not historical facts and are "forward-looking". Examples of such forward-looking statements include, but are not limited to:
  - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other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

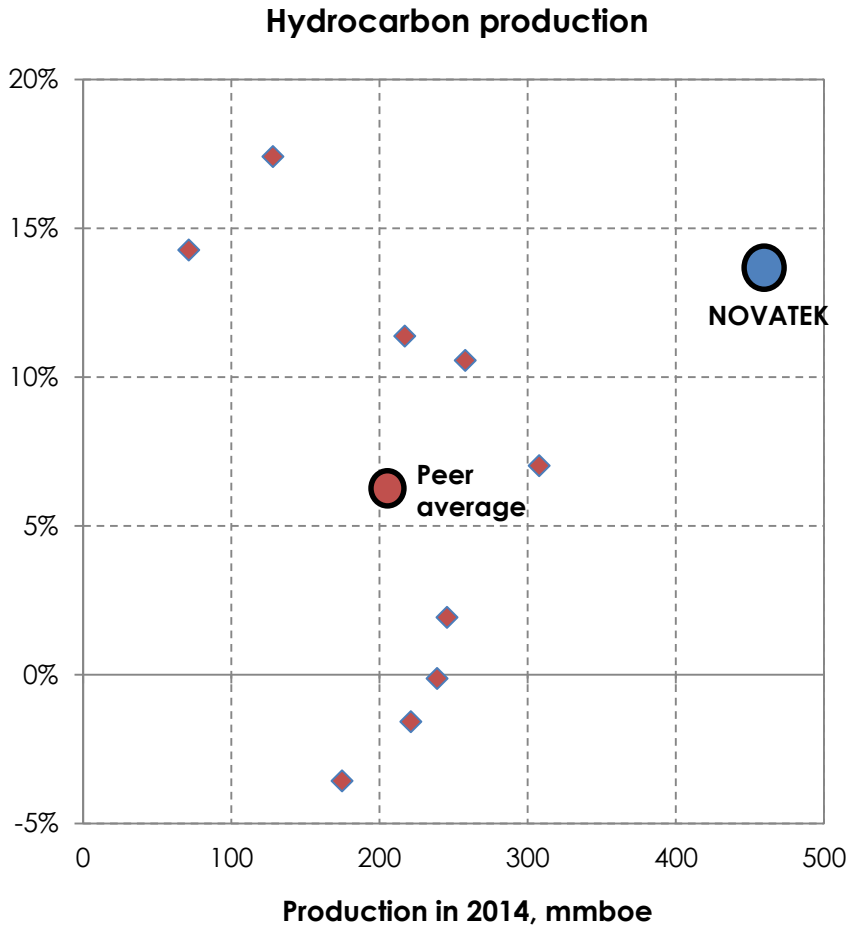
Good Performance in Negative Macroeconomic Environment

NOVATEK

- **We are one of the Lowest Cost Producers in the world**, which makes us very resilient in the current negative macroeconomic environment
- **Our volume growth has not been affected:** we continue growing our hydrocarbon production at industry leading rates and increasing the share of more profitable liquids in the overall volumes mix
- **Our margins have not been affected:** we have Russian ruble denominated cost base and our gas business benefits from stable regulated price environment, while margins for liquids business are supported by the devaluation of the Russian ruble
- **We had no impairment losses,** which is another proof of the high quality and stable profitability of our asset base, resulting in our high resilience to the macro shocks
- **Our longer-term growth has not been affected:** we continue progressing successfully with the construction works at our major Yamal LNG project and evaluation of new opportunities in the LNG sphere

One of the Lowest Cost Producers with High Quality Conventional Reserve Base



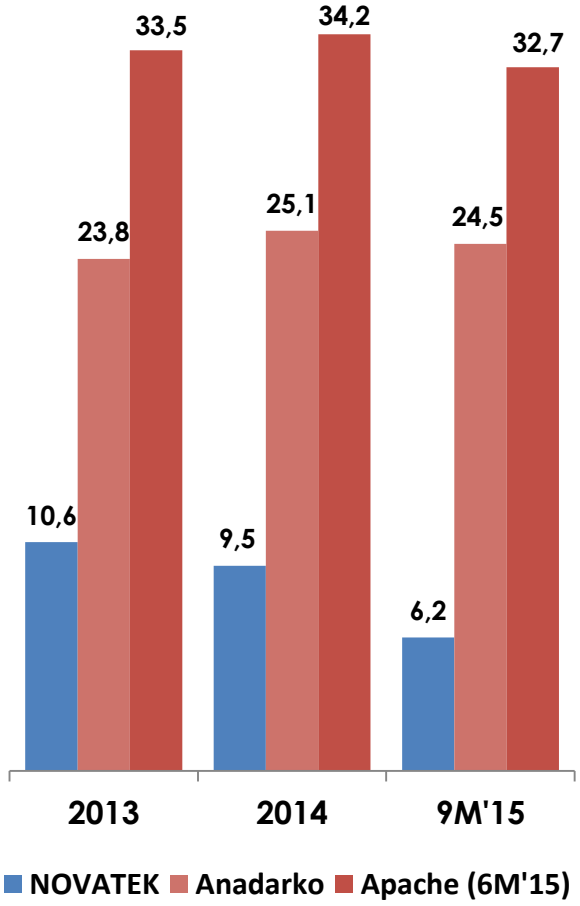


Source: Company data, Bloomberg

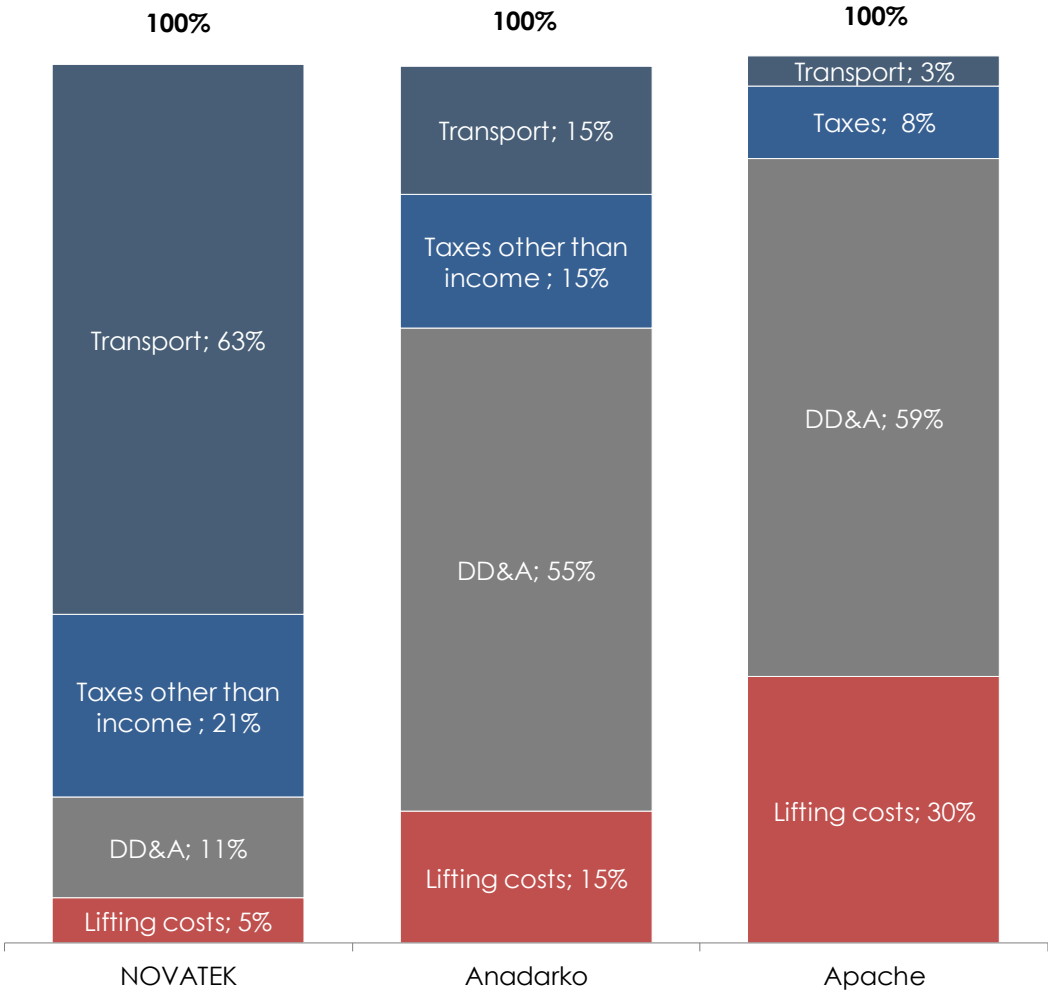
Note 1: Peer group includes Anadarko, Apache, BG Group, EOG , SWE, EnCana, Chesapeake, Pioneer and Devon.
* Not measurable due to the negative reserve changes in 2012-2014.

Low Production Costs Denominated in RR

Production costs, USD/boe

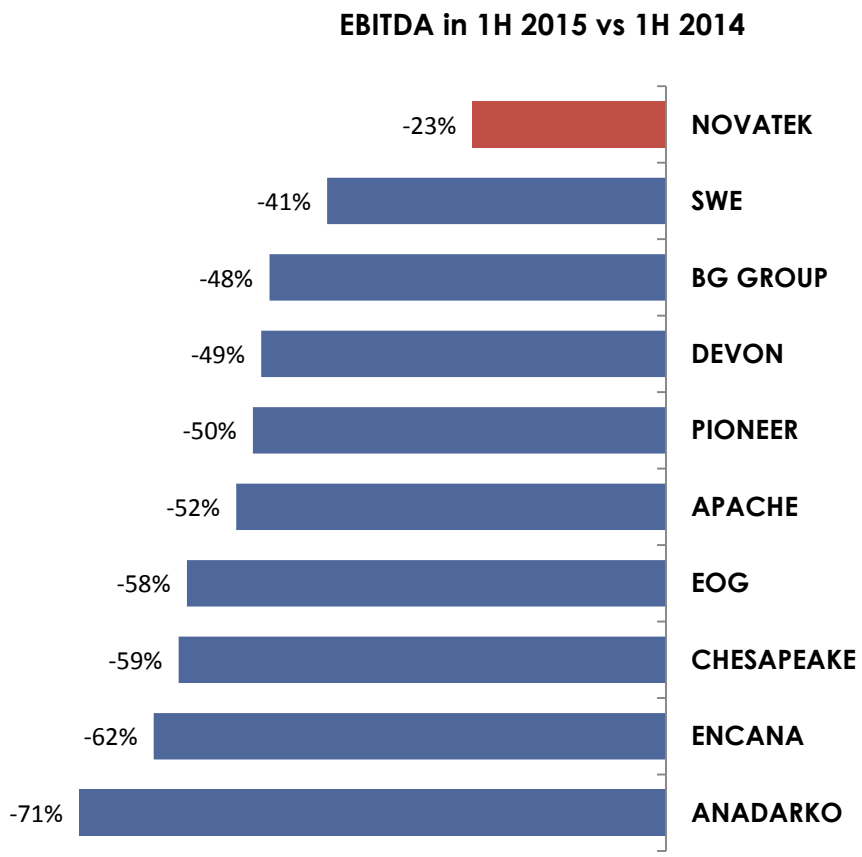


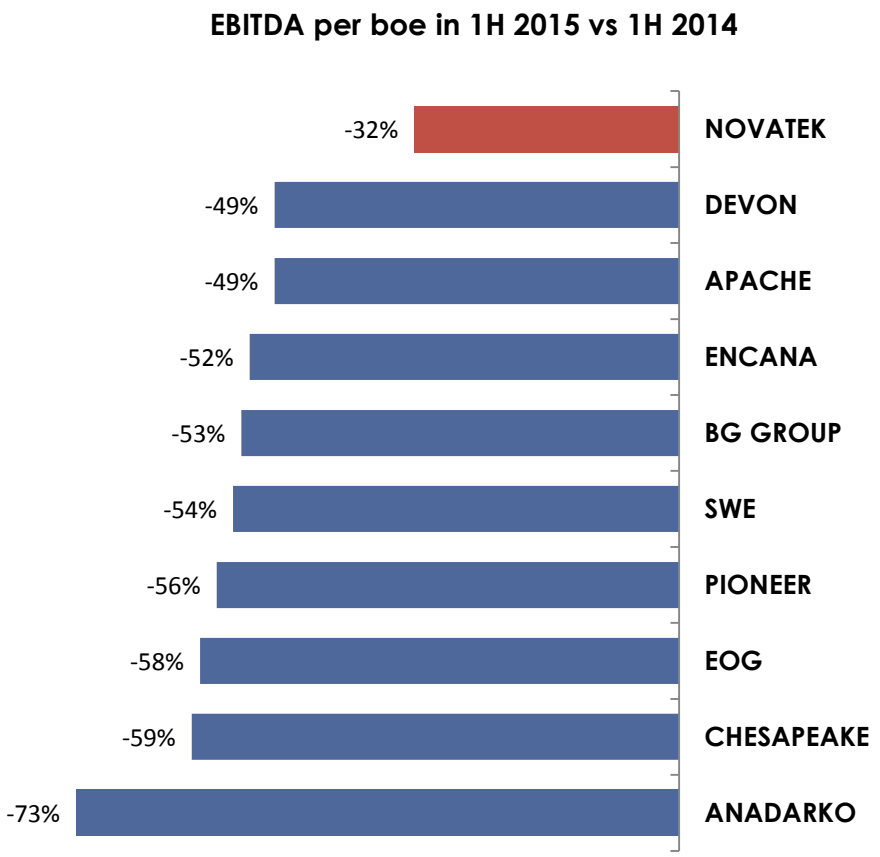
Production costs structure (2014), %



Source: Company data, Bloomberg

EBITDA Dynamics (in USD terms)





Source: Company data

EBITDA per boe Dynamics (in USD terms)

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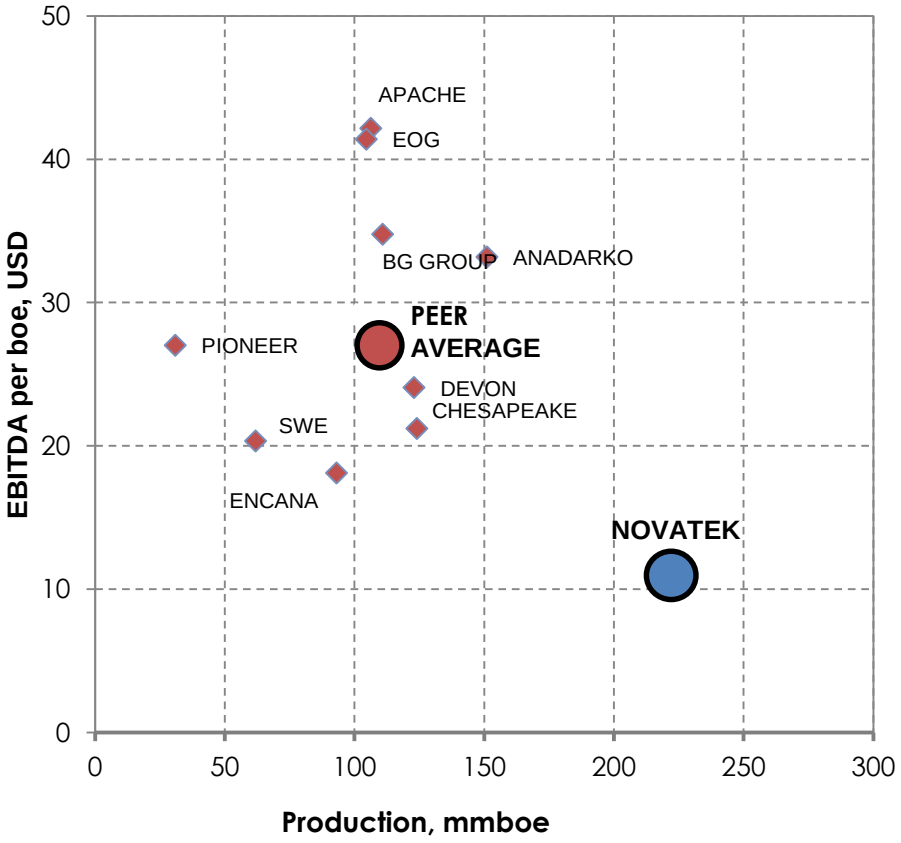
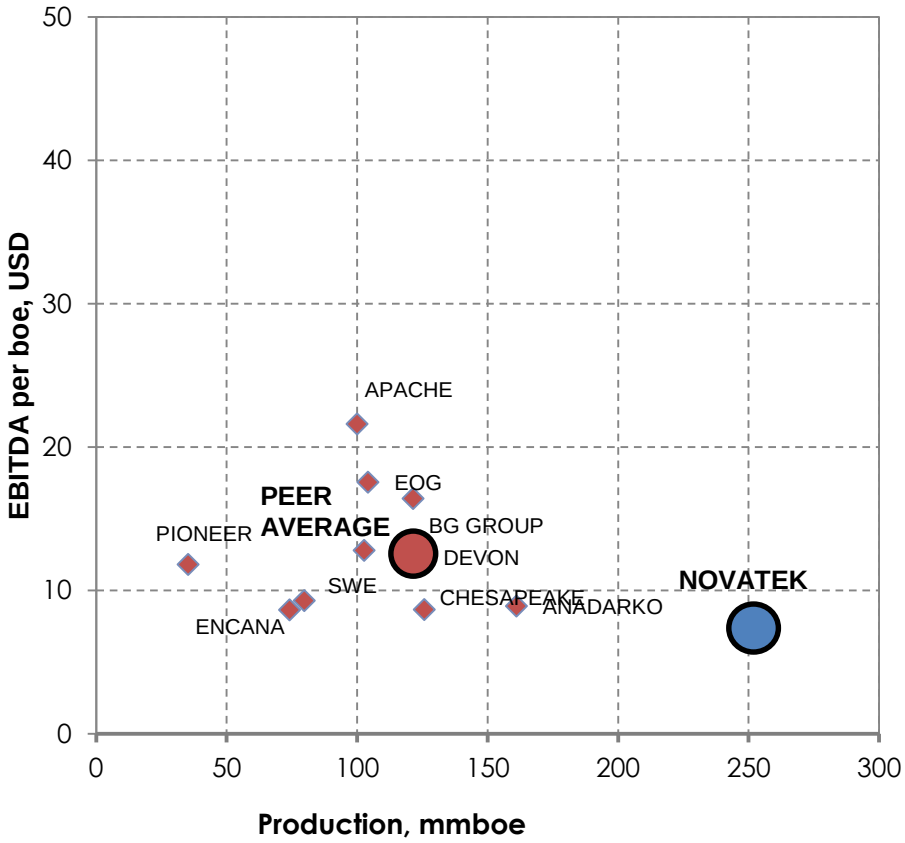
EBITDA per boe and production in 1H 2014



EBITDA per boe and production in 1H 2015



Source: Company data.

Oil&Gas Asset Impairments in the US

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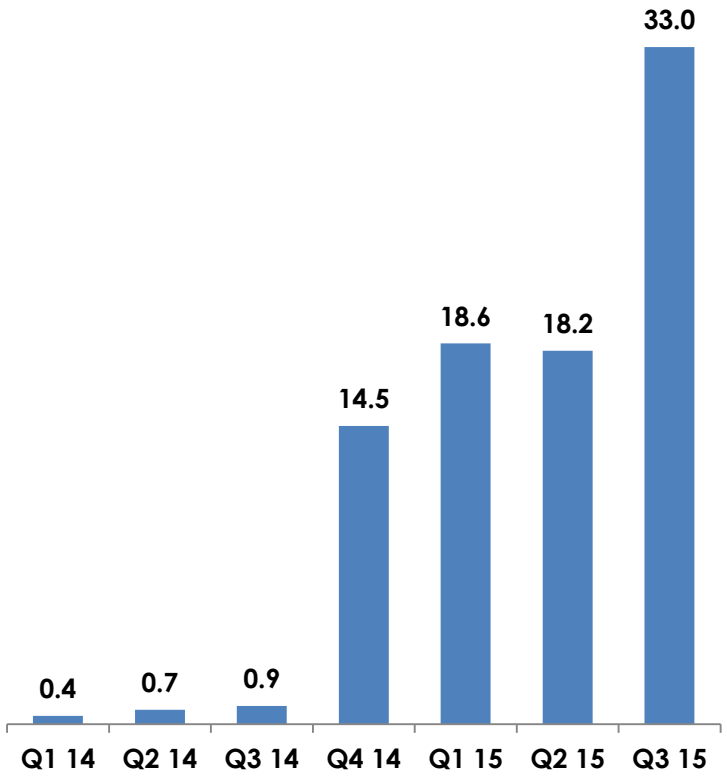
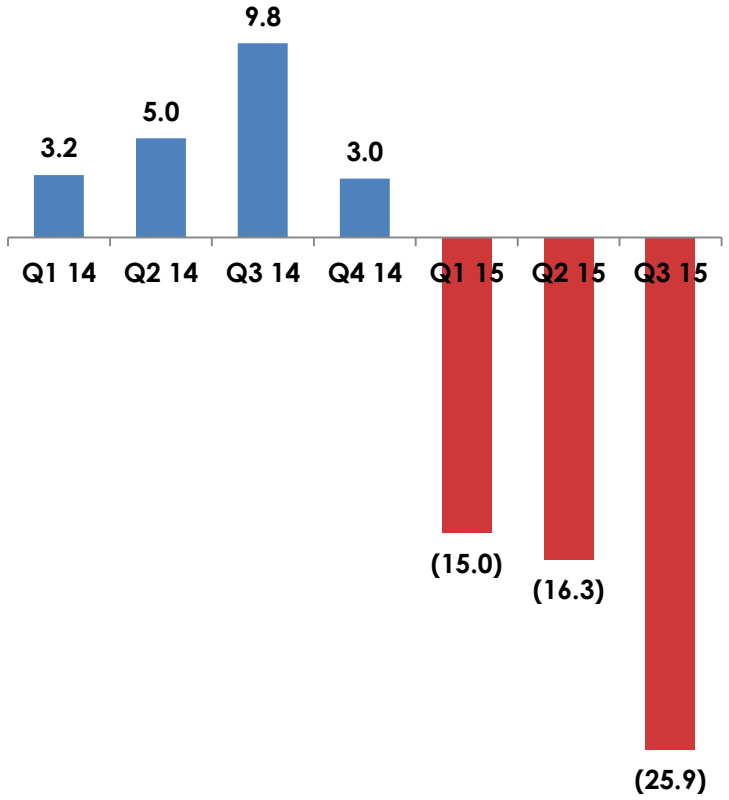
Asset Impairments Recorded by 48 US Oil&Gas Companies ($ billion)

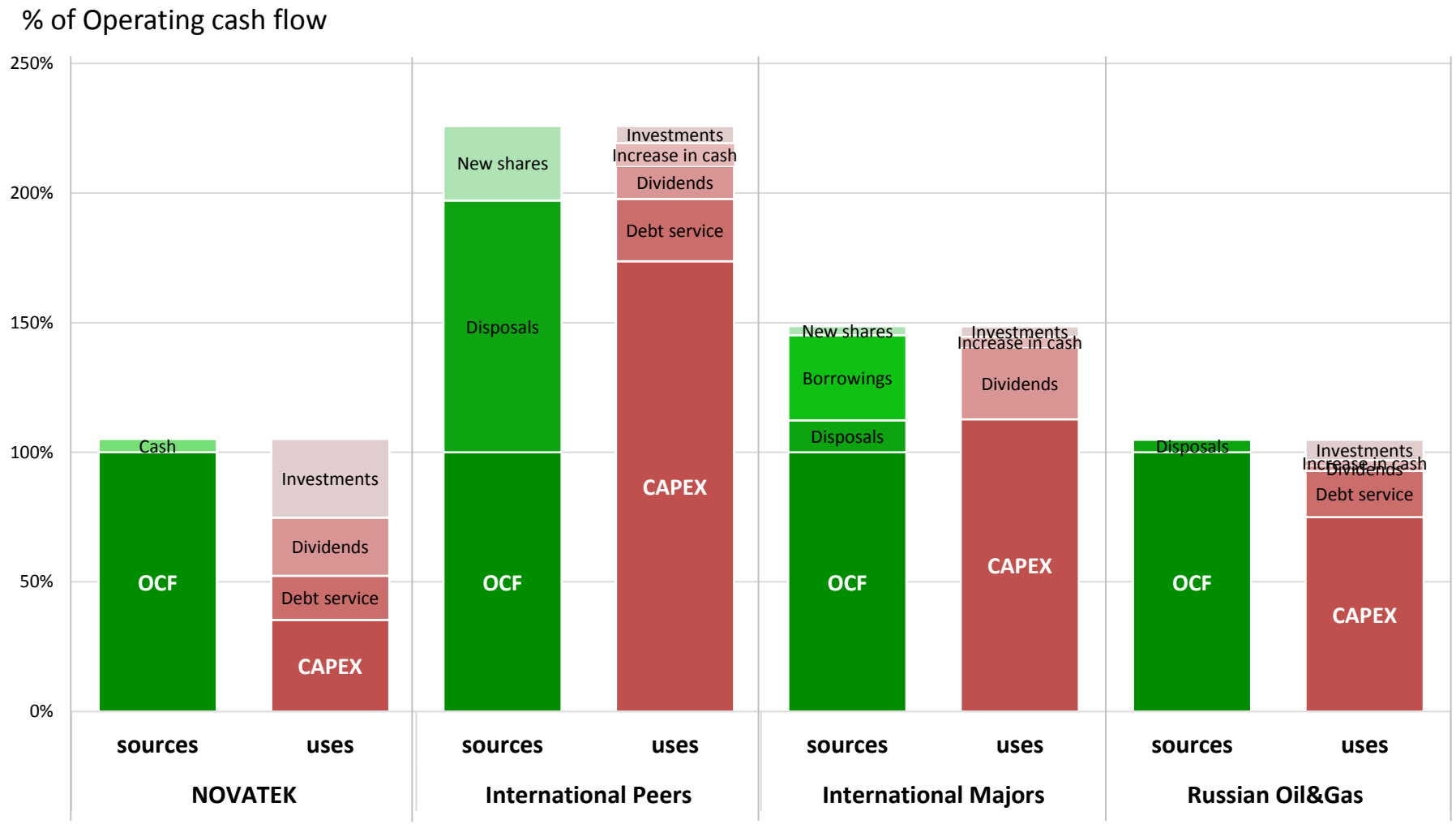


Net Income/Loss for 48 US Oil&Gas Companies ($ billion)



Source: Company data, Evaluate Energy

Cash Flow Structure in 1H'15



Note: International Peers include: Chesapeake, BG Group, Devon, Apache, Encana, Anadarko, EOG, Pioneer, SWE.
International Majors include: ExxonMobil, Shell, BP, PetroChina, Total, Chevron, Statoil, Eni.
Russian Oil & Gas companies include: Gazprom, Rosneft, Lukoil.

Compelling Investment Story

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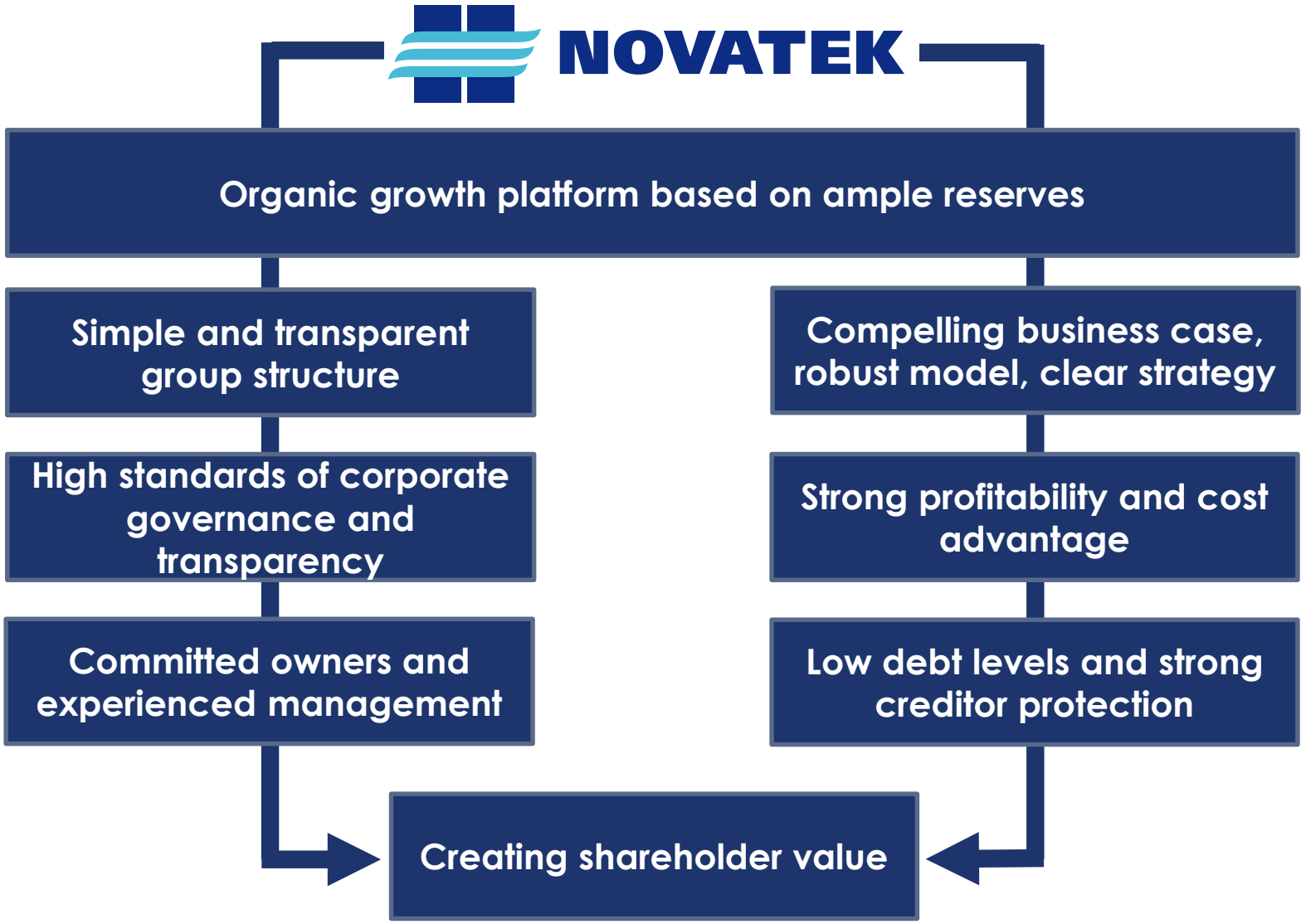
- **World-class conventional resource base:** rank #4 globally by proved natural gas reserves
- **Low cost structure:** rank #2 by lowest Finding & Development and Reserve Replacement costs according to IHS Herold Global Upstream Performance Review 2015
- **Full value chain integration:** Purovsky Plant and Ust-Luga Complex enable to process unstable gas condensate into high value-added petroleum products
- **Experienced management team:** >20 years in the Russian gas business
- **Strong financial and operational results**
- **Sustainable growth model with unique industry positioning and competitive advantages**

Leveraging Our Core Business Strengths



Delivering on Core Strategy (mid-term review)

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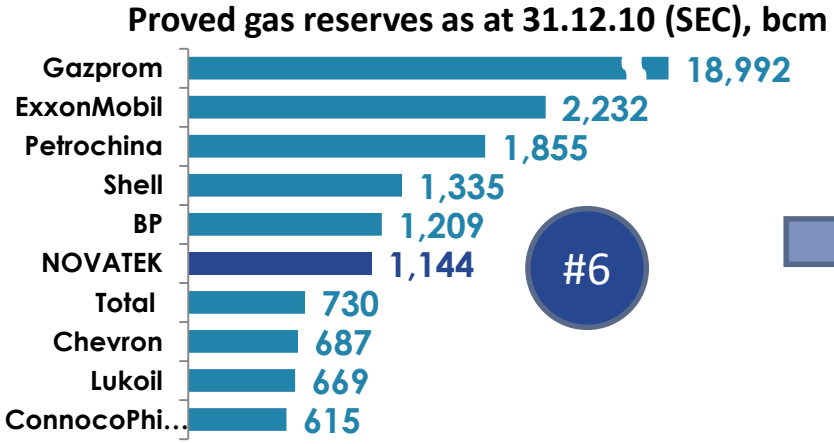
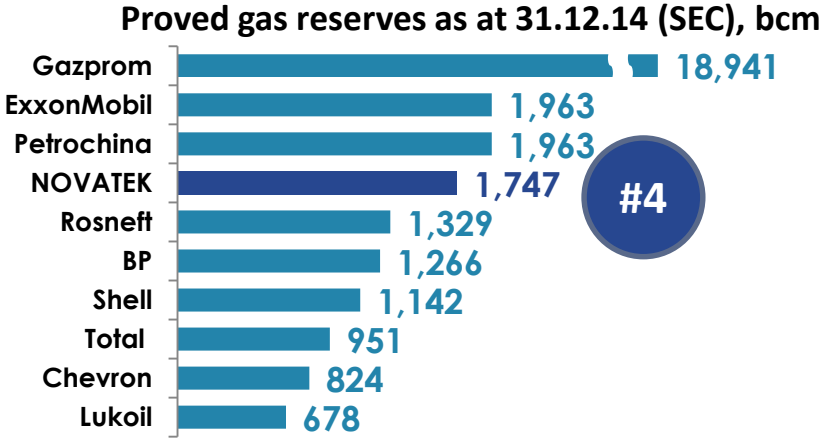
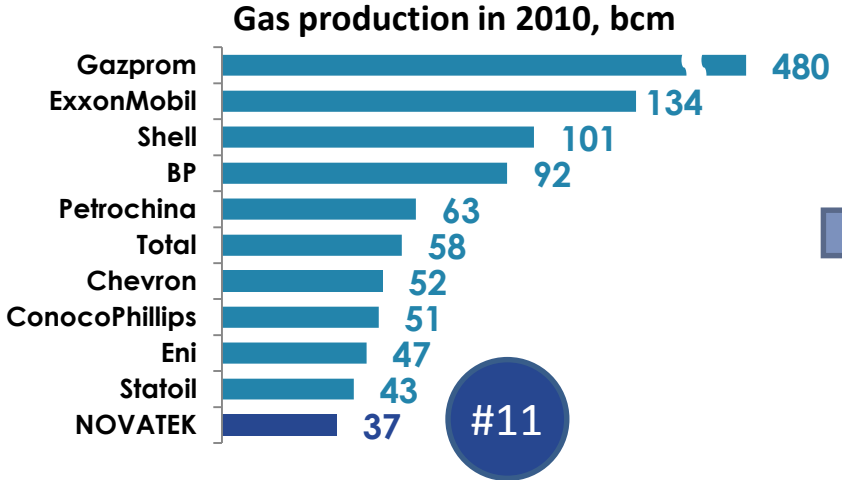
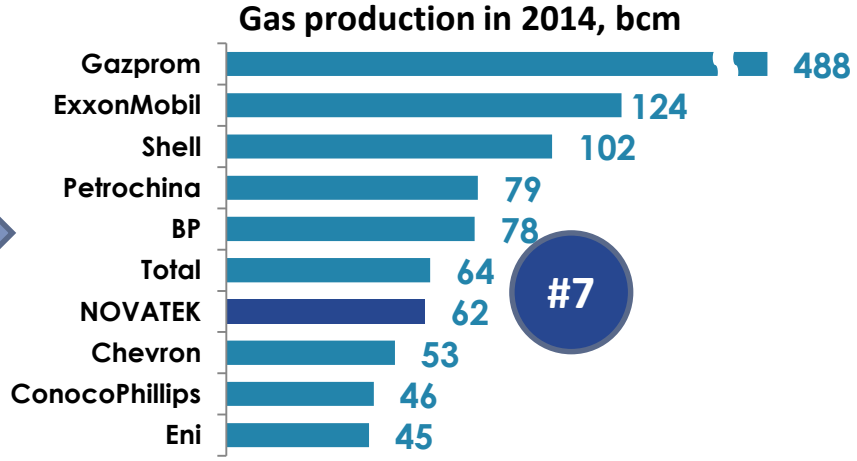
Strategic Goals	Results: 2011 – 2014
Increasing Resource Base	• Total P1 reserves increased by 56% • Increased our stake in the SeverEnergia JV and acquired a 50% stake in the Nortgas JV • Acquired the Trekhbugorny license area and the East-Tazovskoye field
Increasing Production	• Increased gas and liquids production by 67% to 62 bcm and 6 mmt respectively • Expanded processing capacity of the Purovsky plant from 5 to 11 mmt
Maintaining Low Cost Structure	• #1 lowest cost producer according to IHS Herold • Lifting costs per boe – $0.49 in 2014 vs. $0.53 in 2010 • Optimized cost structure through infrastructure investments
Maximizing Margins	• The share of end-customers in gas sales increased from 64% to 94% • Launched the Ust-Luga gas condensate fractionation facility • The share of liquids in the Company's EBITDA reached 50%
Creating Shareholder Value	• Total Revenue CAGR 32.2% • EBITDA CAGR 29.8% • Dividend CAGR 26.7%

Positions in the World





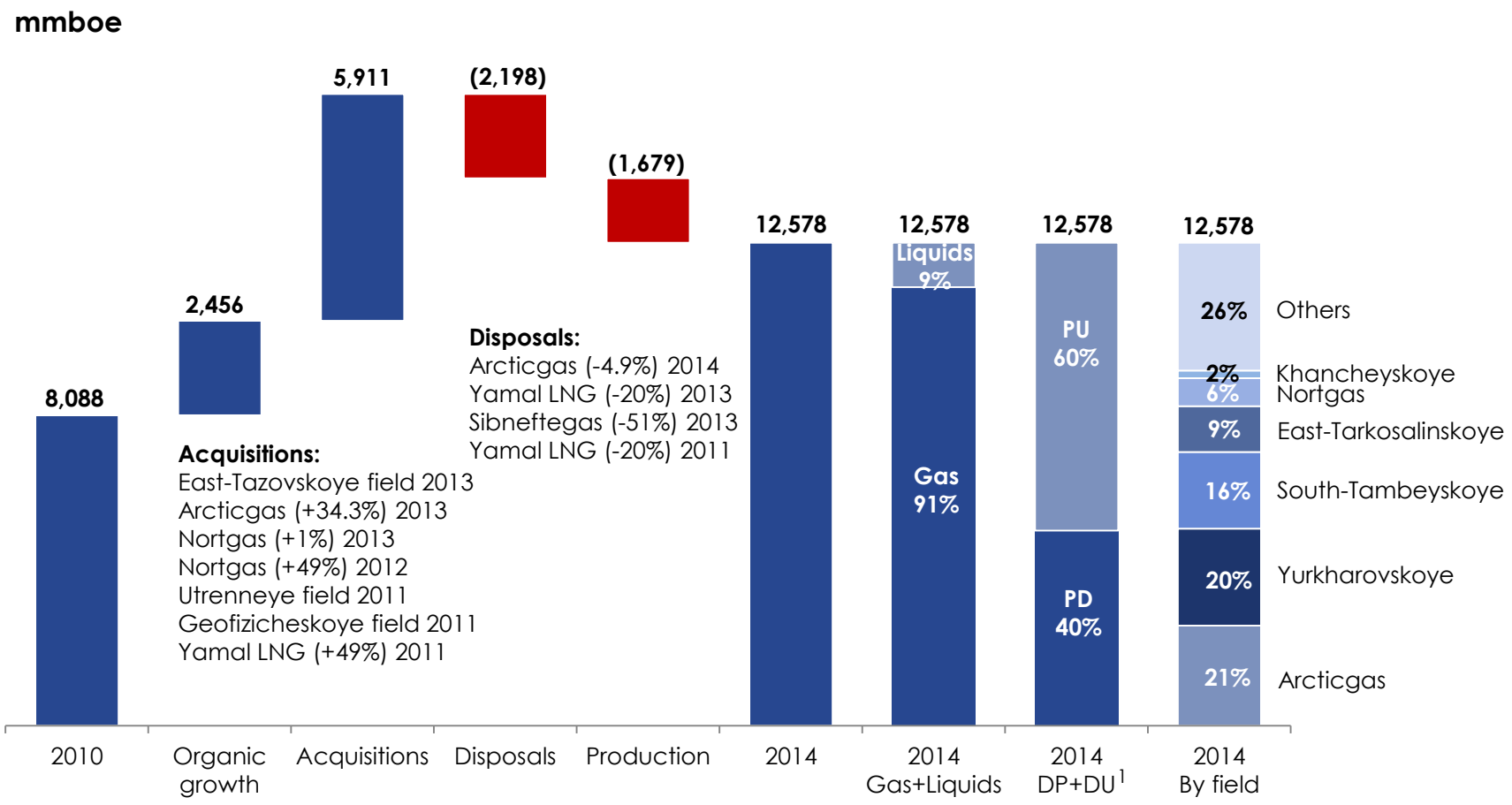




Source: Bloomberg, company data.

SEC Proved Reserves

Reserve replacement ratio in 2011-2014 – 367%



Note:

1. **Proved developed and proved undeveloped reserves**

Hydrocarbon Production

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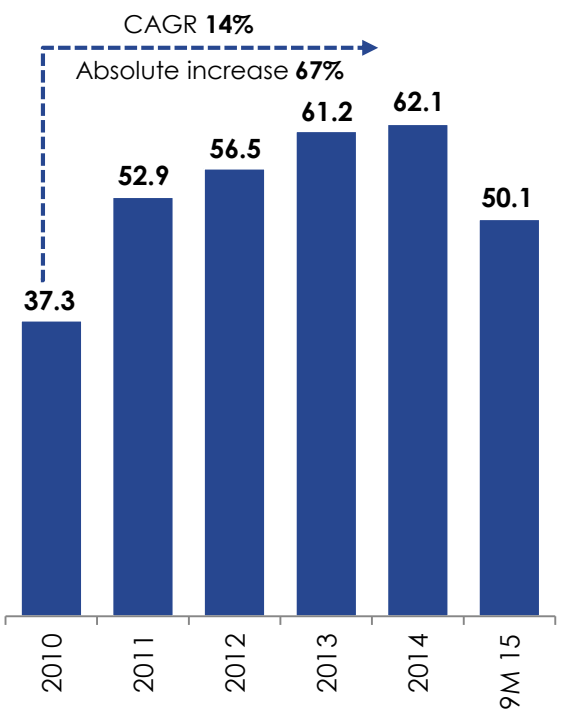
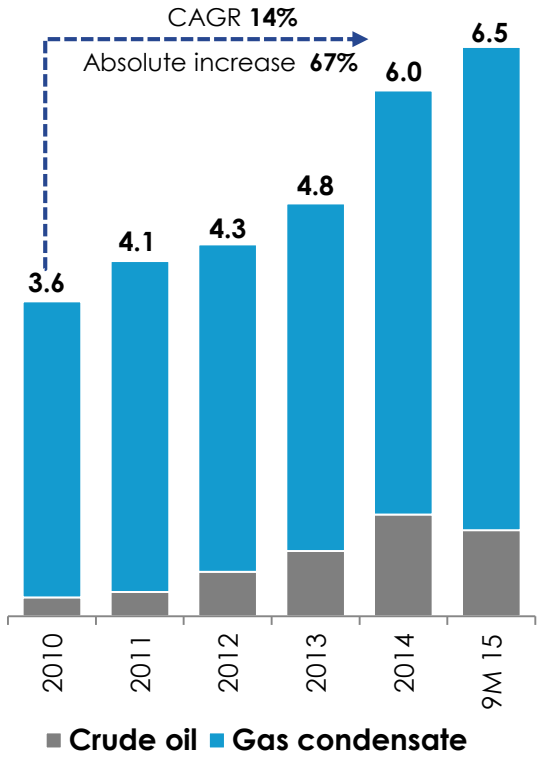
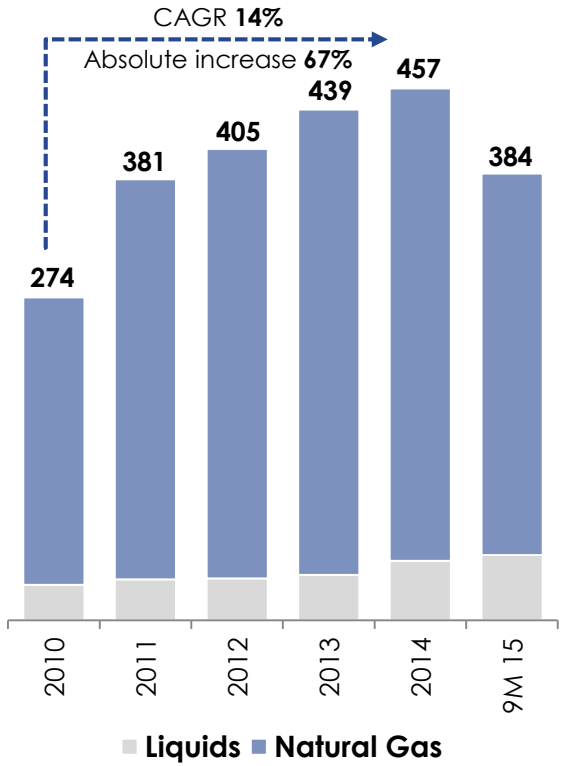
Natural Gas Marketable Production, bcm



Liquids Marketable Production, mmt



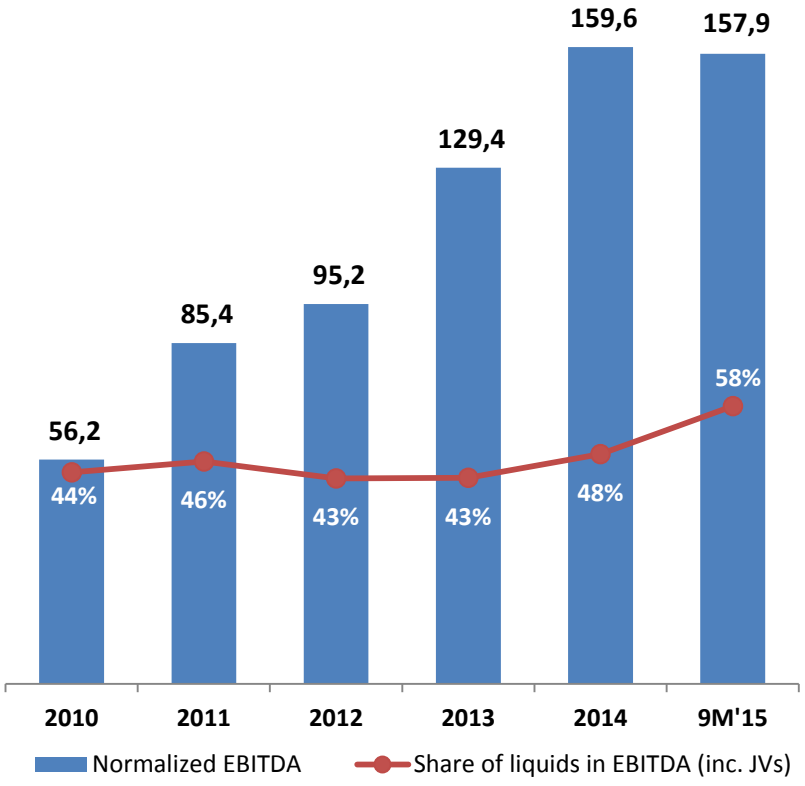
Total Hydrocarbon Marketable Production, mmboe



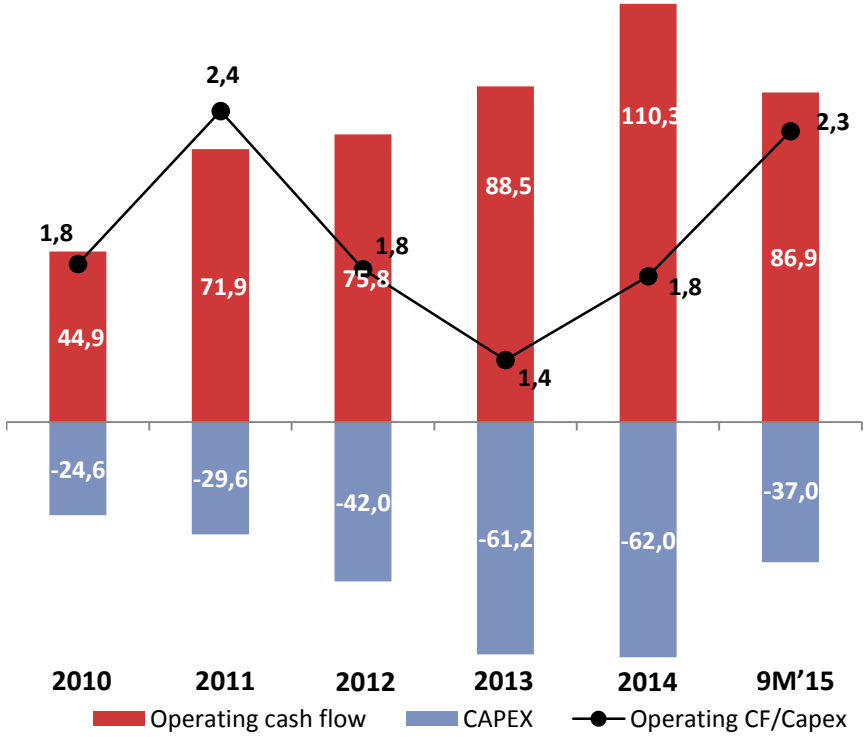
SUSTAINABLE PRODUCTION GROWTH

Consolidated Financial Results

Normalized EBITDA[1],RR bln



Internally Funded Investment Program



Source: IFRS financials (6M2015 (unaudited), 2010 - 2014)

Notes:

1. Normalized EBITDA represents our proportionate share in the EBITDA of our joint ventures and 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, share of profit (loss) of joint ventures, net of income tax and finance income (expense) from the Consolidated Statement of Income, as well as income (loss) from changes in fair value of derivative financial instruments., excluding net gain (loss) on disposal of interest in subsidiaries. Due to the difference in methodology, in 2010-2012 Normalized EBITDA did not include our proportionate share in the EBITDA of joint ventures.

Performance Metrics

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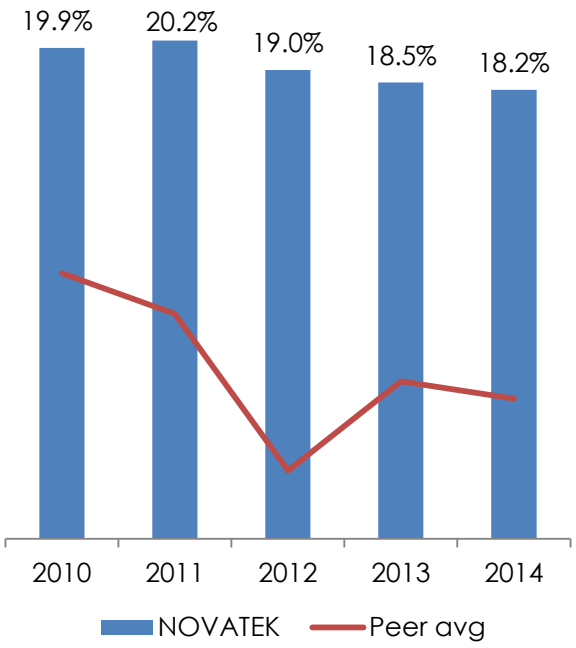
Financial	2007	2008	2009	2010	2011	2012	2013	2014
EBITDA margin, %[1]	46,8%	46,5%	44,2%	48,3%	50,9%	46,1%	40,9%	39,2%
Effective tax rate[2]	26,5%	19,7%	20,7%	21,0%	20,7%	19,0%	19,8%	19,7%
Profit margin, %[3]	30,0%	28,9%	28,6%	34,4%	32,1%	32,9%	27,7%	28,3%
ROE, %[4]	24,9%	25,7%	22,4%	26,9%	27,7%	26,1%	25,5%	26,8%
ROACE, %[5]	23,7%	21,9%	17,9%	19,9%	20,2%	19,0%	18,5%	18,2%
Net debt / Total Capitalization[6]	0,03	0,12	0,15	0,25	0,20	0,26	0,28	0,31

Operational								
Lifting costs, $/boe	0.58	0.64	0.50	0.53	0.53	0.57	0.59	0.49
F &D costs, $/boe (3Y Avg.)	1.03	2.21	1.71	1.16	1.06	1.36	1.95	2.37
RR rate[3] (3Y Avg.)	184%	162%	431%	567%	597%	623%	463%	345%

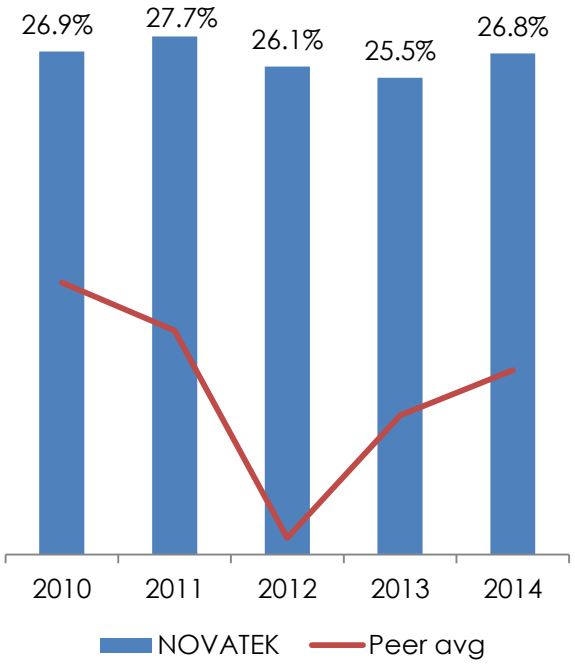
Notes:
1. Calculated based on Normalized EBITDA attributable to our subsidiaries. Normalized EBITDA of subsidiaries excludes net gain (loss) on disposal of interest in subsidiaries and joint ventures.
2. Effective tax rate represents total tax expense calculated as a percentage of our reported IFRS profit before income tax and share of net income from associates.
3. Profit margin represents profit as a percentage of total revenues.
4. Return on Equity (ROE) represents profit divided by average total equity.
5. Return on Capital Employed (ROCE) represents profit plus inerest expense (net of taxes) divided by average total debt plus average total equity.
6. Net debt represents total debt less cash and cash equivalents. Total capitalization represents total debt, total equity and deferred income tax liability.

Return Metrics

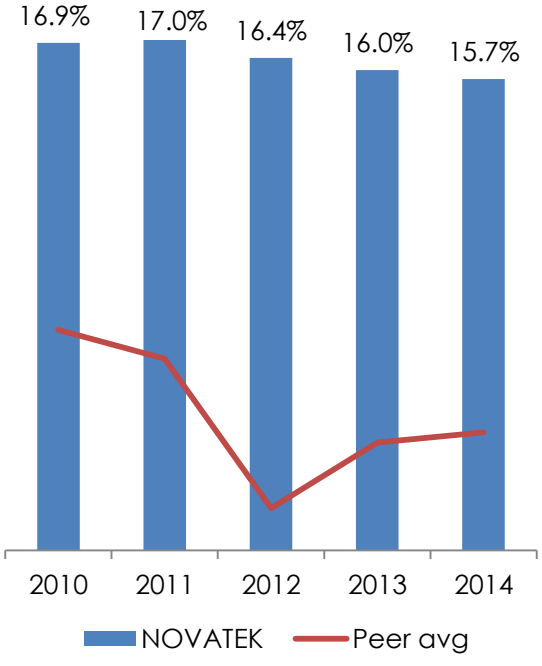
Return on Capital Employed



Return on Equity



Return on Assets



Source: Company data, Bloomberg data

Note 1: Peer group includes: Anadarko, Apache, BG Group, EOG , SWE, Nexen, EnCana, Chesapeake, Lukoil, Rosneft, Pioneer and Devon

Financial Policies

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Established track record of adhering to creditor friendly financial policies

Metric	Policy Target	2008	2009	2010	2011	2012	2013	2014
Debt/Normalized EBITDA, (x)	~1.0x	0.7	1.0	1.3	1.1	1.4	1.3	1.5
Cash Balance, million $	100 – 150	442	348	336	740	607	241	734
Lines of credit, million $	300 - 500	250	579	500	1,592	1,538	569	733
Dividend: % of profit	30%	33	32	30	32	30	30	30

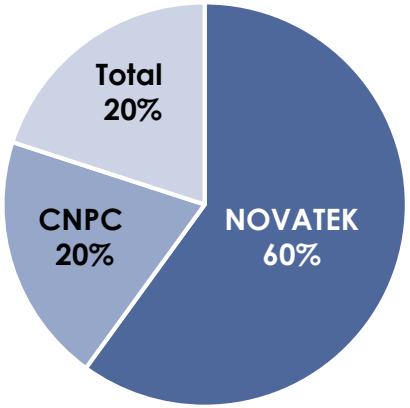
Yamal LNG

Yamal LNG Project

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

- 2P PRMS gas reserves of the South-Tambeyskoye onshore conventional field at 31.12.14 - **926 bcm**
- Liquefaction capacity - **16.5 mmt** of LNG per annum (3 trains)
- FID date - **December 2013**
- Capex estimate - **USD 27 bln**
- First production is scheduled for **2017**

Shareholders



Drilling Program
Onshore Conventional Gas

NOVATEK

- **Five** out of **19** well pads prepared for drilling
- **Three** rigs on-site
- **37** production wells drilled out of **58** wells required for the first train, of which 35 wells tested and confirmed geology
- Avg. wells are **3-4** thousand meters long, of which the horizontal sections are **600-1,000** meters
- Average estimated initial flow rate – **>0.5** mmcm per day per well

Selected Contractors

NOVATEK

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

EPC contract Train 1 progress as at the end of September 2015 - 44%

Construction Works

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Ice barrier

Sabetta airport

Power plant

LNG tanks

Construction Works

NOVATEK

Compressor foundation

Western pipe rack

Module shipment

On-site equipment transportation

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

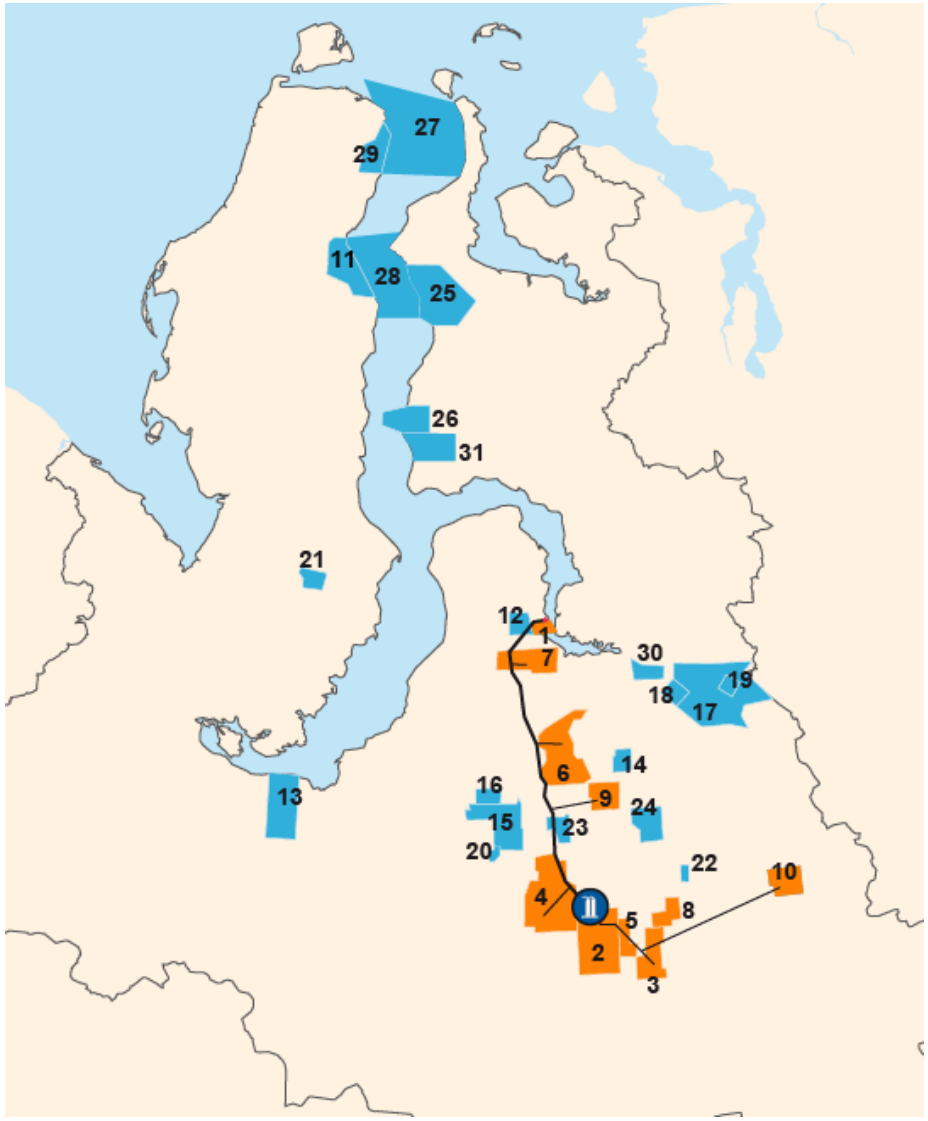
Appendix

Fields and License Areas

NOVATEK

Producing fields:
1. Yurkharovskoye field
2. East-Tarkosalinskoye field
3. Khancheyskoye field
4. Olimpiyskiy license area
5. Yumantilskiy license area
6. Samburgskiy license area
7. North-Urengoyskoye field
8. North Khancheyskoye field
9. Yaro-Yakhinskiy license area
10. Termokarstovoye field

Prospective fields:
11. South-Tambeyskoye field
12. West-Yurkharovskoye field
13. Yarudeyskoye field
14. Raduzhnoye field
15. West-Urengoiskiy license area
16. North-Yubileynoye field
17. North-Russkiy license area
18. North-Russkoye field
19. Dorogovskoye field
20. Ukrainsko-Yubileynoye field
21. Malo-Yamalskoye field
22. West-Chaselskoye field
23. Yevo-Yakhinskoye field
24. North-Chaselskiy license area
25. Utrenneye field
26. Geofizicheskiy license area
27. North-Obskiy license area
28. East-Tambeyskiy license area
29. North-Tasiyskiy license area
30. East-Tazovskiy license area
31. Trekhbugorniy license area



Yamal-Nenets Autonomous Region – one of the world's largest natural gas producing regions, which accounts for approximately 80% of Russia's gas production and approximately 16% of the world's gas production.

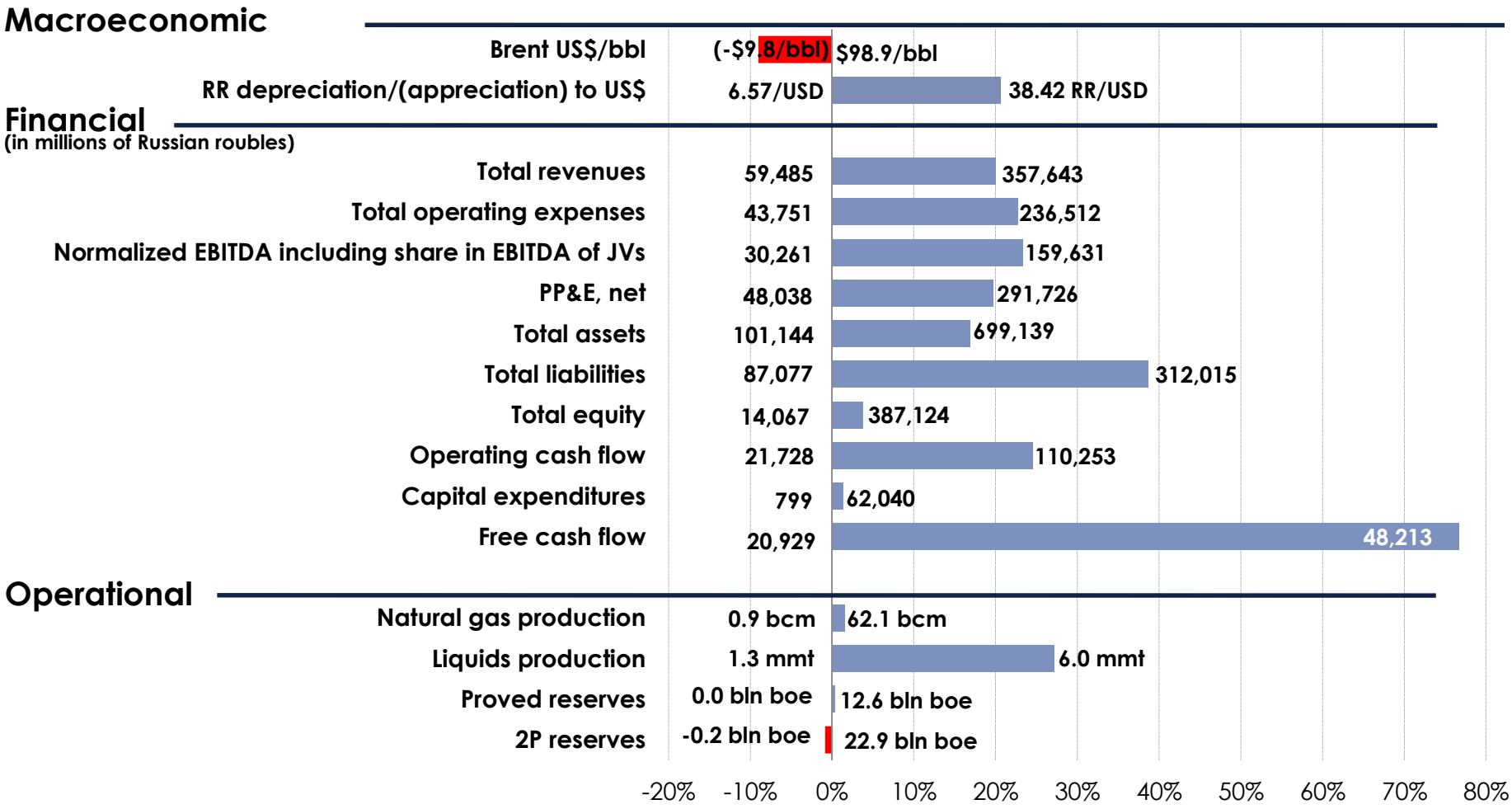
NOVATEK producing fields

Other NOVATEK fields

Purovsky Plant

Gas condensate pipeline from the Yurkharovskoye field to the Purovsky plant

2014/2013 Performance Summary

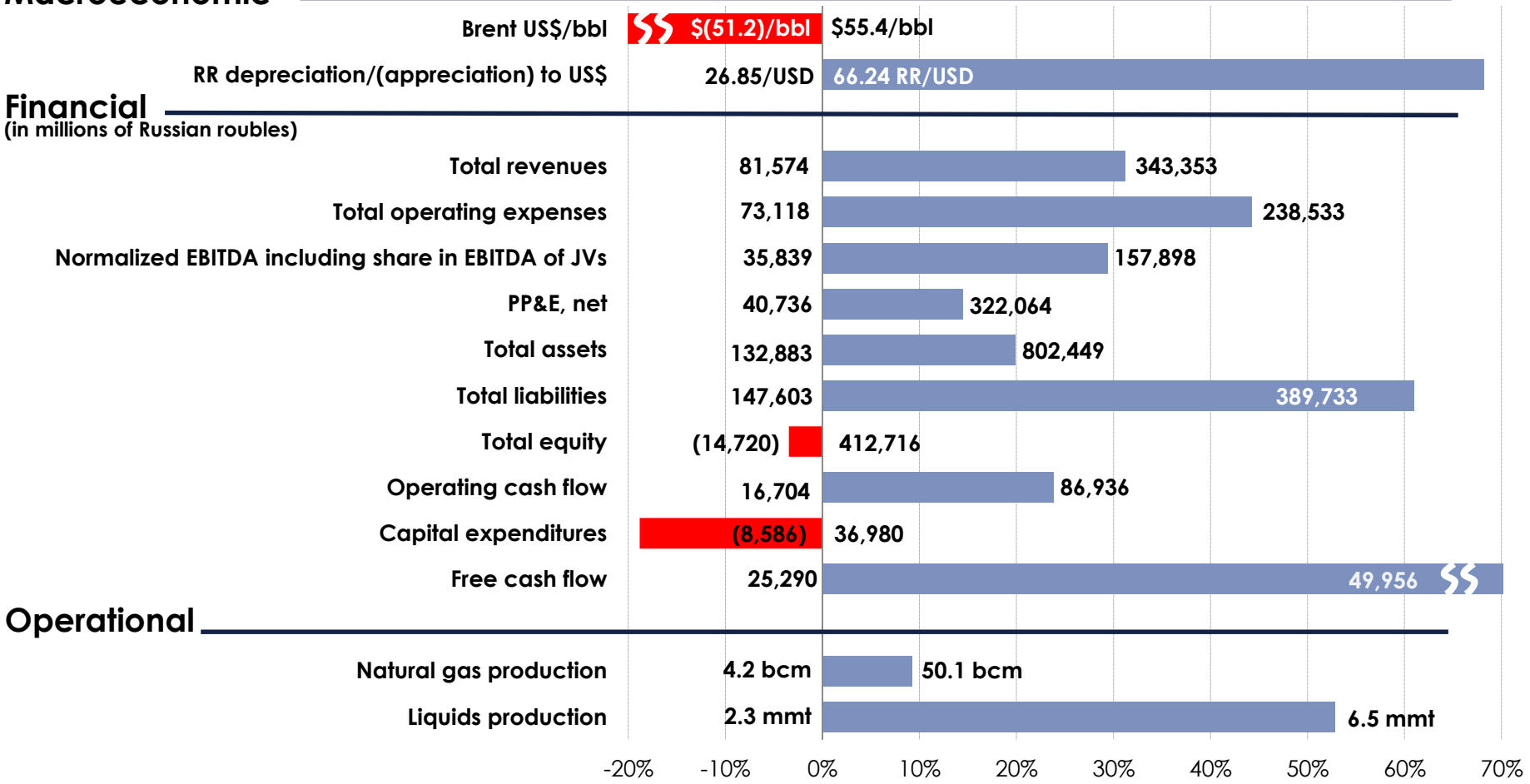


Note: Number on the left is the absolute change, number on the right is the value for the reporting period, size of bar is % change

Development of Production Capacities in 2014

	Planned timing	Actual completion	Annual capacity
Launching two stages of the **Urengoyskoye gas and gas condensate field** of SeverEnergia	Q2 2014 – first stage Q4 2014 – second stage	**First stage launched in April 2014**, production restarted at limited capacity in July following a fire at the de-ethanization facility. The facility was fully restored in December 2014, which enabled to achieve full capacity of the first stage. **Second stage launched in December 2014**	**13** bcm of natural gas and **4.7** mmt of gas condensate
Launching the third stage of the **Samburgskoye gas and gas condensate field** of SeverEnergia	Q4 2014	**Launched in September 2014**	**7** bcm of natural gas and **0.9** mmt of gas condensate
Launching the **North-Kancheyskoye gas field**	Q4 2014	**Launched in December 2014**	**0.4** bcm of natural gas

9M15/9M14 Performance Summary



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Continuing Rapid Production Growth

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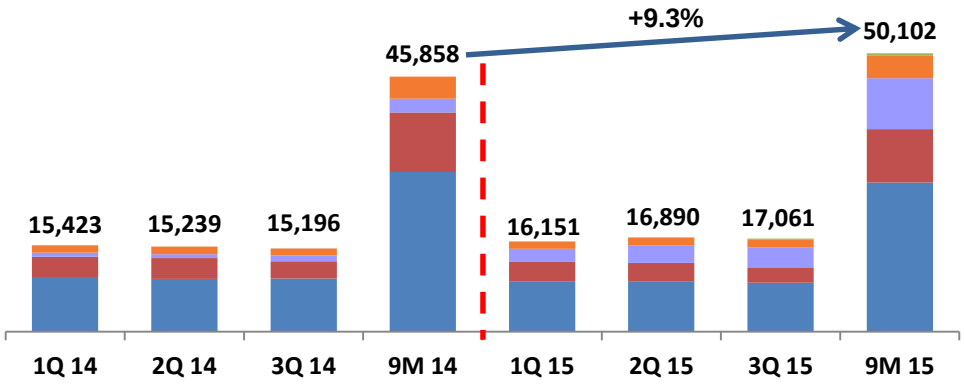
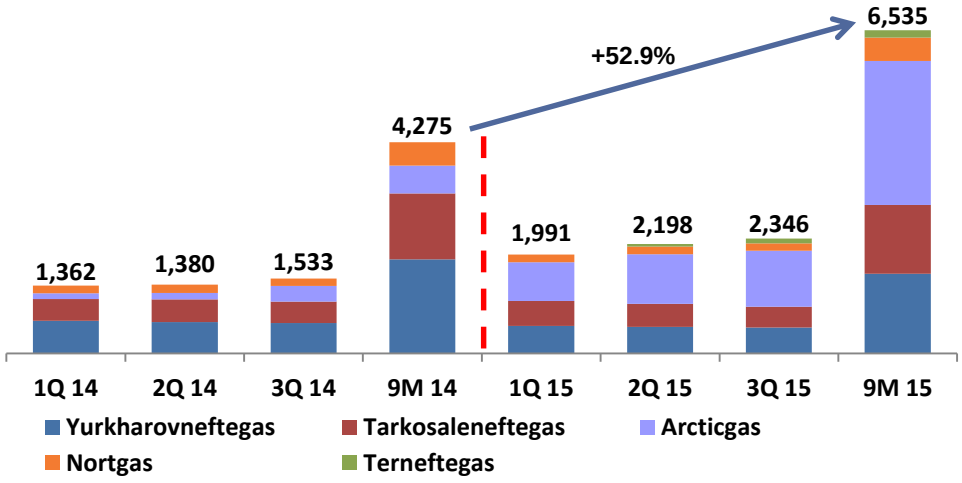
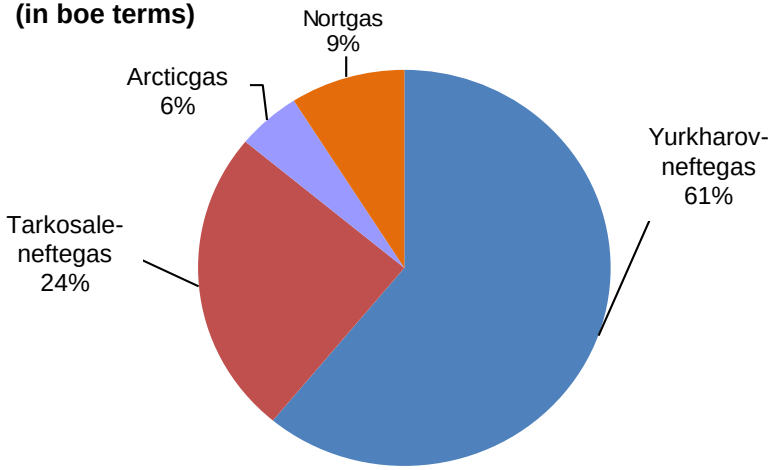
Natural gas production, mmcm



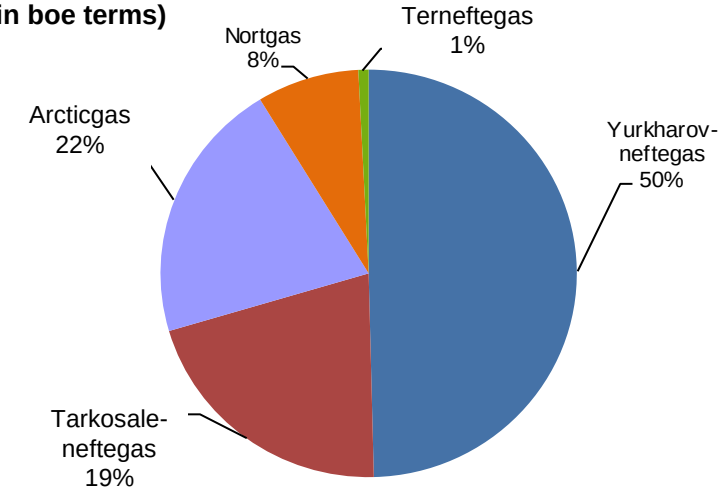
Liquids production, mmt



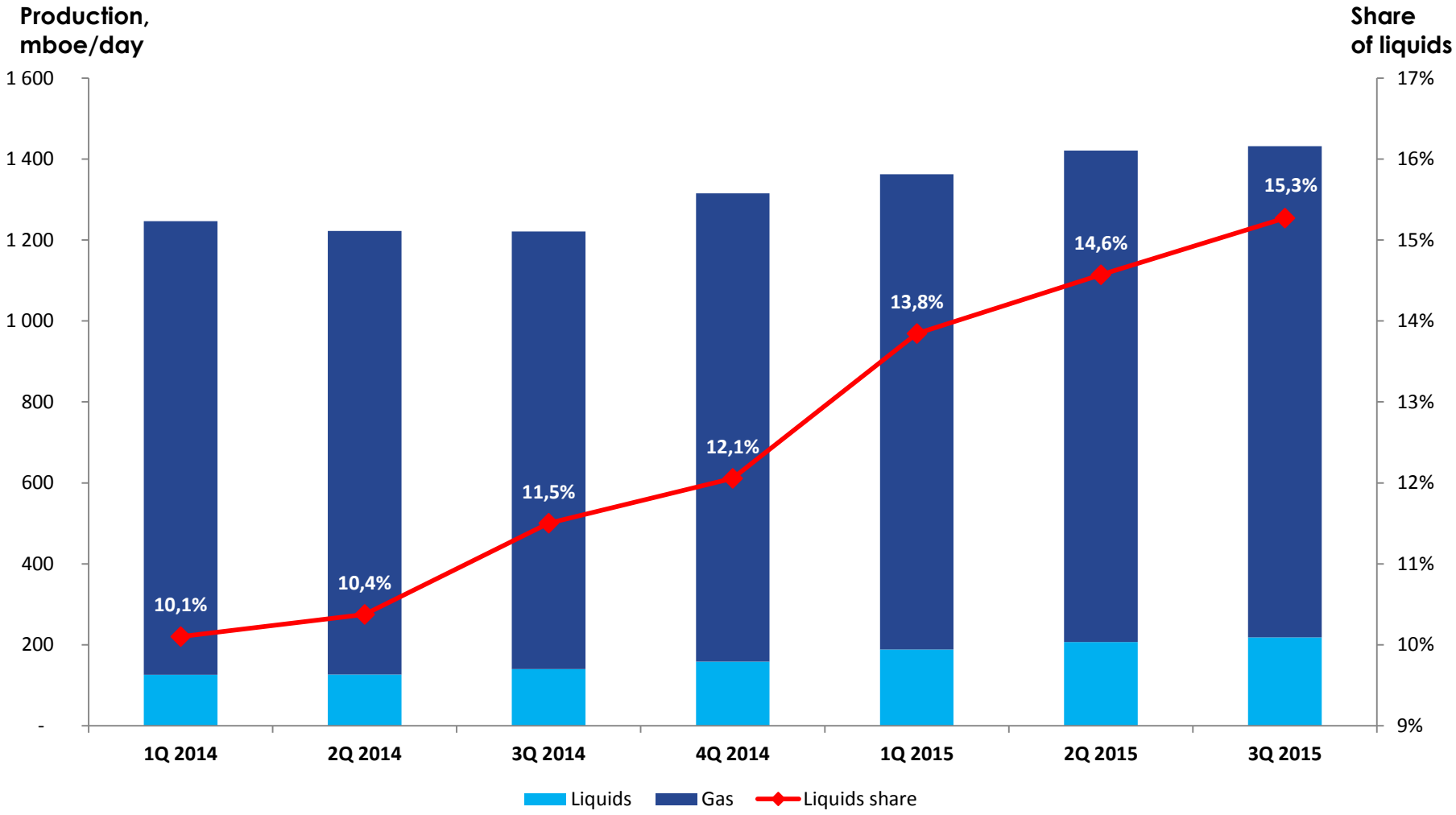
Production by entities in 9M 2014 (in boe terms)



Production by entities in 9M 2015 (in boe terms)



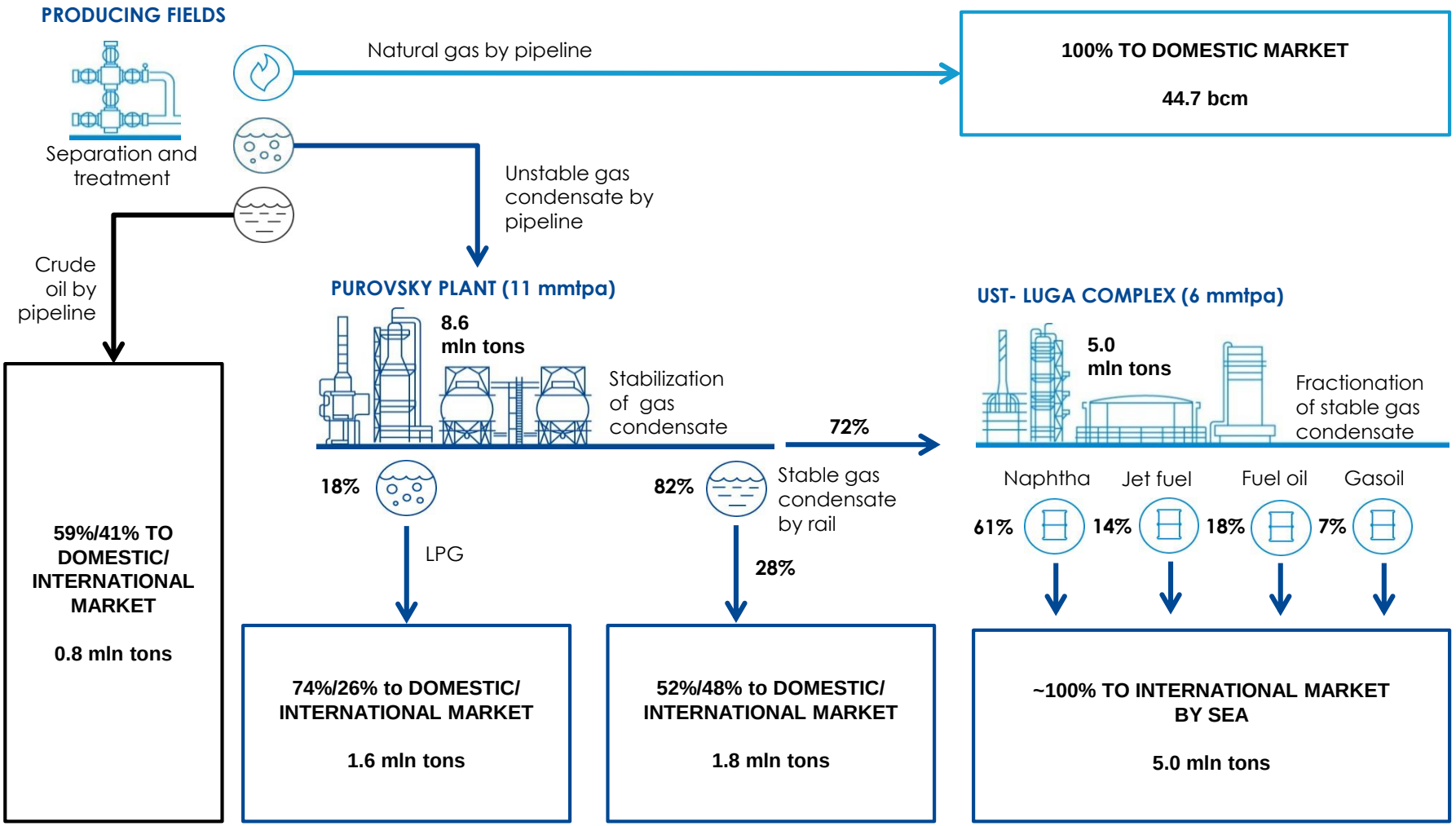
Growing Share of More Profitable Barrels



Development of Production Capacities: Plans for 2015

Plan	Timing	Status	Annual capacity
Launching the **Yaro-Yakhinskoye gas and gas condensate field**	Q2 2015	**Launched in April 2015**	**7.7** bcm of natural gas (excluding associated petroleum gas) and **1.3** mmt of gas condensate
Launching the **Termokarstovoye gas and gas condensate field**	Q2 2015	**Launched in May 2015**	**2.4** bcm of natural gas and **0.8** mmt of gas condensate
Launching the **Yarudeyskoye oil field**	Q4 2015	33 wells drilled; three drilling rigs in operation; 350-km oil pipeline to Purpe and gas pipeline completed, oil pipeline filled in with crude oil for testing; equipment installation finalized and final stage of testing is underway.	**3.5** mmt of crude oil and **0.7** bcm of associated gas

Monetizing Our Resource Base 9M'15



Natural Gas Sales in 9M 2015

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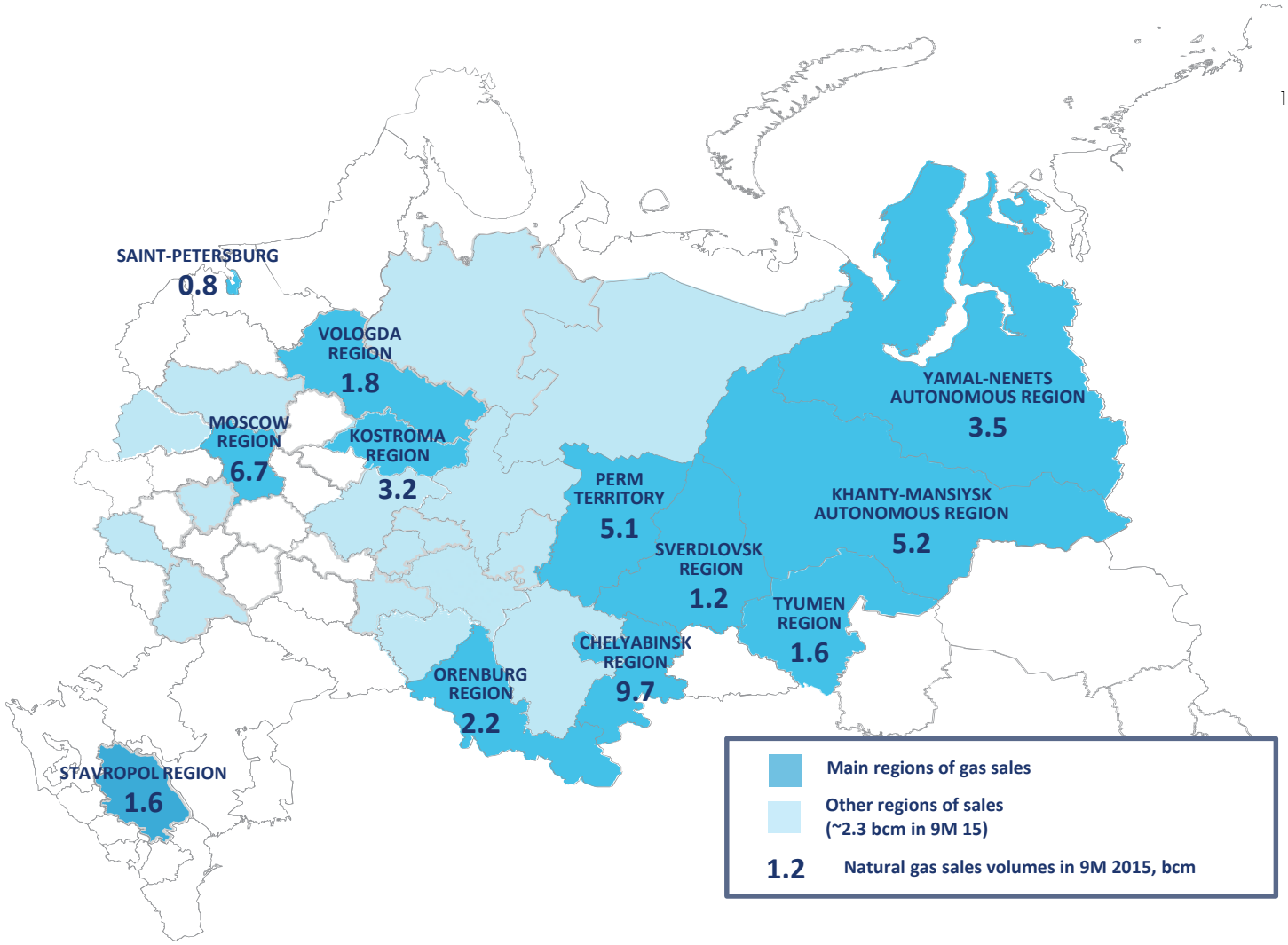
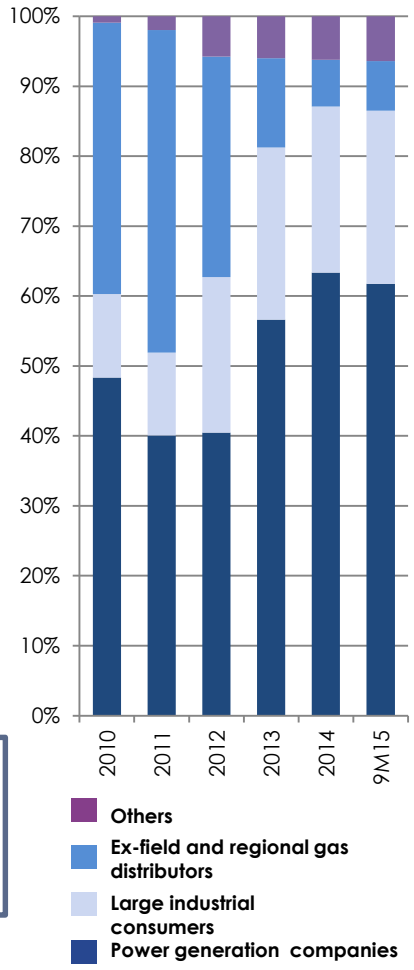


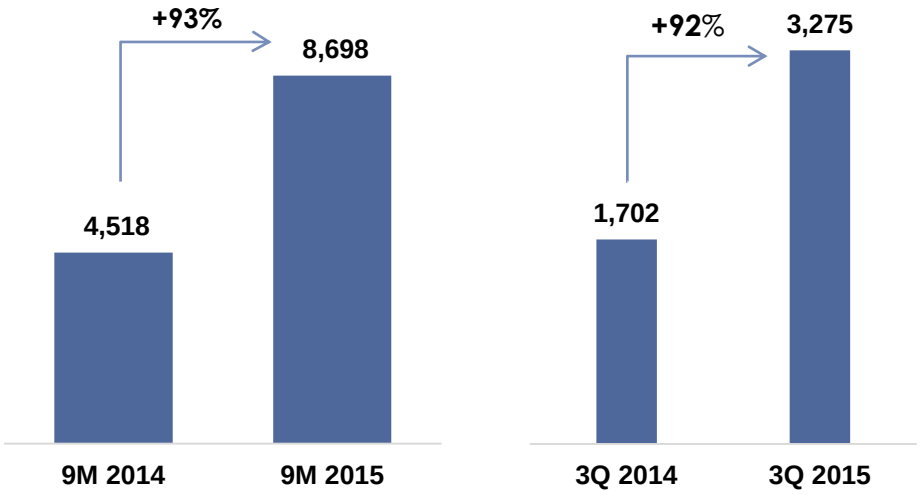
Gas Sales Breakdown



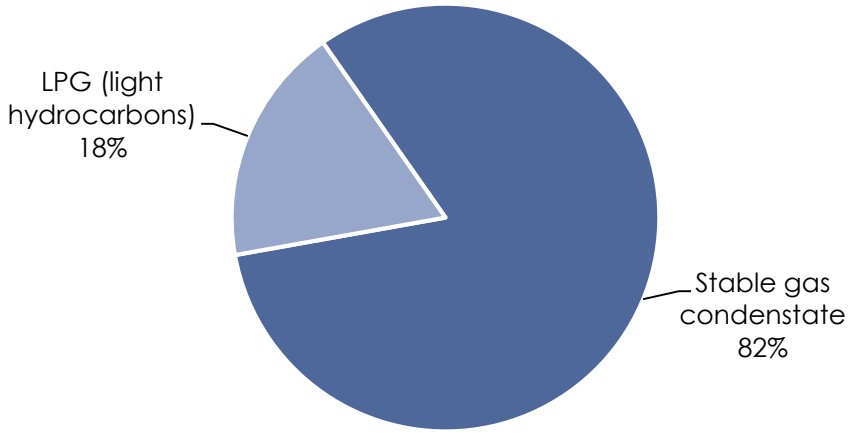
Purovsky Plant

- As a result of substantial gas condensate production growth, the Purovsky Plant reached its full processing capacity by the end of 1H 2015
- Average daily throughput in September 2015 amounted to **36 mt**, which equals to **13 mmt on the annualized basis**

Throughput volume, mt



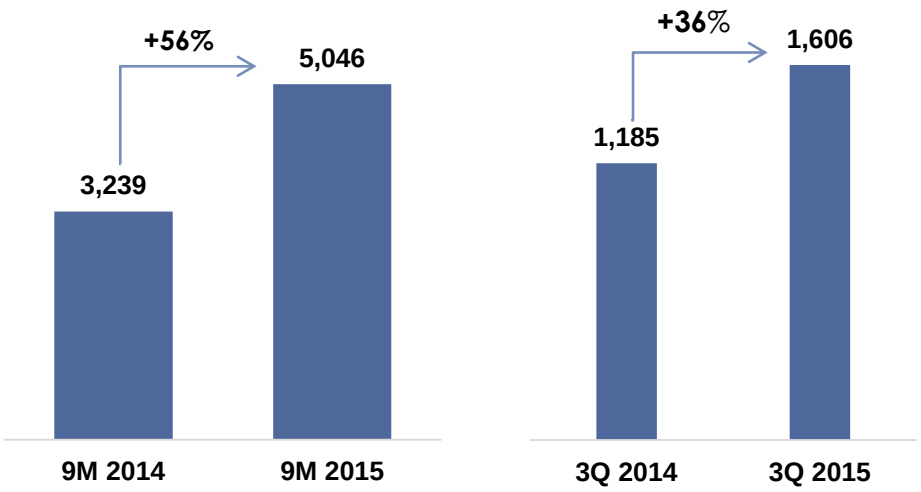
Marketable product slate in 9M 2015, %



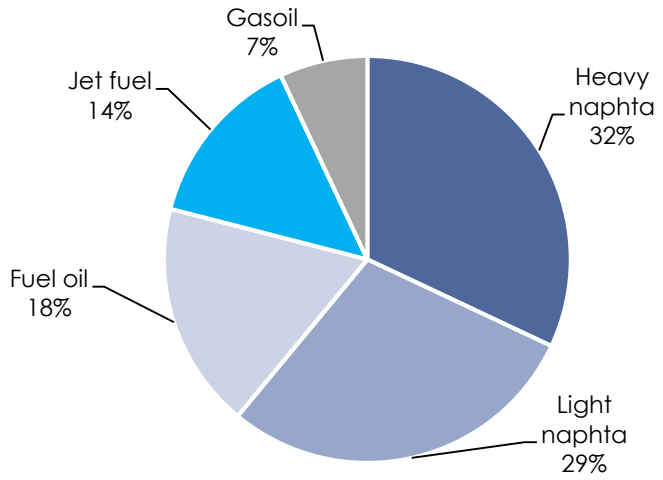
Ust-Luga Complex

- Nameplate processing capacity – 6 mmt of stable gas condensate per annum (2 trains of 3 mmt each)
- The complex processes stable gas condensate from the Purovsky Plant and ships the products to international markets
- At the beginning of 2015 the complex reached its full processing capacity and started transshipment of stable gas condensate to exports

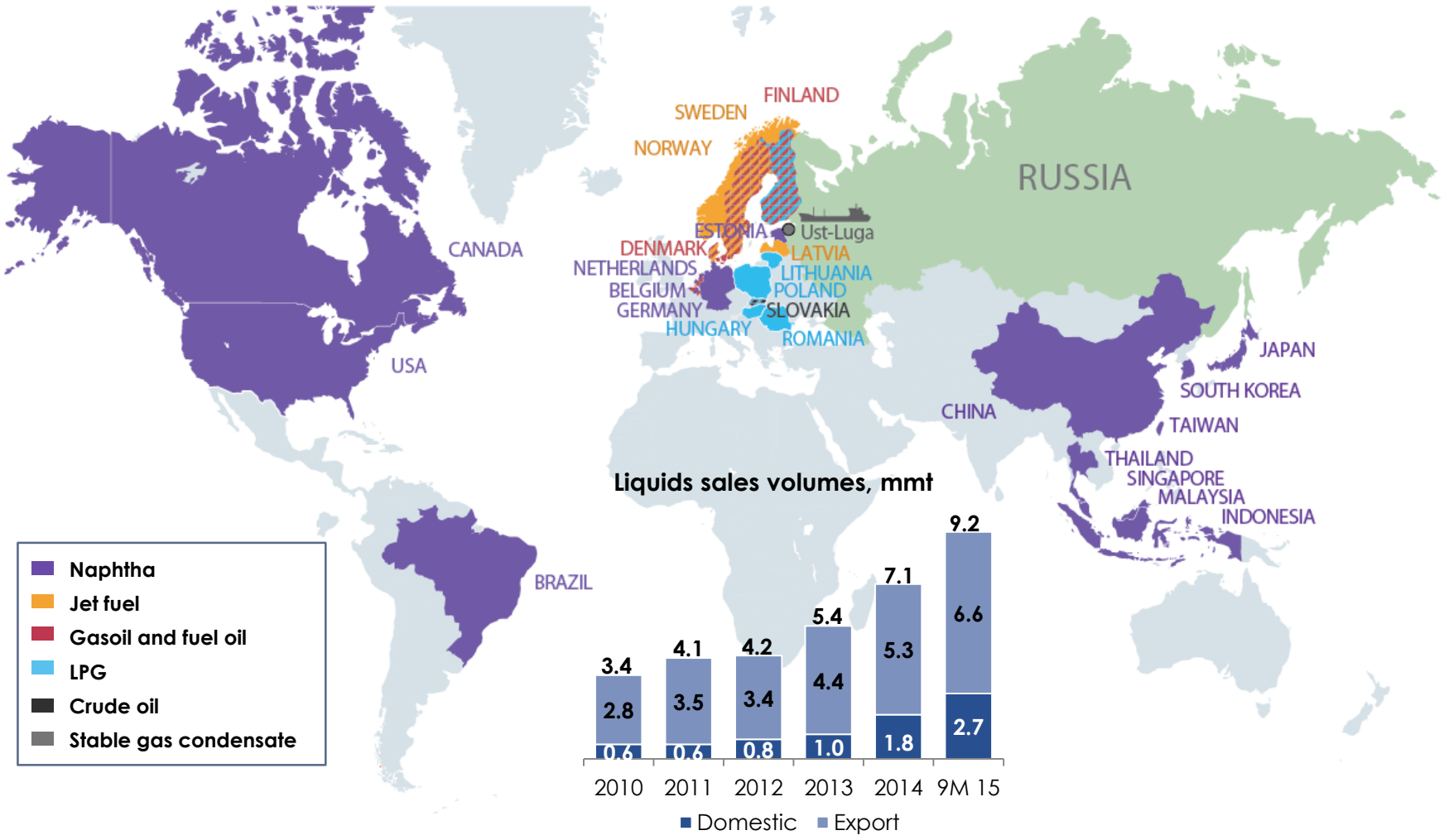
Throughput volumes, mt



Marketable product slate in 9M 2015, %

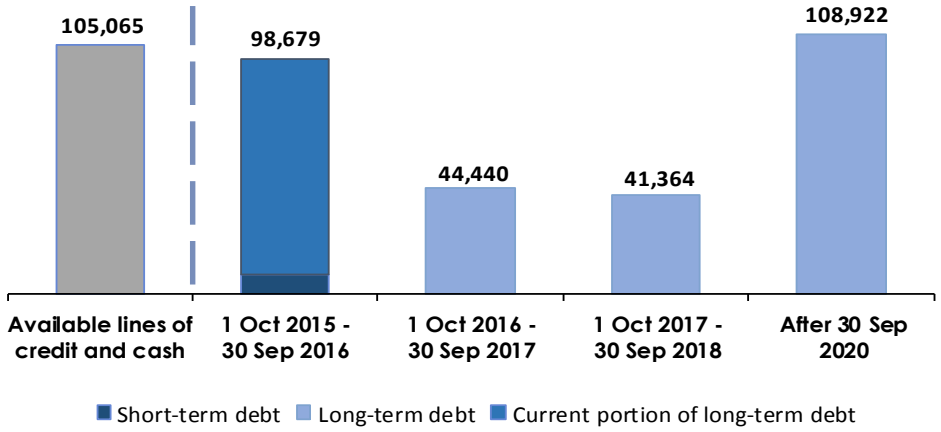


Liquids Sales

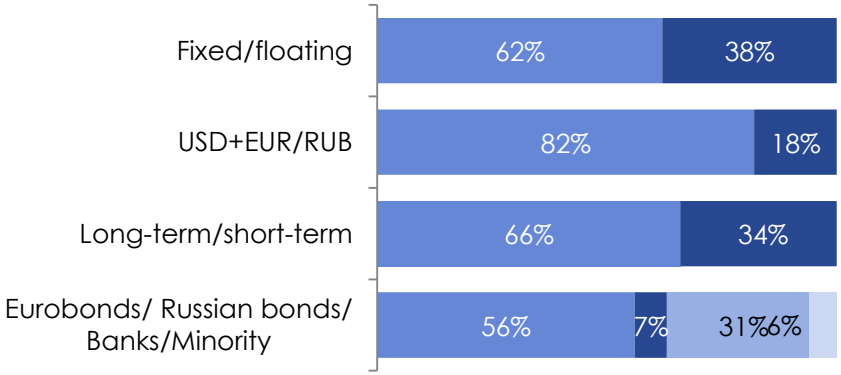


Debt Composition as at 30 September 2015

Total Debt Maturity Profile (RR million)



Debt Structure (Total Debt = RR 293.4 billion)

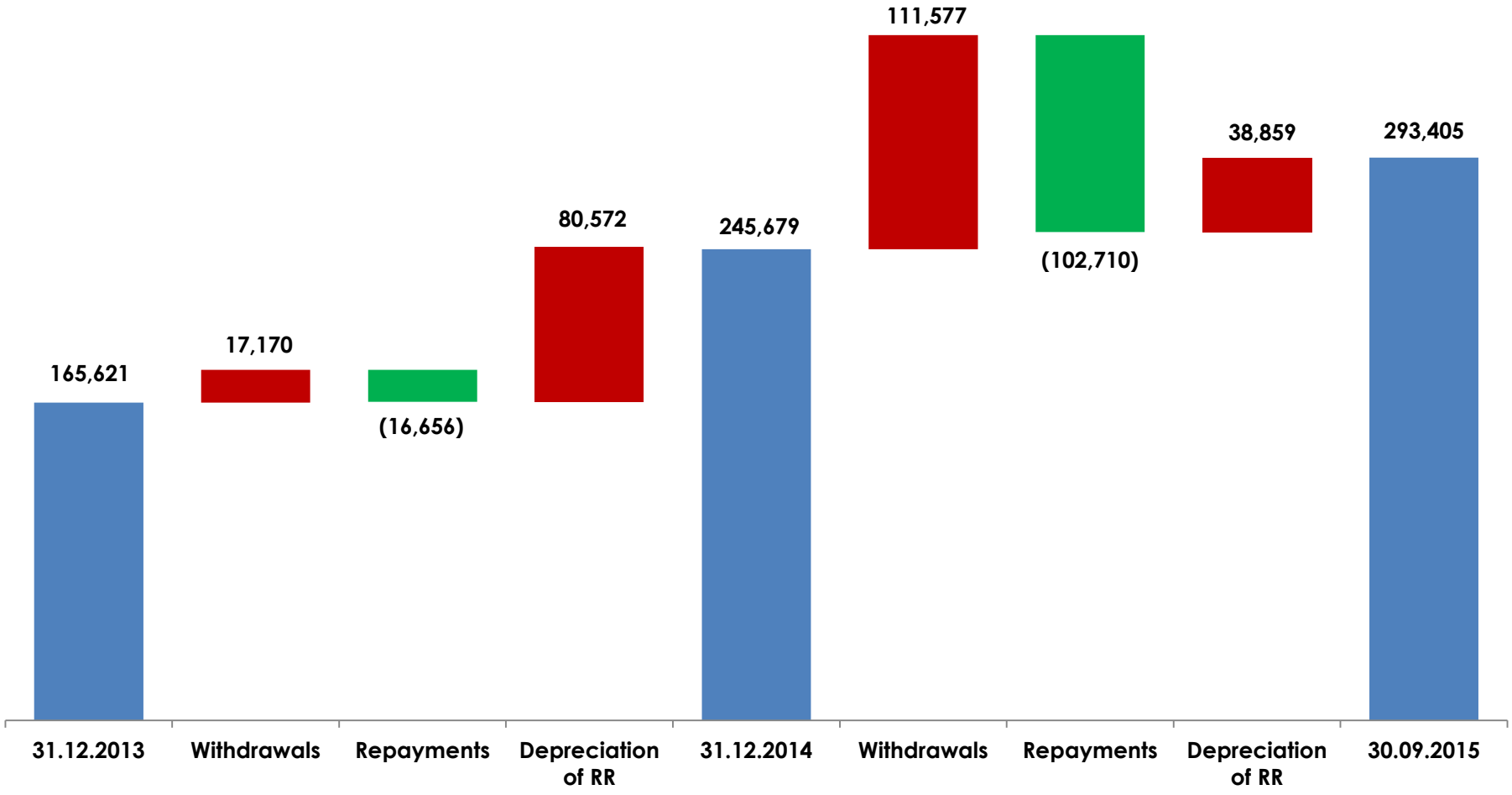


Established track record of adhering to financial policies

Metric	Policy Target	2010	2011	2012	2013	2014	9M'15
Debt/Normalized EBITDA, (x)	~1.0x	1.3	1.1	1.4	1.3	1.5	1.5
Net debt/Normalized EBITDA, (x)	<1.0x	1.1	0.8	1.2	1.2	1.3	1.3
Cash Balance, million $	$100 - $150	336	740	607	241	734	531
Lines of credit, million $	$300 - $500	500	1,592	1,538	569	733	1055

Source: IFRS financials (2010– 2014, 9M 15)

Total Debt Evolution (FX Impact), RR million



Long-Term Debt Maturity Profile

	Currency	Total amount, mln	2015	2016	2017	2018	2019	2020	2021	2022
2022 – Eurobonds	USD	1,000								1,000
2021 – Eurobonds	USD	650							650	
2016 – Eurobonds	USD	600		600						
2017 – Eurobonds	RUB	14,000			14,000					
Ruble bonds	RUB	20,000	20,000							
Syndicated loan	USD	1,500	346	462	462	231				
Total*	**RUB**	**282,400**	**42,919**	**70,347**	**44,603**	**15,301**	**-**	**-**	**43,056**	**66,240**

* USD/RUB = 66,24 as at 30 September 2015. Excluding loans provided by minority shareholder to Yargeo.

NOVATEK

Questions and Answers

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