

The image features the Novatek logo on the left, which consists of a stylized 'N' made of blue and white horizontal bars. The background is a light blue sky 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 middle of the image.

NOVATEK

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

Alexander Palivoda, Head of Investor Relations

Sberbank CIB - "Russia: The Inside Track" one-on-one Conference

London, UK

5-6 September 2013

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



1. Yurkharovskoye field
2. East-Tarkosalinskoye field
3. Khancheyskoye field
4. Olimpiyskiy area
5. South-Tambeyskoye field
6. Termokarstovoye field
7. West-Yurkharovskoye field
8. North-Khancheyskoye field
9. Yarudeyskoye field

10. Raduzhnoye field
11. New Yurkharovskiy area
12. Yumantiilskiy area
13. Zapadno-Urengoiyskiy area
14. North-Yubileynoye field
15. North-Russkiy area
16. North-Russkoye field
17. West-Tazovskiy area
18. North-Yamsoveyskiy area

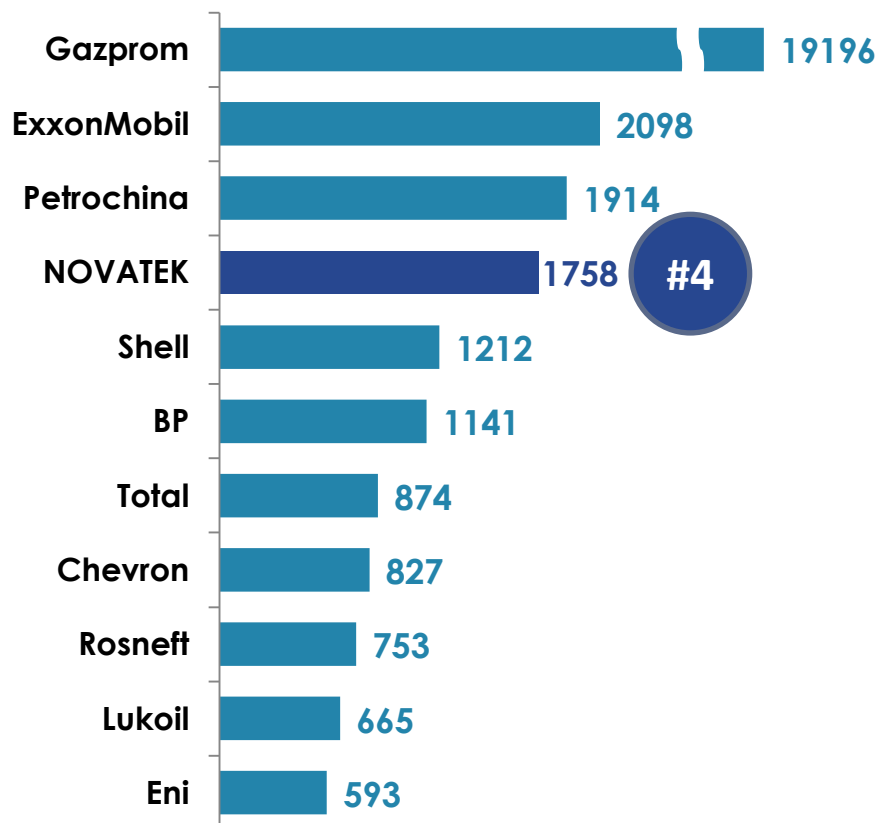
19. Ukrainsko-Yubileynoye field
20. Pilyalinskiy area
21. Malo-Yamalskoye field
22. West-Chaselskoye field
23. Beregovoy area
24. Pyreinoye field
25. Khadyryakhinskiy area
26. Samburgskiy area
27. Yevo-Yakhinskiy area

28. Yaro-Yakhinskiy area
29. North-Chaselskiy area
30. Salmanovskiy (Utrenniy) area
31. Geofizicheskiy area
32. North-Obskiy area
33. East-Tambeyskiy area
34. North-Tasiyskiy area
35. North-Urengoyskoye field
36. East-Tazovskiy area

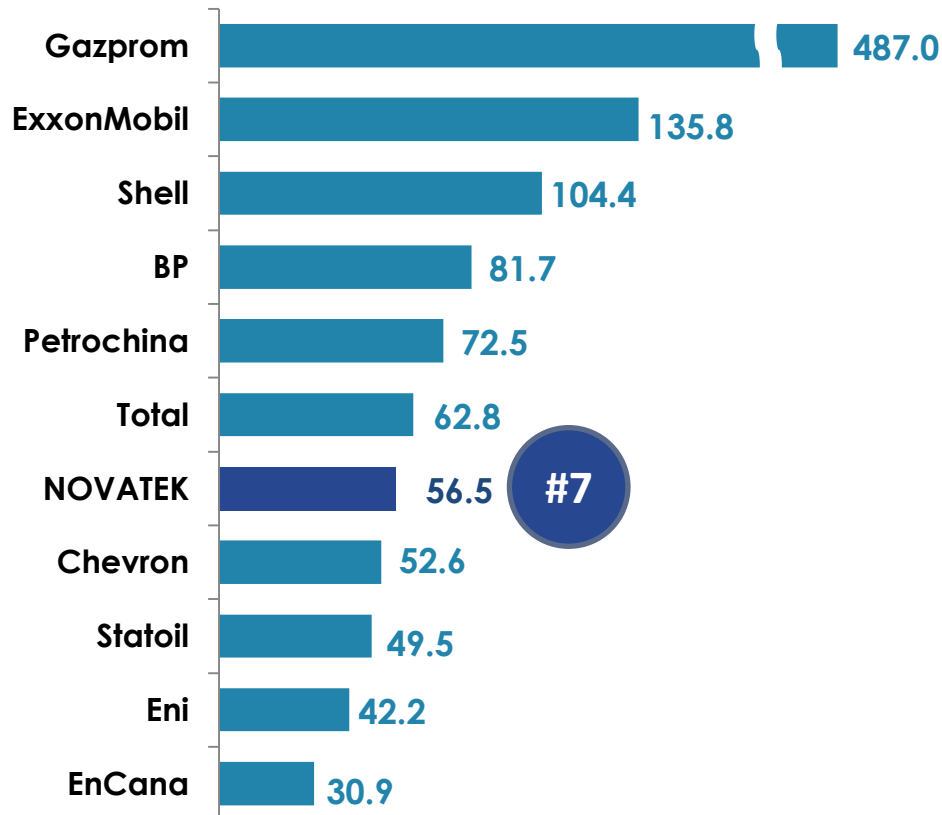
Positions in the World



Proved gas reserves as at 31.12.12 (SEC), bcm



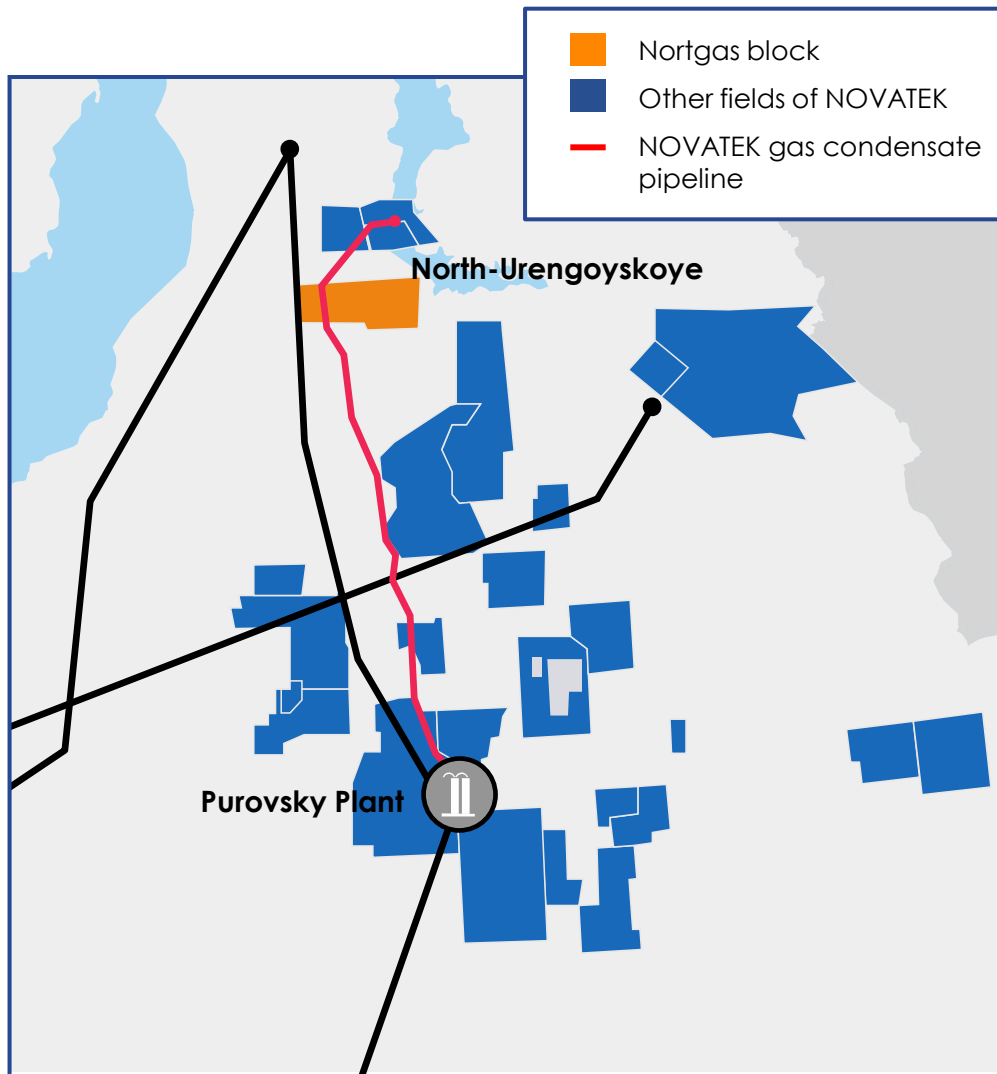
Gas production in 2012, bcm



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

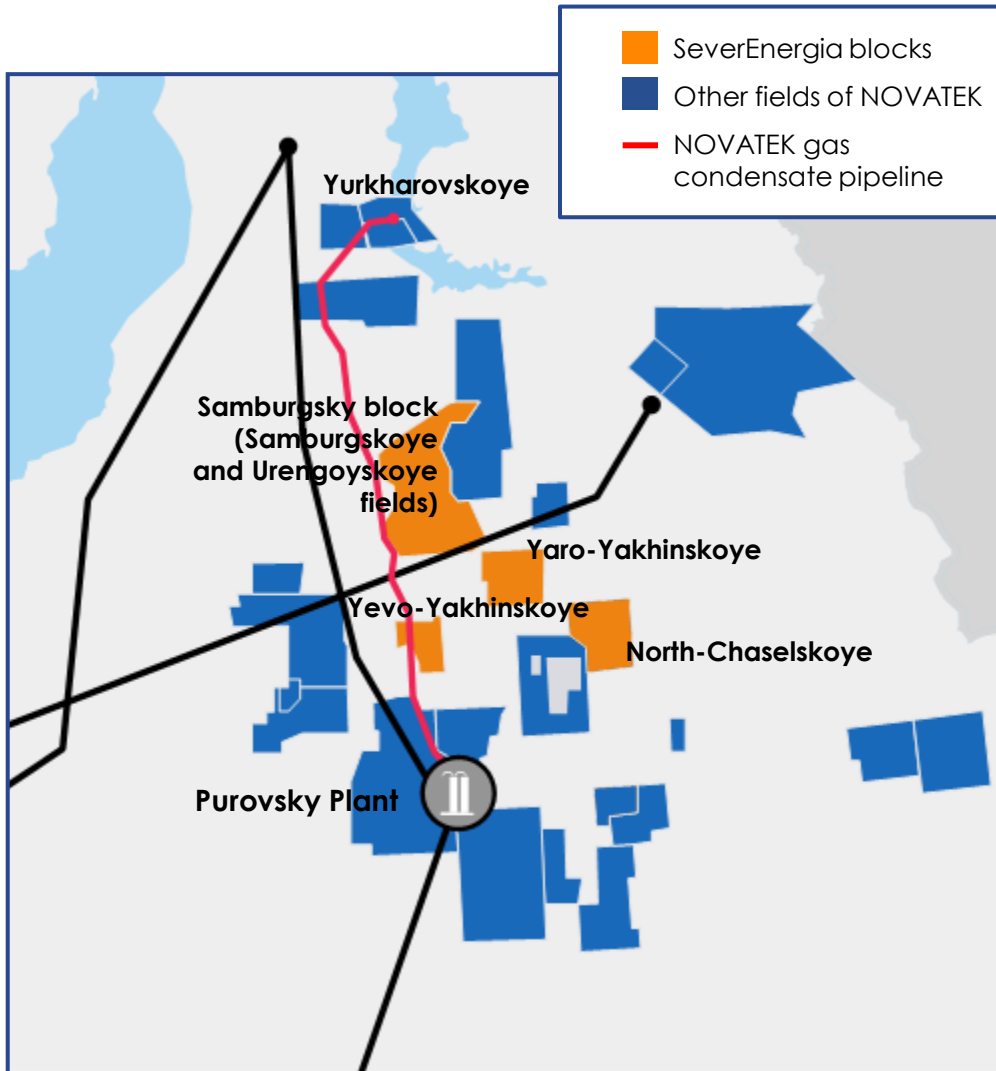
Major Launches in 2013-2015

Eastern Dome of the North-Urengoyskoye Field



- ❑ NOVATEK owns **50%** in Nortgas, which develops the North-Urengoyskoye field
- ❑ Partner – Gazprom
- ❑ Proved SEC reserves - **157 bcm** of gas and **21 mmt** of liquids
- ❑ Production at the Western Dome in 2012:
4.2 bcm of gas
0.4 mmt of gas condensate
- ❑ **Launch of the Eastern Dome is planned for Q4 2013**, production in 2014 is estimated to increase to:
>10 bcm of gas
>1.4 mmt of gas condensate
- ❑ NOVATEK acquires **50%** of gas and **100%** of gas condensate for further processing at the Purovsky plant

Fields of the SeverEnergia JV



- Effective share of NOVATEK – **25.5%**
- Partners – Gazprom neft (**25.5%**), Eni (**29.4%**), Enel (**19.6%**)
- 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 **~4.6 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

Urengoyskoye

Gas and Gas Condensate Field



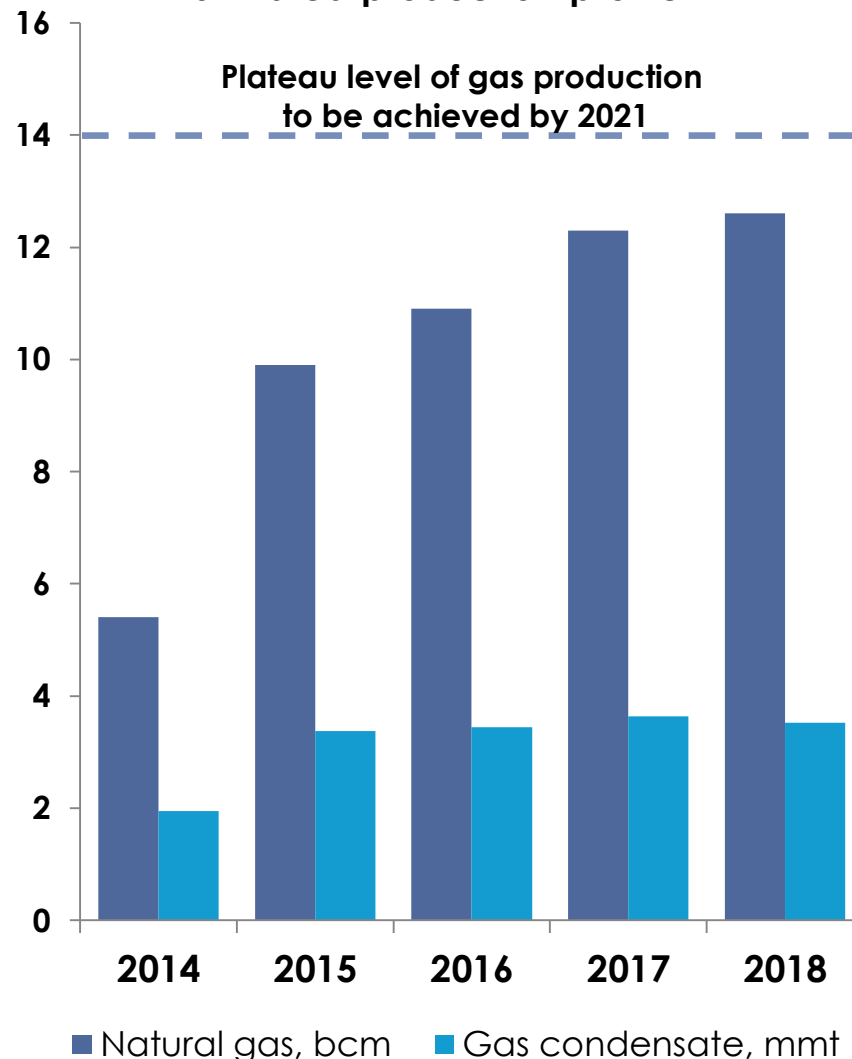
Geology and reserves

- **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

- **22** production wells drilled (cumulative)
 - **20** vertical wells with hydrofracs
 - **2** pilot horizontal wells
- Condensate and gas pipelines and electricity lines completed, construction of the gas treatment facility underway
- **Scheduled launch – mid 1H2014**
- Horizontal wells (an unconventional approach to drilling the Achimov deposits) with >2 times higher flow rates at only 20-30% higher cost may become a good alternative to vertical wells with hydrofracs

Estimated production profile



Yaro-Yakhinskoye Gas and Gas Condensate Field



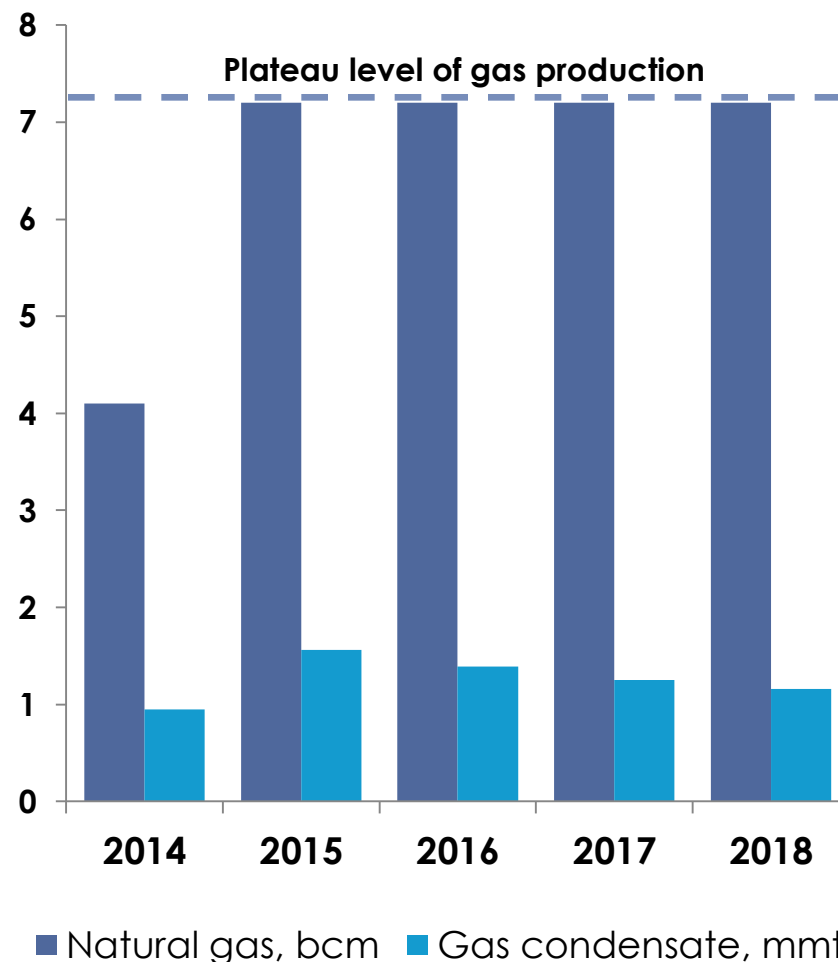
Geology and reserves

- **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

- **16** horizontal production wells drilled (cumulative)
- back filling of well pads, roads, and areas for gas treatment and other units - 70% complete, piling underway
- condensate pipeline (56 km long) – >55% complete, gas pipeline (20 km long) – construction began
- gas treatment facility – orders placed
- **Scheduled launch – mid 2014**

Estimated production profile



Yarudeyskoye Oil Field



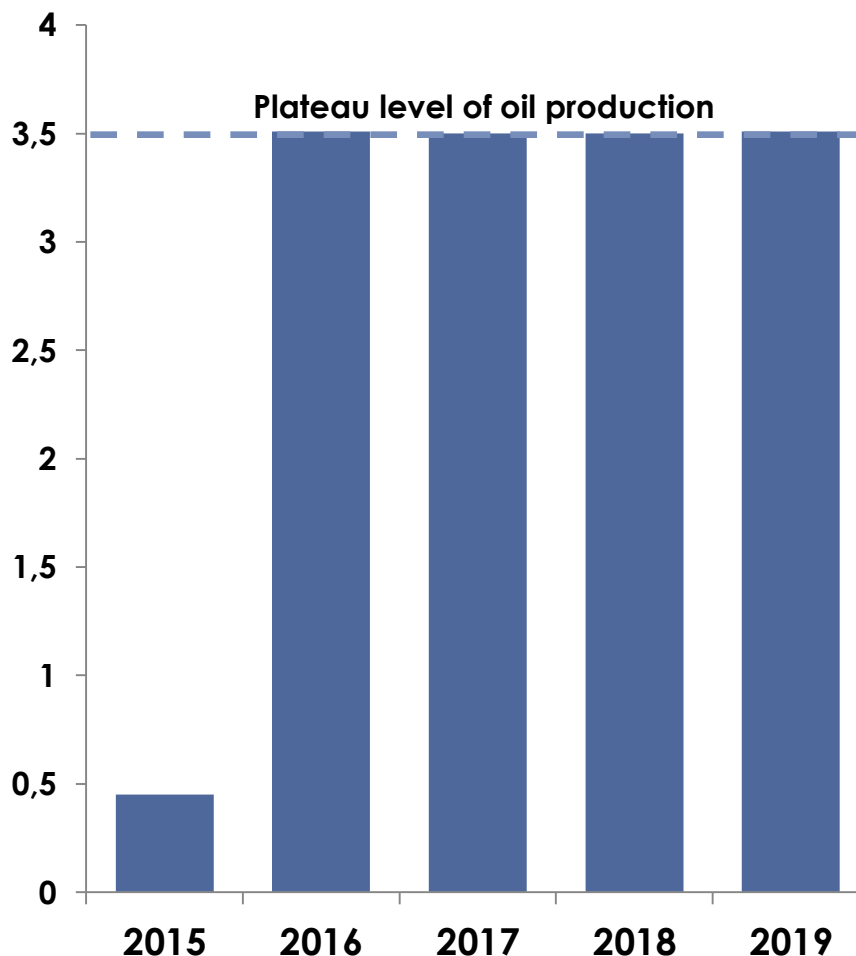
Geology and reserves

- **Sandstone reservoir:**
 - depth – **1,850 – 3,050** meters
 - estimated average 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

#	Field	Share	Launch	Peak production
1.	Urengoyskoye (Olimpiyskiy block)	100%	2013	1.0 bcm of gas
2.	North-Khancheyenskoye	100%	2014	0.9 bcm of gas
3.	Dobrovolskoye	100%	2014	0.7 bcm of gas, 0.15 mmt of condensate
4.	Khadyryakhinskoye	51%	2014	2.8 bcm of gas
5.	Termokarstovoye	51%	2015	2.15 bcm of gas, 0.85 mmt of condensate

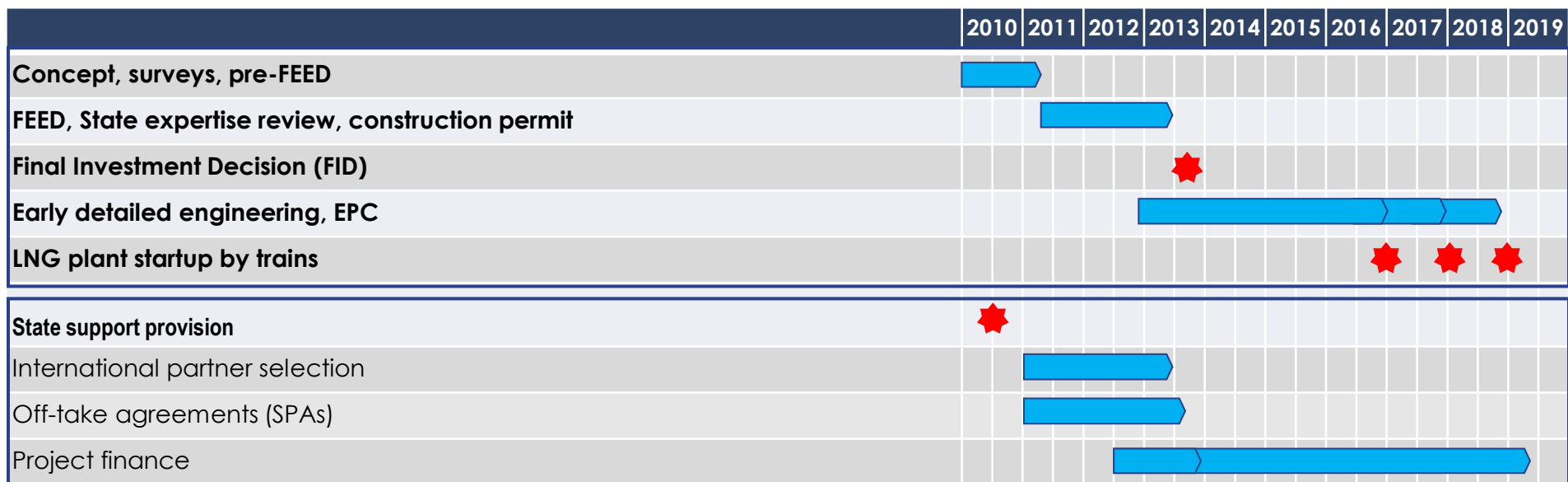
Yamal LNG

Yamal LNG Project



Project for construction of an LNG plant on the Yamal Peninsula

- ❑ The onshore South-Tambeyskoye field holds **900 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%)



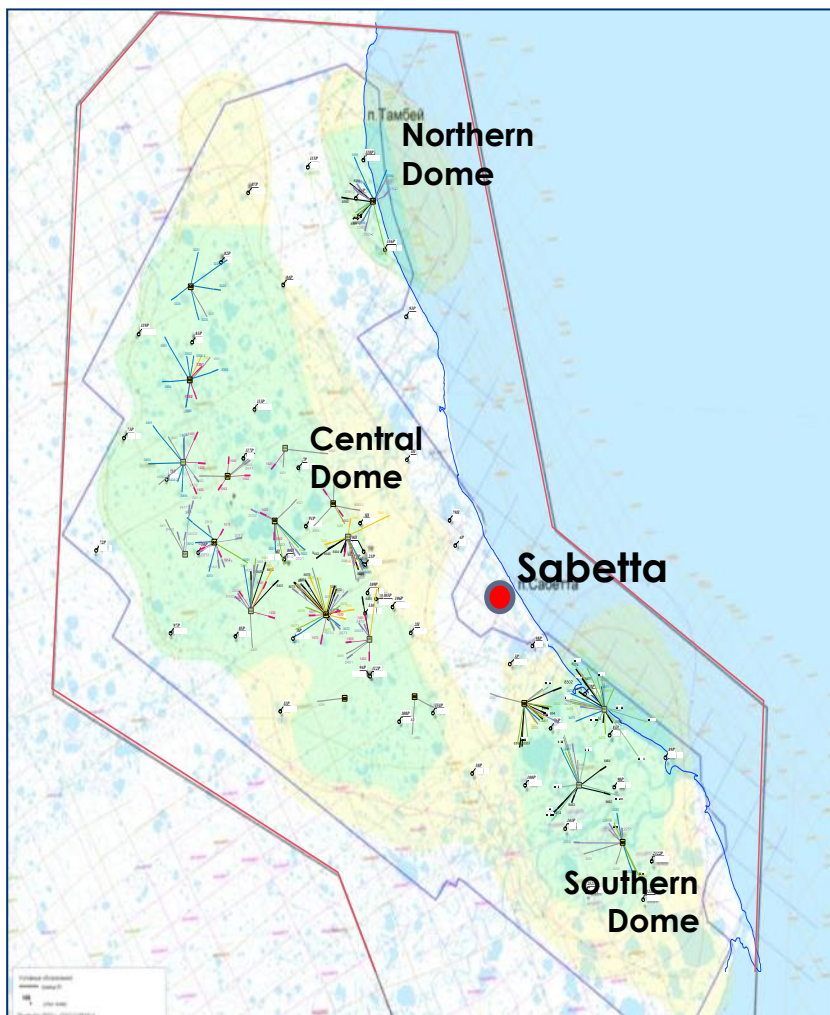
Facts About The Yamal Peninsula



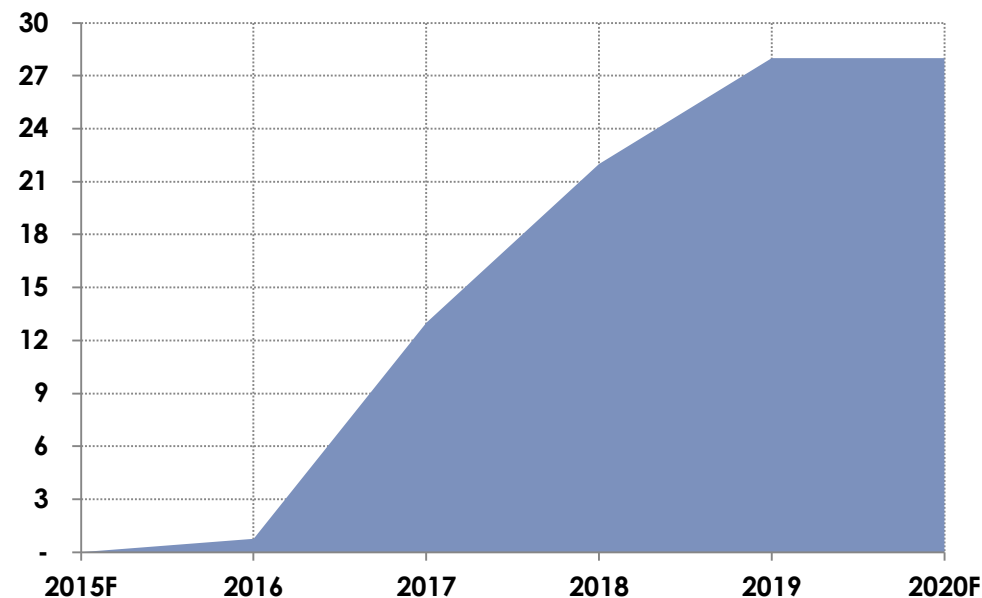
- ❑ **The Yamal Peninsula is located in the north of Western Siberia** and is bordered by the Kara Sea to the west and by the Gulf of Ob to the east
- ❑ **The administrative center is Yar-Sale** and the peninsula has a total population of 16,100 inhabitants
- ❑ **The Yamal territory is located in a tundra 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

**Yamal
LNG
Project**

South-Tambeyskoye Field



Natural gas production¹, bcm



- **3 domes, 43 layers**
- Production plateau level - **28 bcm per annum**
- Duration of the plateau - **20 years**
- Production profile confirmed by independent reserve auditor D&M

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

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
- **4** 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

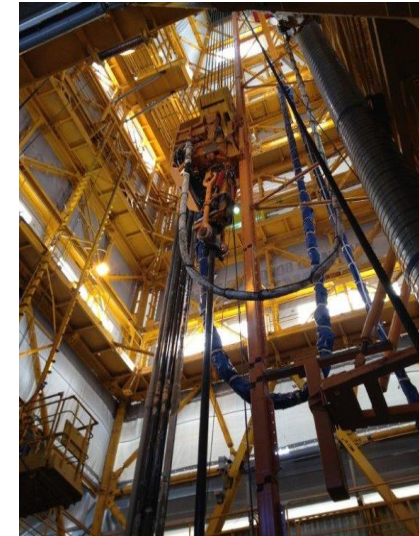
Drilling rig “Arctic”

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



On-Site Works



Diesel fuel storages - 5x5,000 cm



Field infrastructure, roads and bridges, power supply



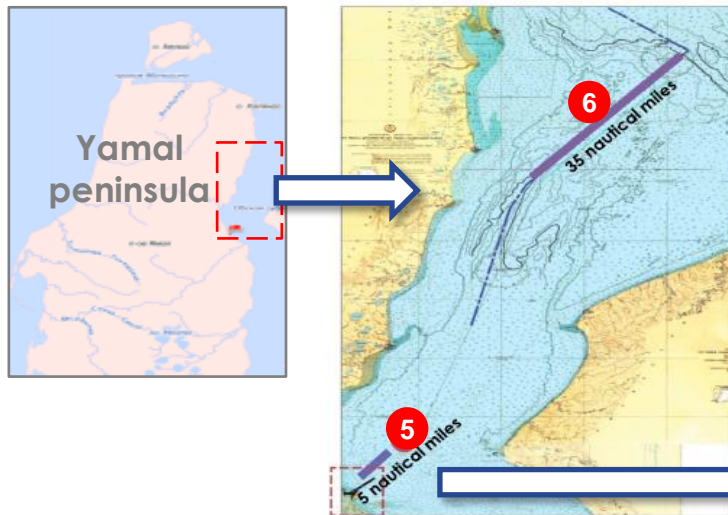
Jet fuel storage – 2,000 cm



Airstrip construction

Port of Sabetta

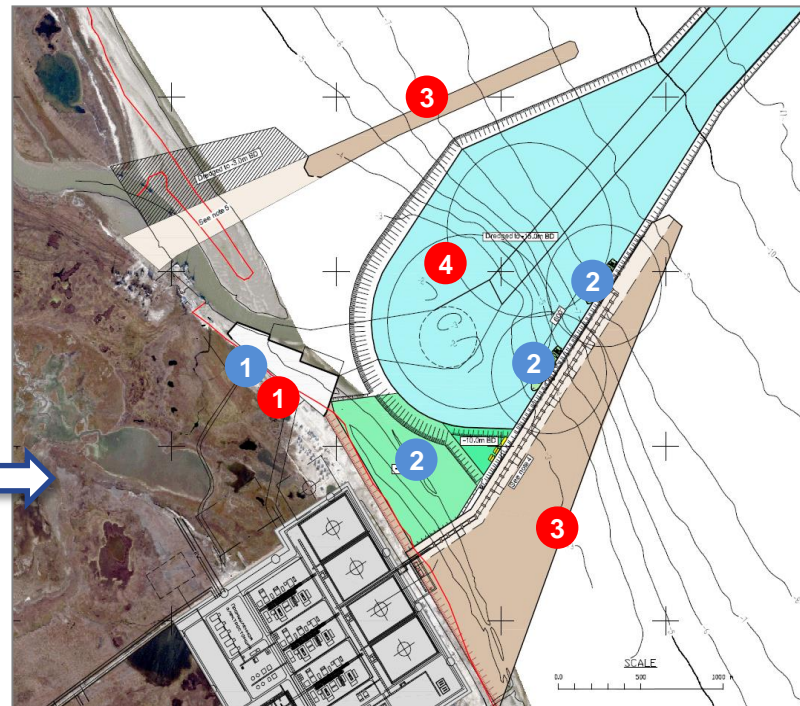
Seaway and approach channels



Port facilities

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

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

Channels

Dredging is required for the passage of LNG tankers with a capacity of 170,000 m³ 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

Yamal LNG Carrier Concept



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

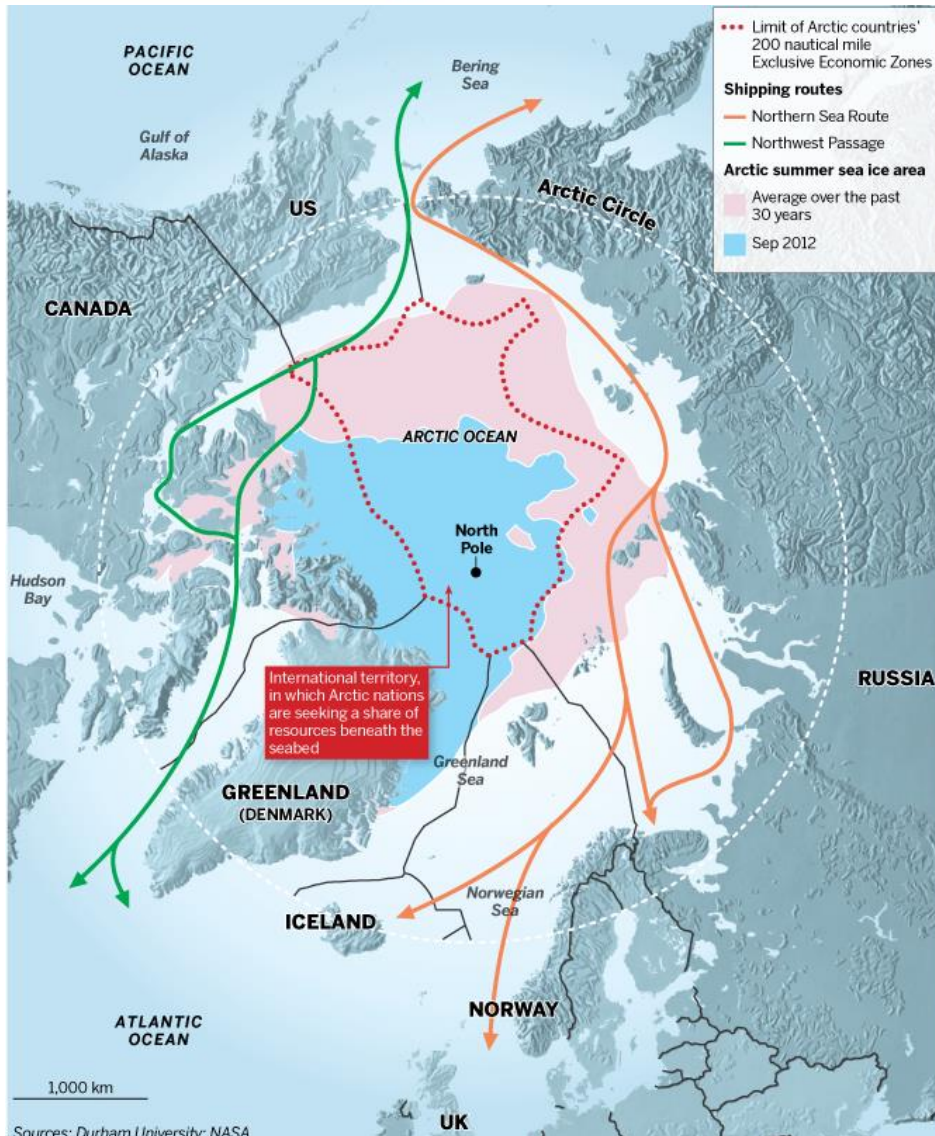
Main concept - Double Acting Ship (DAS):

- 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

Northern Sea Route



- Ice conditions at the Northern Sea Route significantly softened during the last decade
- 18 condensate cargoes (~1.2 mmt) successfully delivered to the Asian-Pacific countries during navigational windows in 2010-2012
 - August 2010 - first large scale condensate shipment (71,000 tons)
 - September 2011- large Vladimir Tikhonov tanker passed through the Northern Sea Route in 7 days, delivering 120,000 tons of condensate
- November 2012 - first Arctic LNG transportation by Gazprom - 147,500 cubic meters of LNG delivered from Norway to Japan in 16 days at the very end of the navigation period

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.	Air Cooled Heat Exchangers	Hamon d'Hondt
5.	Integrated Control & Safety System	Yokogawa
6.	Gas Turbines for the Power Plant	Siemens
7.	LNG Tanks	Entrepose/Vinci
8.	Power Plant	Technopromexport
9.	Arc-7 LNG Carriers	Daewoo Shipbuilding & Marine Engineering

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

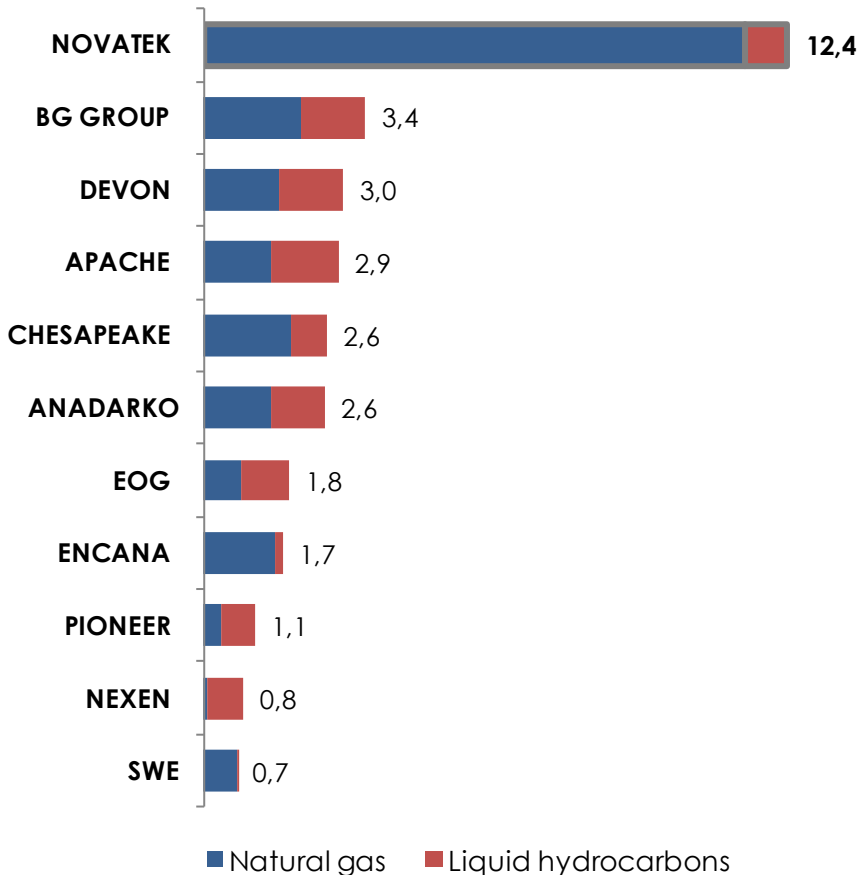
- **Strong Russian State support**

- Tax concessions – 12 years
- Financing of new strategic arctic port infrastructure

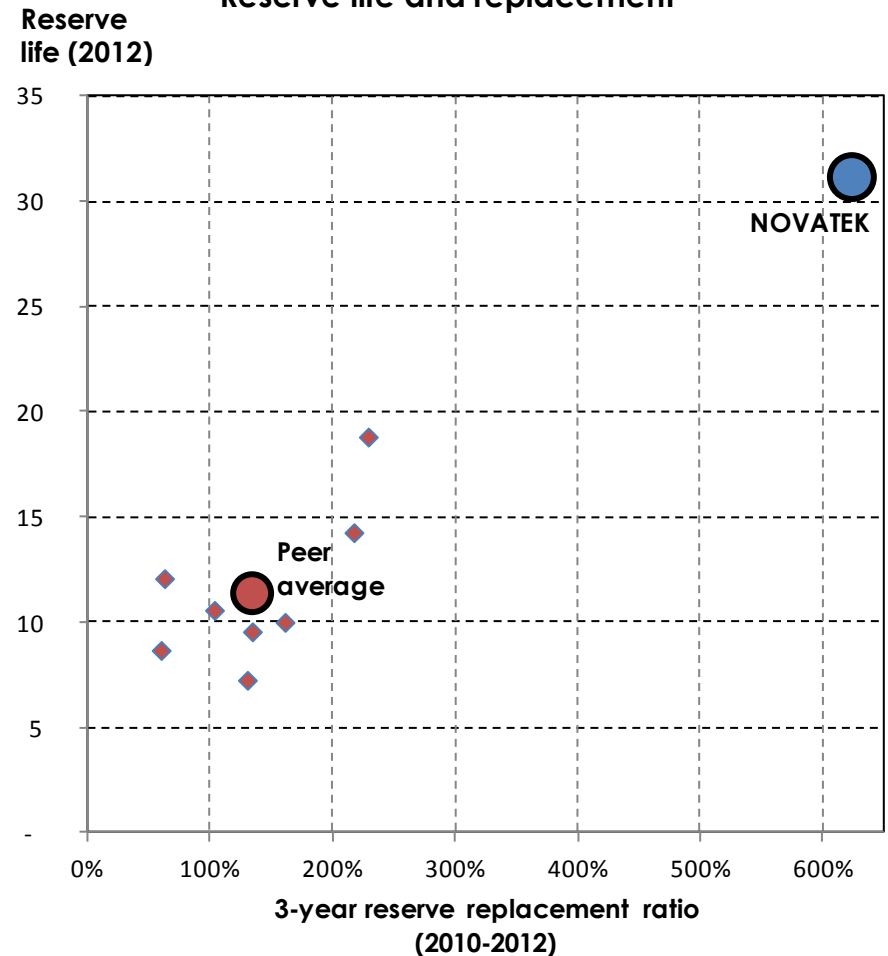
Comparison with the Peer Group

Vast Conventional Reserve Base

Total proved reserves 2012 (bln boe)



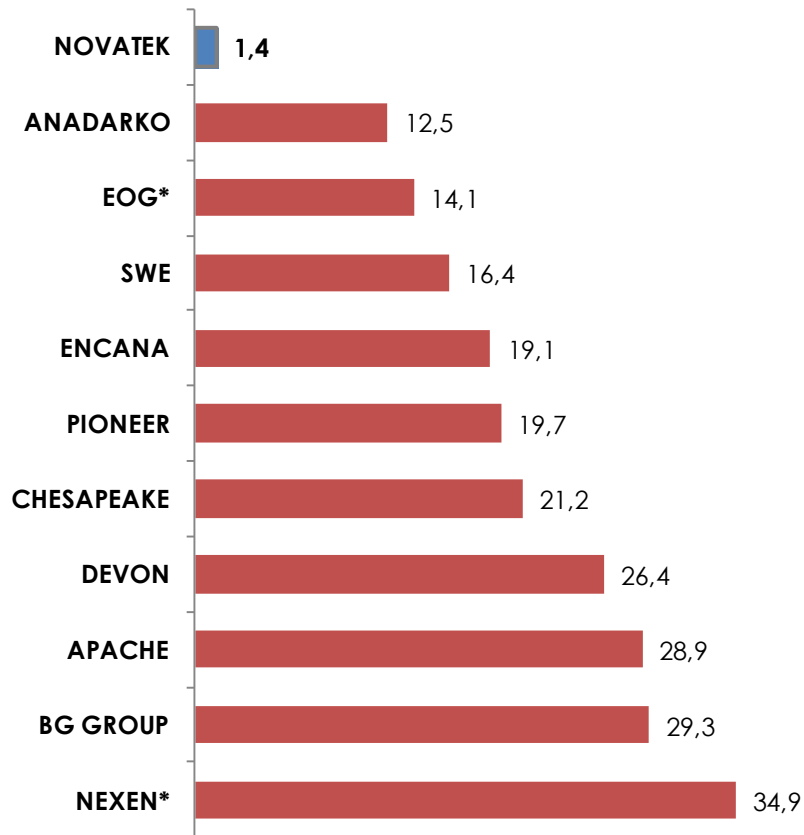
Reserve life and replacement



Efficient Development and Leading Production Dynamics

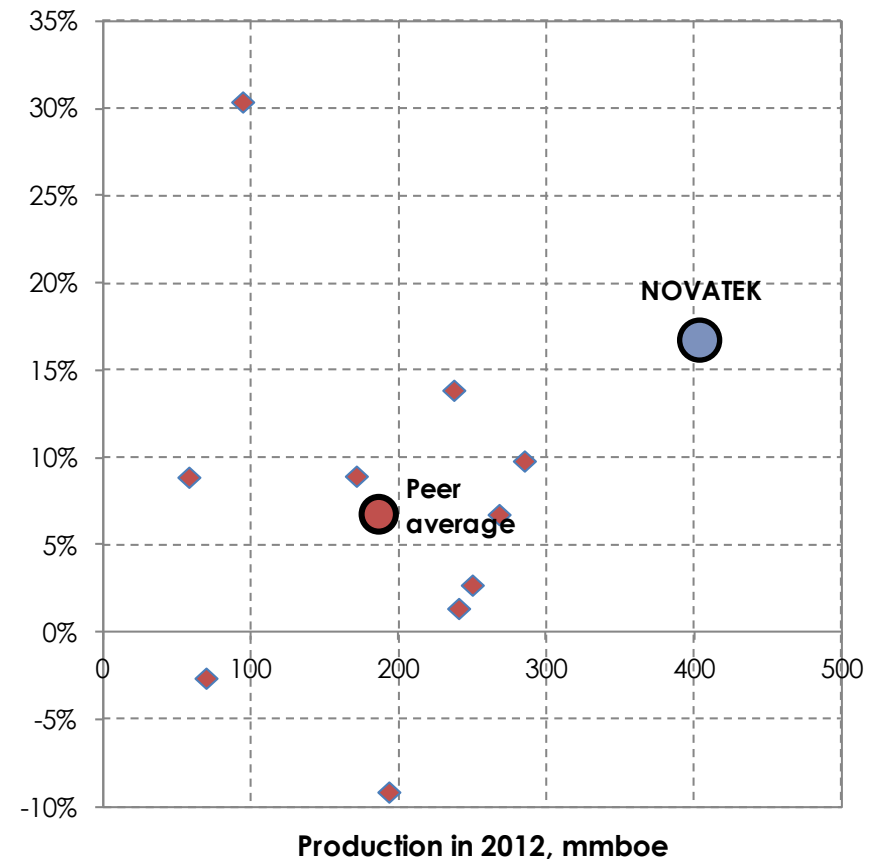


3-year average reserve replacement costs (2010-2012), USD/boe



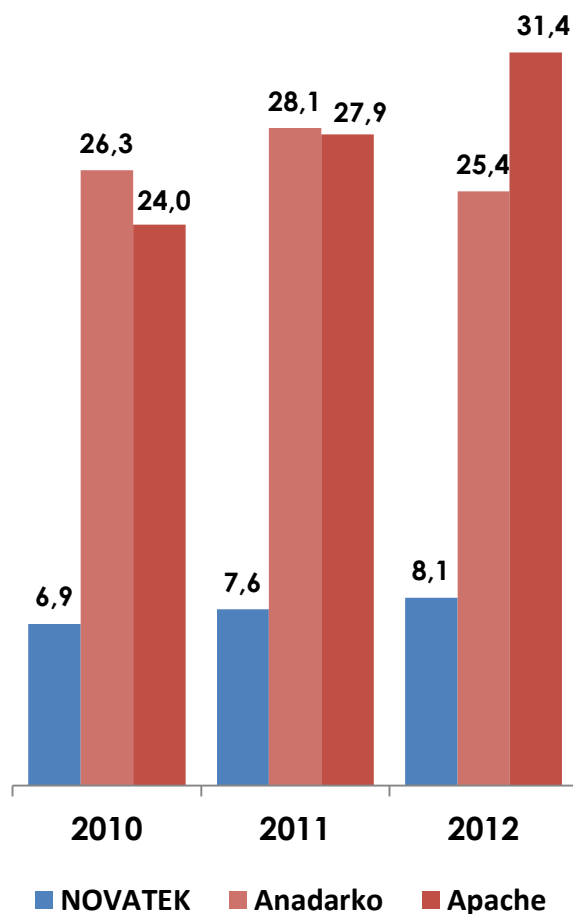
*Data for 2009-2011

Hydrocarbon production

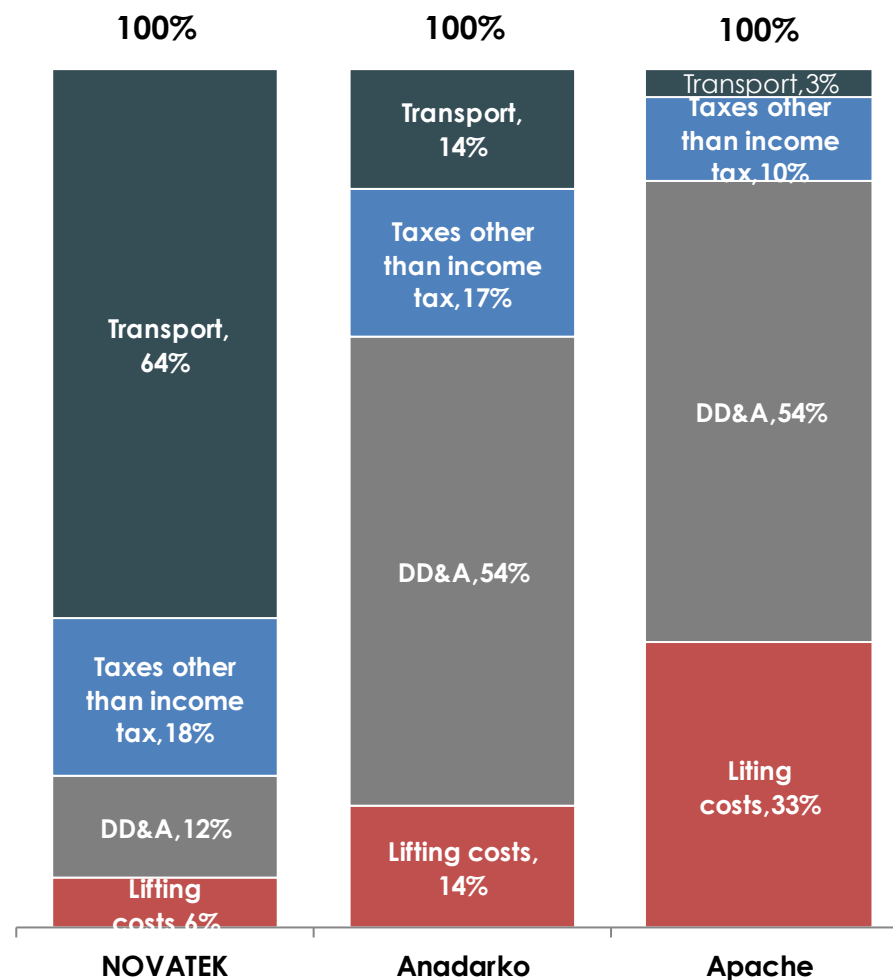


Low Production Costs

Production costs, USD/boe



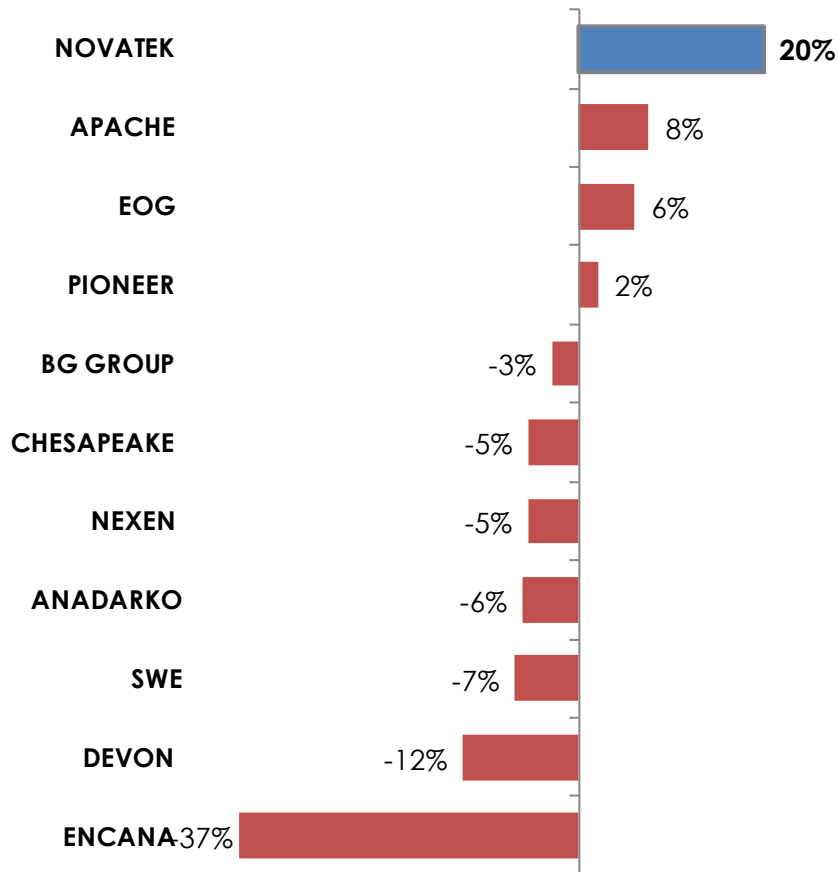
Production costs structure (2012), %



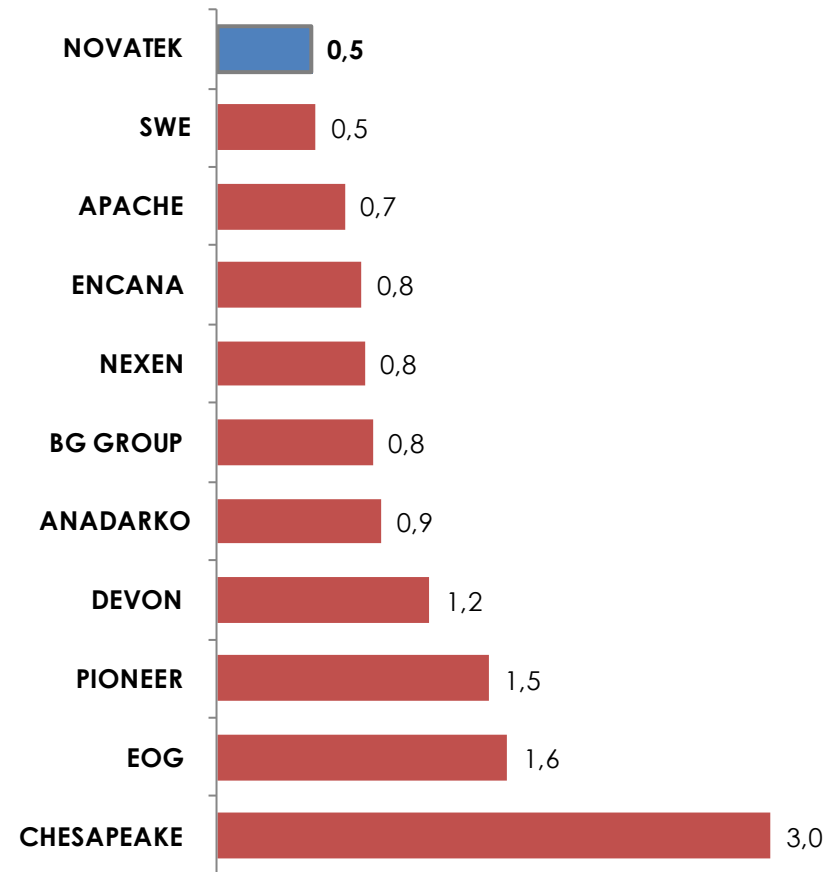
Leading Growth at Lowest Cost



EBITDA CAGR (2008-2012)



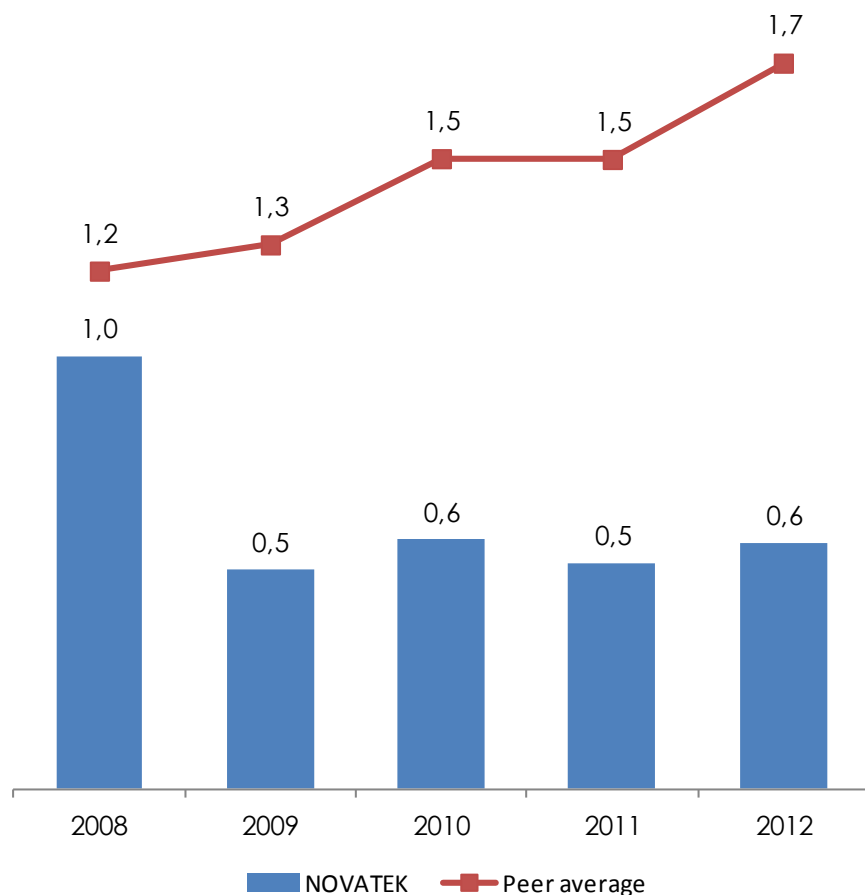
CAPEX/EBITDA (2008-2012)



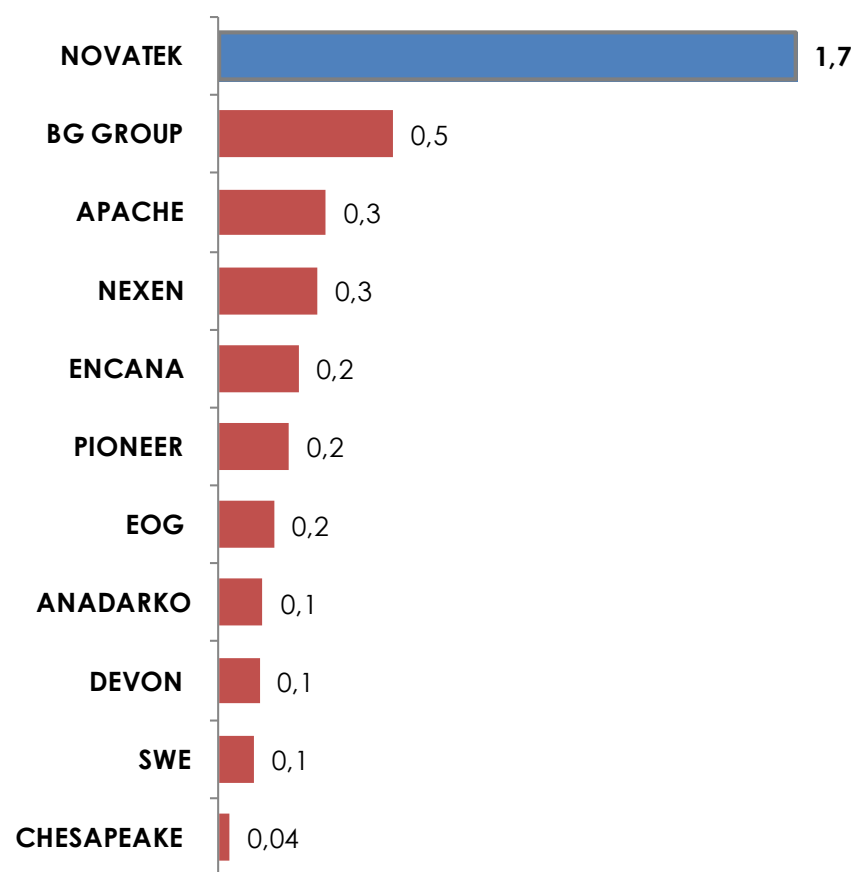
Well Balanced Investment Program



Capital expenditures to Operating cash flow (X)



PI (net income to capital expenditures), 2008-2012



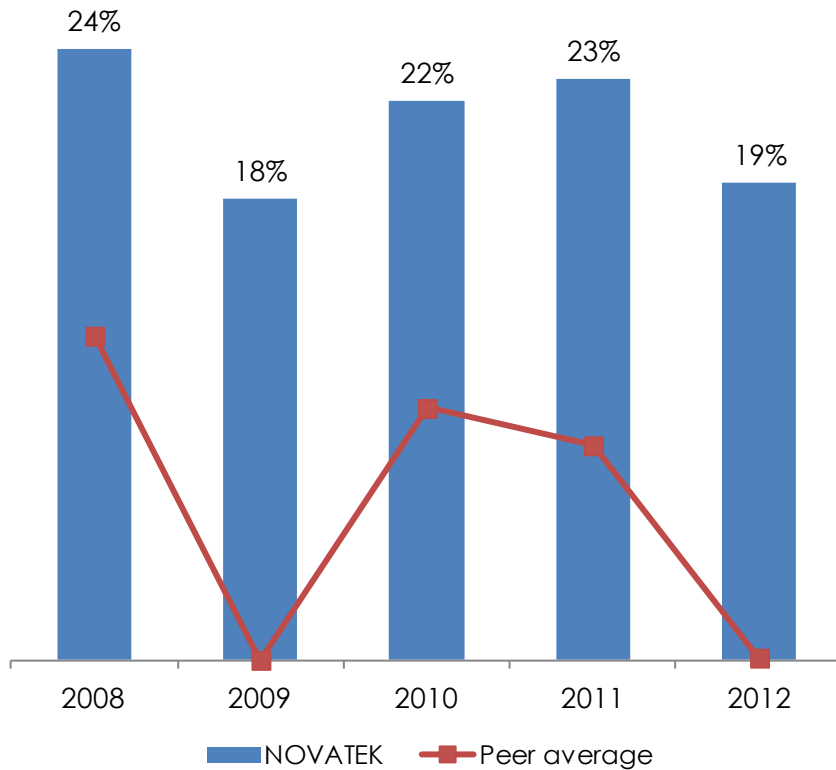
Source: Company data, Bloomberg

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

Leading Profitability, Generous Capital Distribution and Healthy Balance Sheet

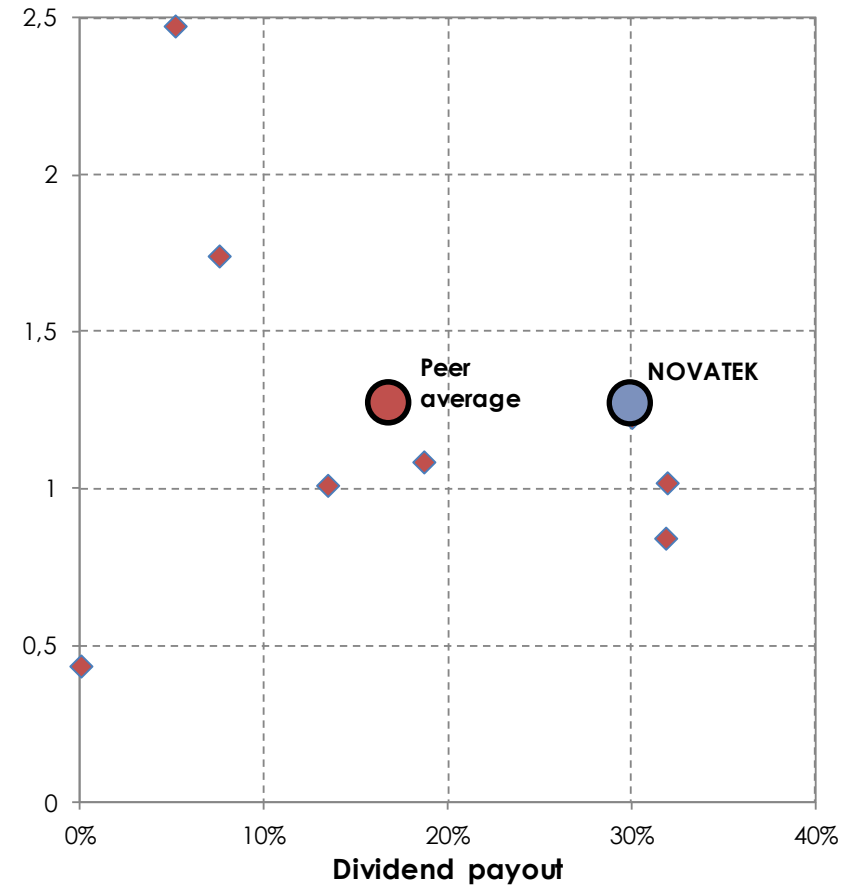


ROACE



Net debt / EBITDA and Dividend payout (2012)

Net debt / EBITDA



Source: Company data, Bloomberg

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

1H 2013 Operating and Financial Results

1H 2013 Financial Highlights, RR million



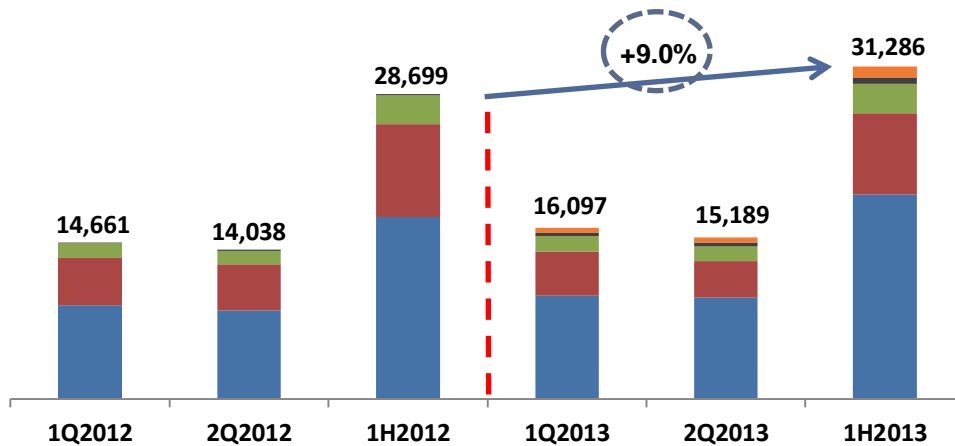
	1H2013	1H2012	+/(%)	+/(%)%
Oil and gas sales	138,366	98,639	39,727	40.3%
Total revenues	138,595	99,021	39,574	40.0%
Operating expenses	(90,669)	(58,134)	(32,535)	56.0%
EBITDA ⁽¹⁾	54,161	44,631	9,530	21.4%
EBITDA margin	39.1%	45.1%		
Effective income tax rate ⁽²⁾	19.8%	21.6%		
Profit attributable to NOVATEK	34,428	30,908	3,520	11.4%
Profit margin	24.8%	31.2%		
Earnings per share	11.36	10.19	1.17	11.5%
CAPEX ⁽³⁾	28,657	19,789	8,868	44.8%
Net debt ⁽⁴⁾	127,658	77,818	49,840	64.0%

Notes:

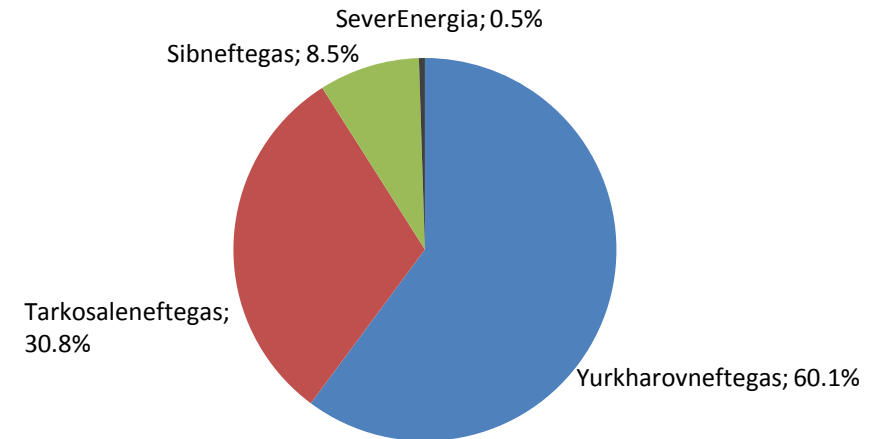
1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes 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

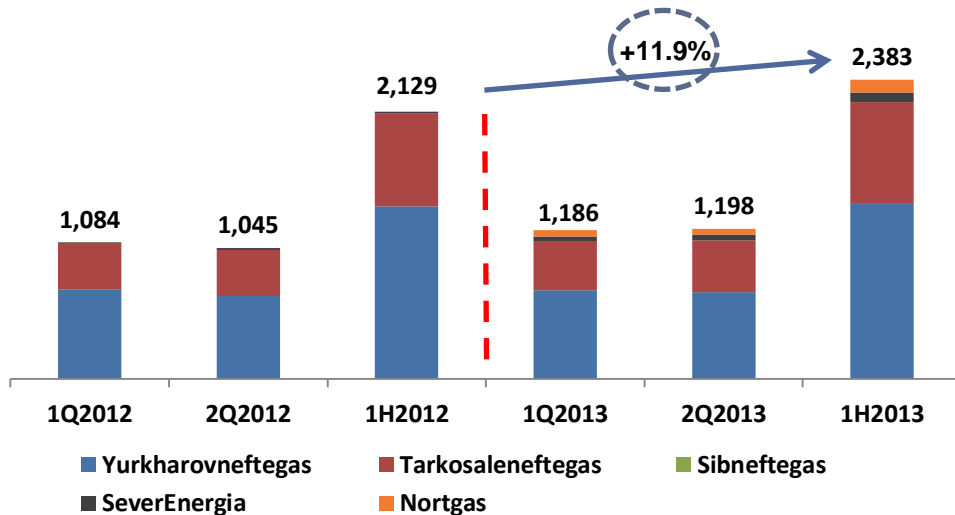
Natural gas production, mmcm



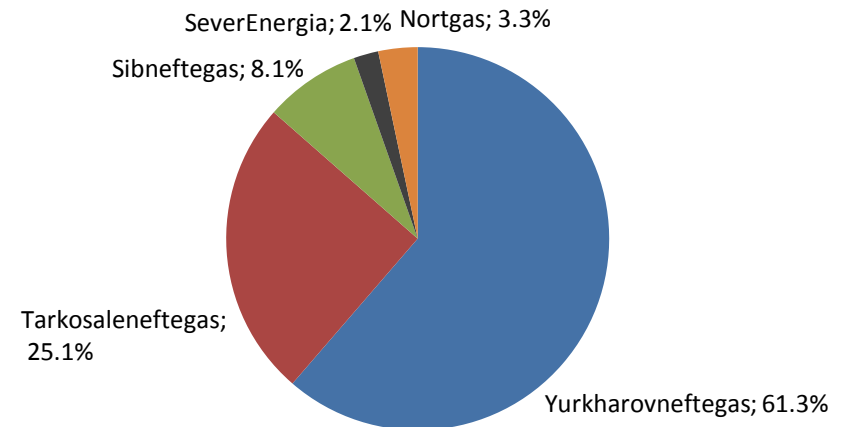
Production by subsidiaries in 1H2012 (in boe terms)



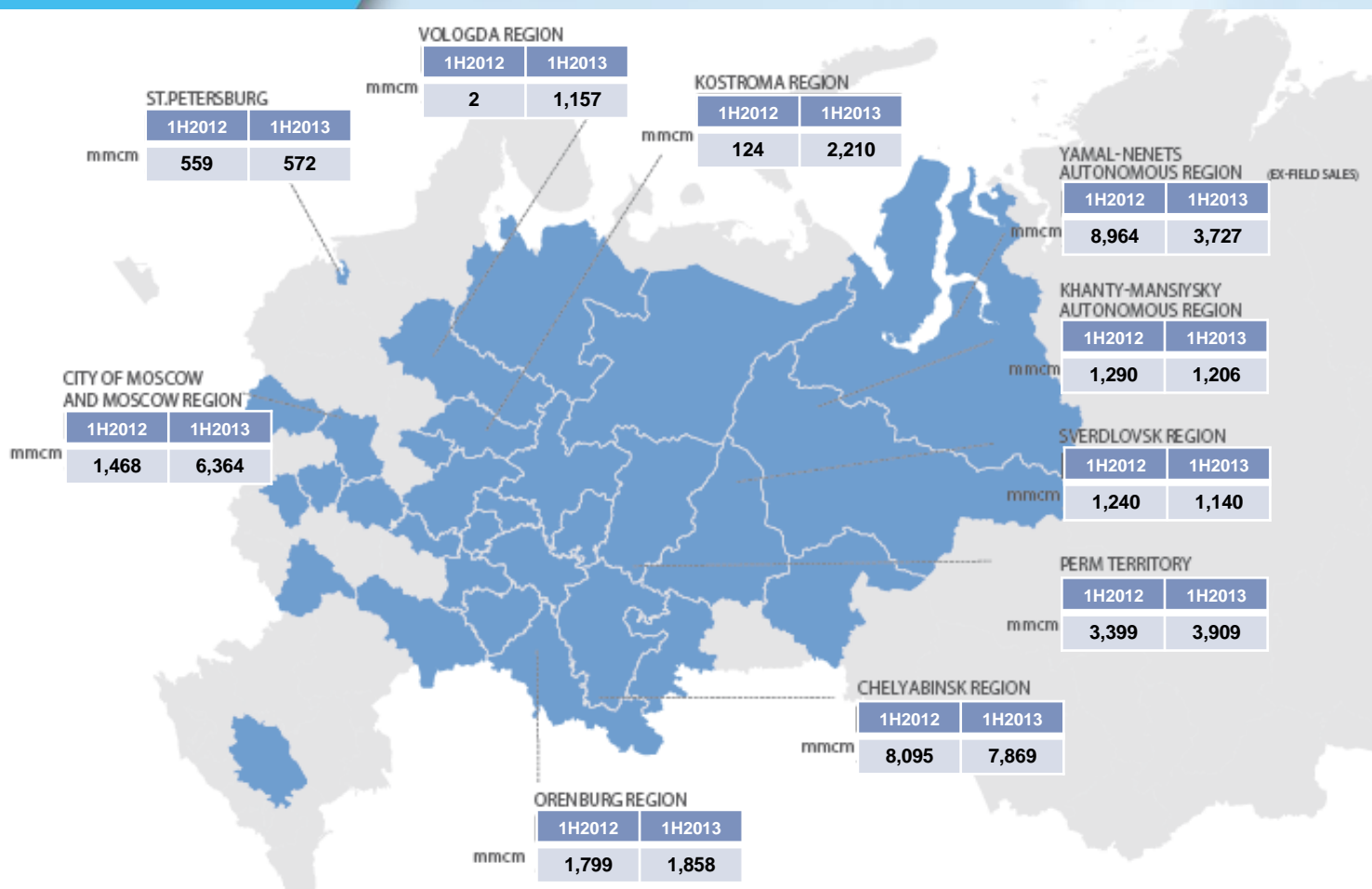
Liquids production, mt



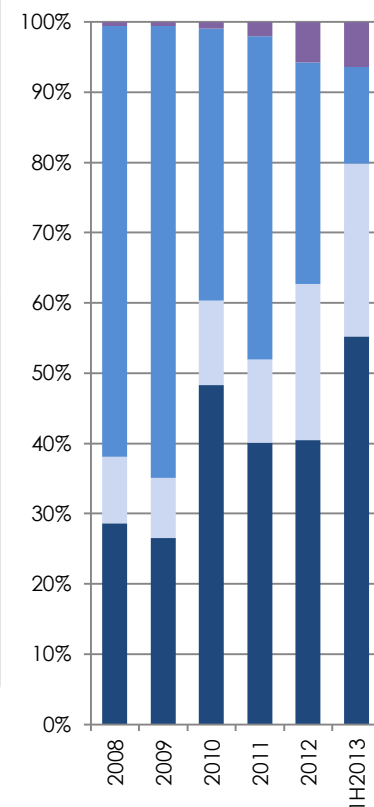
Production by subsidiaries in 1H2013 (in boe terms)



Natural Gas Sales



Gas Sales Breakdown



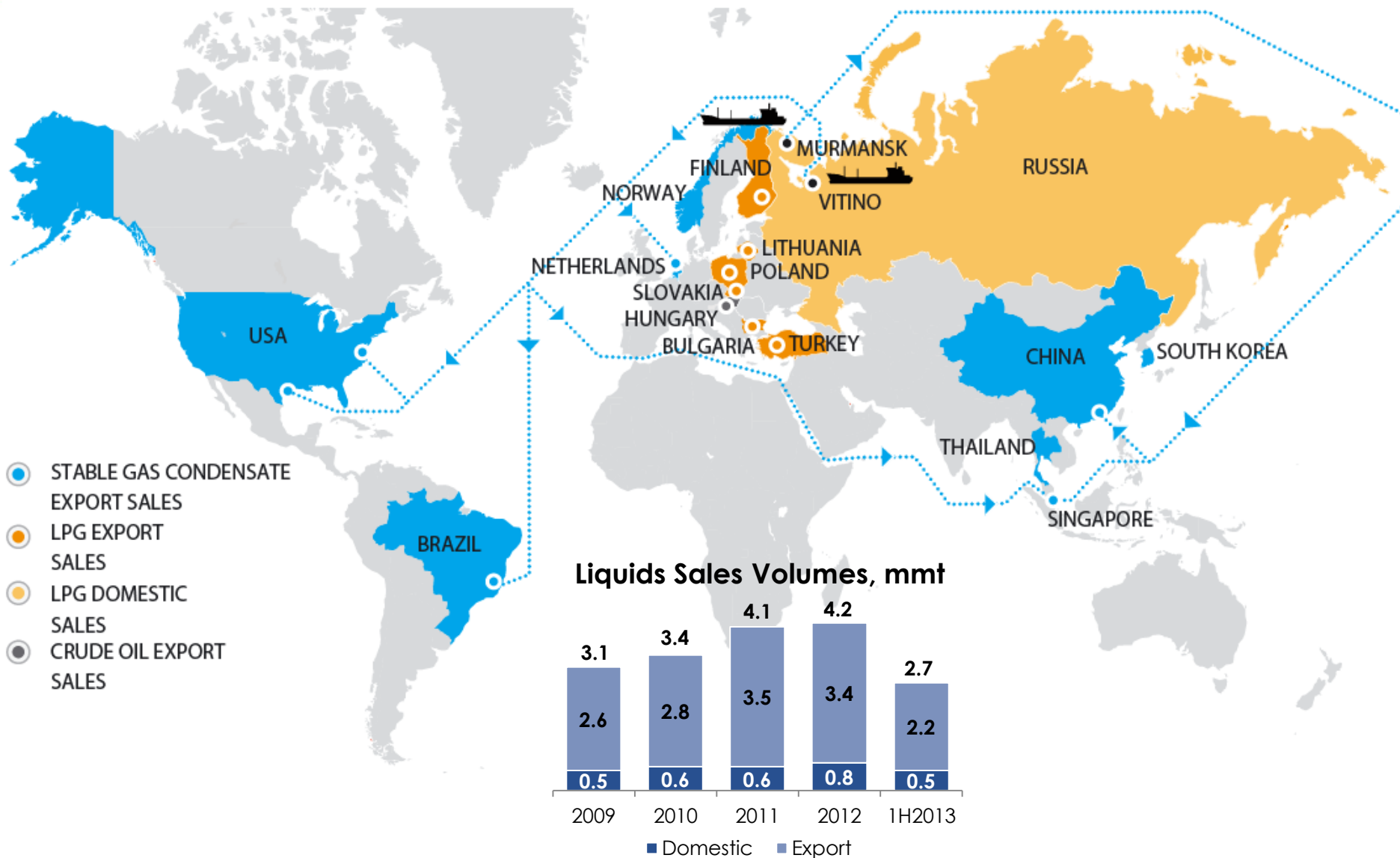
Significant increase in natural gas sales volumes to Moscow, Vologda, and Kostroma regions due to the contracts concluded with Severstal (for 5 years) and Mosenegro (for 3 years) and acquisition of an 82% interest in Gazprom Mezhhregiongas Kostroma in 2012

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

Natural Gas Sales Volume Mix



Liquids Sales



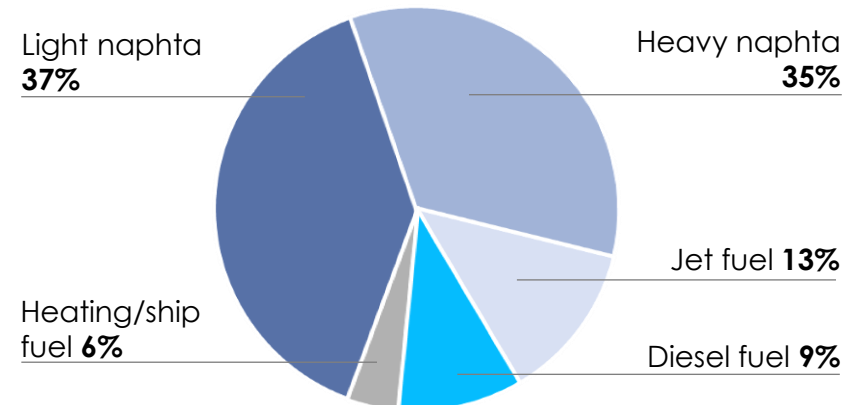
Ust-Luga Gas Condensate Fractionation and Transshipment Complex



- Nameplate processing capacity – **6 mmt** of stable gas condensate per annum (2 trains of **3 mmt** each)
- The complex allows to process stable gas condensate from the Purovsky Plant and ship the processed products to international markets
- The complex allows to enhance vertical integration of NOVATEK, create value added, diversify client base and optimize export logistics for liquid hydrocarbons
- **Second processing train is scheduled to be completed by the end of 2013**



Product 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

3,795 km

Fractionation of stable gas condensate

Stabilization of gas condensate

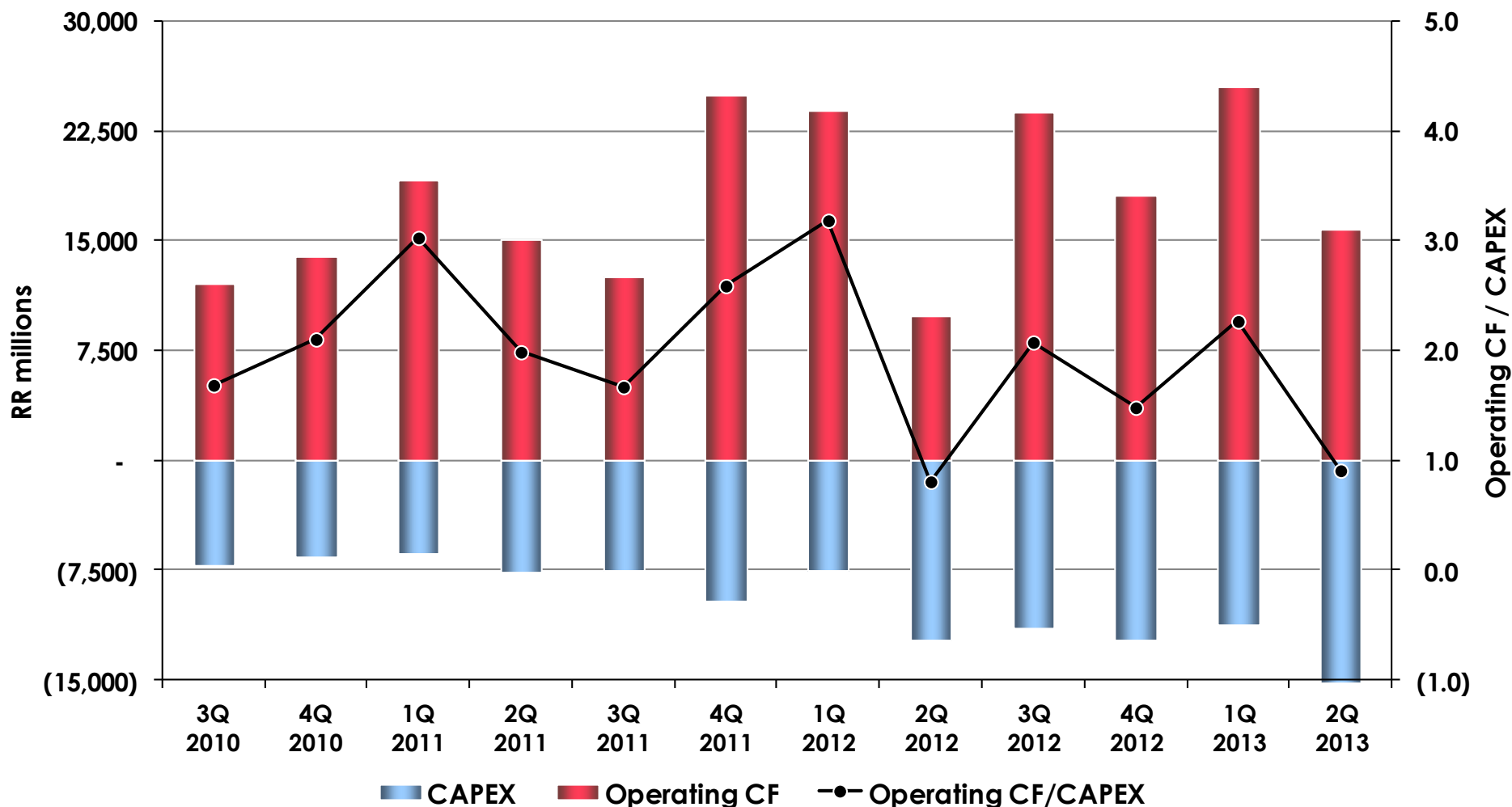
Unstable gas condensate

Purovsky Plant

Stable gas condensate

- 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

Internally Funded Investment Program

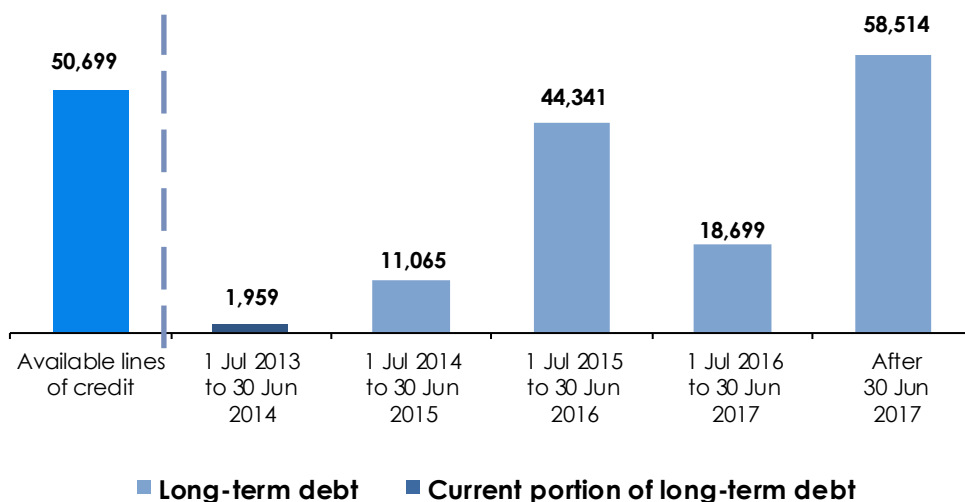


Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows

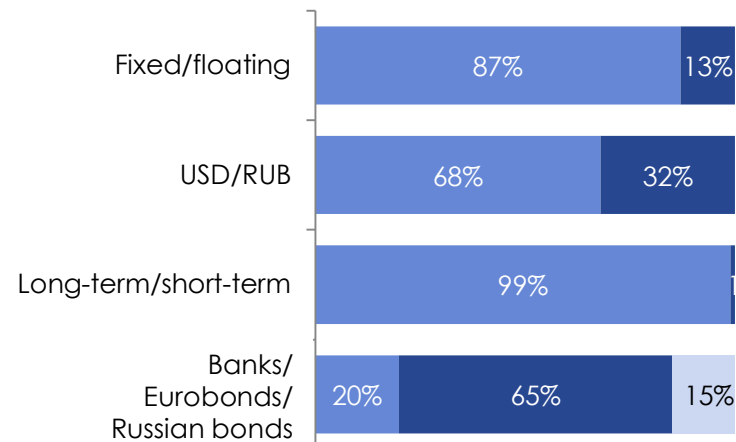
Debt Composition as at 30 June 2013



Total Debt Maturity Profile (RR million)



Debt Structure (Total Debt = RR 134.6 billion)



Established track record of adhering to financial policies

Metric	Policy Target	2009	2010	2011	2012	1H 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	212
Lines of credit, million \$	\$300 - \$500	579	500	1,592	1,538	1,550

Source: IFRS financials (1H 2013 (unaudited), 2009 - 2012)

The top half of the slide features a large, stylized 'N' logo on the left, composed of blue and light blue horizontal bars. To the right of the logo, the word 'NOVATEK' is written in large, bold, blue capital letters. The background of the entire slide is a faded image of industrial gas processing equipment, including tall distillation columns and piping, with a plume of white gas or steam rising from the center.

NOVATEK

Questions and Answers

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