First Quarter 2011
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
17 May 2011

Disclaimer – Forward Looking Statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "may," "should" and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
- the effects of international political events;
- the effects of technological changes;
- the effects of changes in accounting standards or practices; and
- inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. 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. Accordingly, 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.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

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Summary Results – 1Q 2011

- **Increase in revenues and earnings** driven by higher natural gas and liquids sales volumes and prices
  - Natural gas sales increased by 49.8% Y-o-Y and 38.9% Q-o-Q
  - Liquids sales increased by 97.8% Y-o-Y and 20.2% Q-o-Q
- **Cash flow from operations** increased by 54.2% Y-o-Y to RR 19,205 million from RR 12,454 million
- **Capital expenditures** related to exploration and production increased to RR 6,342 million
- **EPS** increased by 68.6% Y-o-Y to RR 6.22 from RR 3.69; **EBITDA** increased by 52.3% Y-o-Y and 42.1% Q-o-Q
- **End-customer sales volumes amounted** to 50.7% of total natural gas volumes sold
- **Natural gas and liquids production increased organically** due to the launch of the 3rd stage of the 2nd phase development at our Yurkharovskoye field in October 2010:
  - Net natural gas production increased by 21.1% Y-o-Y
  - Net liquids production increased by 18.8% Y-o-Y
- **Contribution to production** from equity share of associated companies amounted to 10.3% of total natural gas production volumes
- **Purovsky Plant output increased** by 20.2% Y-o-Y

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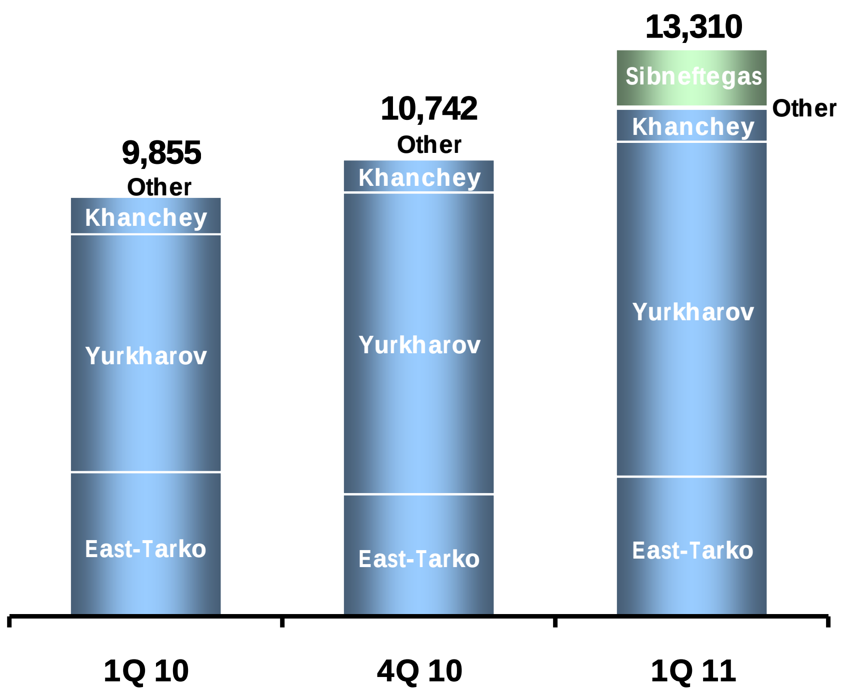
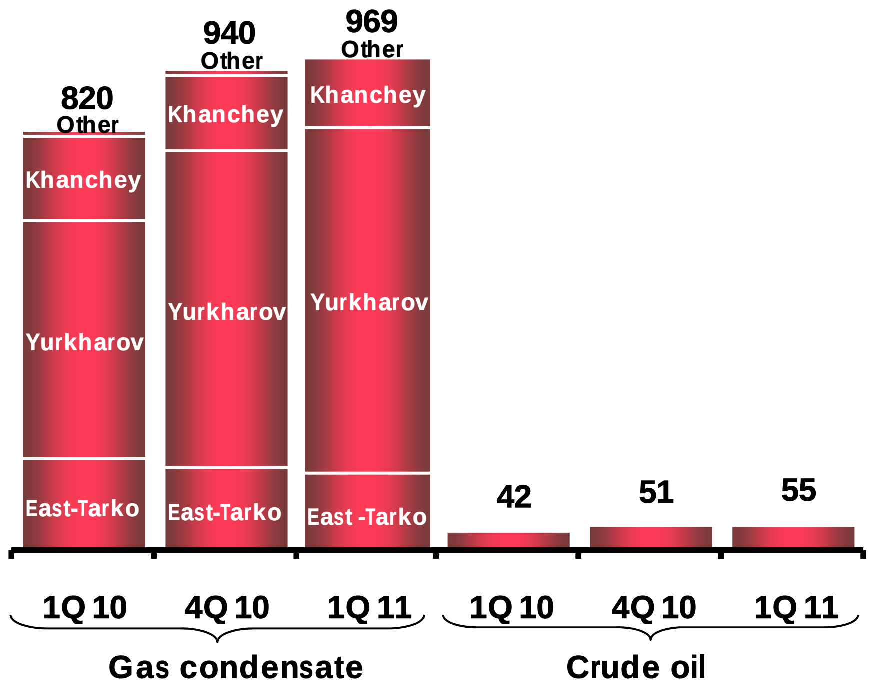
Operational Overview

Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



Natural gas production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov resulting from the launch of the third stage of the field's second phase development in October 2010
- Our pro rata equity share in the production of our associated company Sibneftegas

Liquids production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Partially offset by a decrease in production at East-Tarko and Knanchey as a result of natural declines in the concentration of gas condensate

Note: 1Q10 and 4Q 10 natural gas production differs from previously reported due to additional volumes used for methanol production

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 974 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 288 mt (100% of net production)
  - Yurkharovskoye field: 679 mt (100% of net production)
  - Other : 7 mt
- **Total plant output: 969 mt**
  - Stable gas condensate: 740 mt
  - LPG: 225 mt
  - Methanol: ~ 4 mt
- **Plant capacity:** approximately 78%
- **756 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Asian-Pacific Region ~ 272 mt
  - to Europe ~ 243 mt
  - to the USA ~ 241 mt
- **Stable gas condensate inventory reconciliation**
  - Tankers in transit ~ 152 mt
  - Rail road cisterns and port storage facilities ~ 103 mt
  - Plant storage facilities ~ 27 mt
- **Export volumes of LPG: ~ 51% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit" 31.03.2010 ~ 120 thousand tons	"Goods in transit" 31.12.2010 ~ 119 thousand tons	"Goods in transit" 31.03.2011 ~ 152 thousand tons
60 mt USA; 60 mt South America	60 mt USA; 59 mt Singapore	60 mt USA; 31 mt Europe; 61 mt USA

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Financial Overview – 1Q 11 vs. 1Q 10

Comparison of Quarterly Results (RR million)

	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	27,237	25,051	28,786	34,089	44,793	31.4%	64.5%
Total revenues	27,742	25,706	29,441	34,135	44,861	31.4%	61.7%
Operating expenses	15,947	15,717	17,587	19,267	23,421	21.6%	46.9%
EBITDA (1)	15,160	11,690	13,863	16,252	23,092	42.1%	52.3%
EBITDA margin	54.6%	45.5%	47.1%	47.6%	51.5%		
Effective income tax rate	20.8%	20.9%	19.4%	22.5%	20.3%		
Profit attributable to NOVATEK	11,182	7,139	10,105	12,107	18,853	55.7%	68.6%
Net profit margin	40.3%	27.8%	34.3%	35.5%	42.0%		
Earnings per share	3.69	2.35	3.33	4.00	6.22	55.7%	68.6%
CAPEX	6,230	6,052	7,196	6,628	6,342	-4.3%	1.8%
Net debt (2)	22,153	26,906	21,547	61,988	69,388	11.9%	213.2%

Notes:

1. EBITDA represents net profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of income tax expense and finance income (expense) from the Statement of Income, and depreciation, depletion and amortization and Share-based compensation from the Statement of Cash Flows
2. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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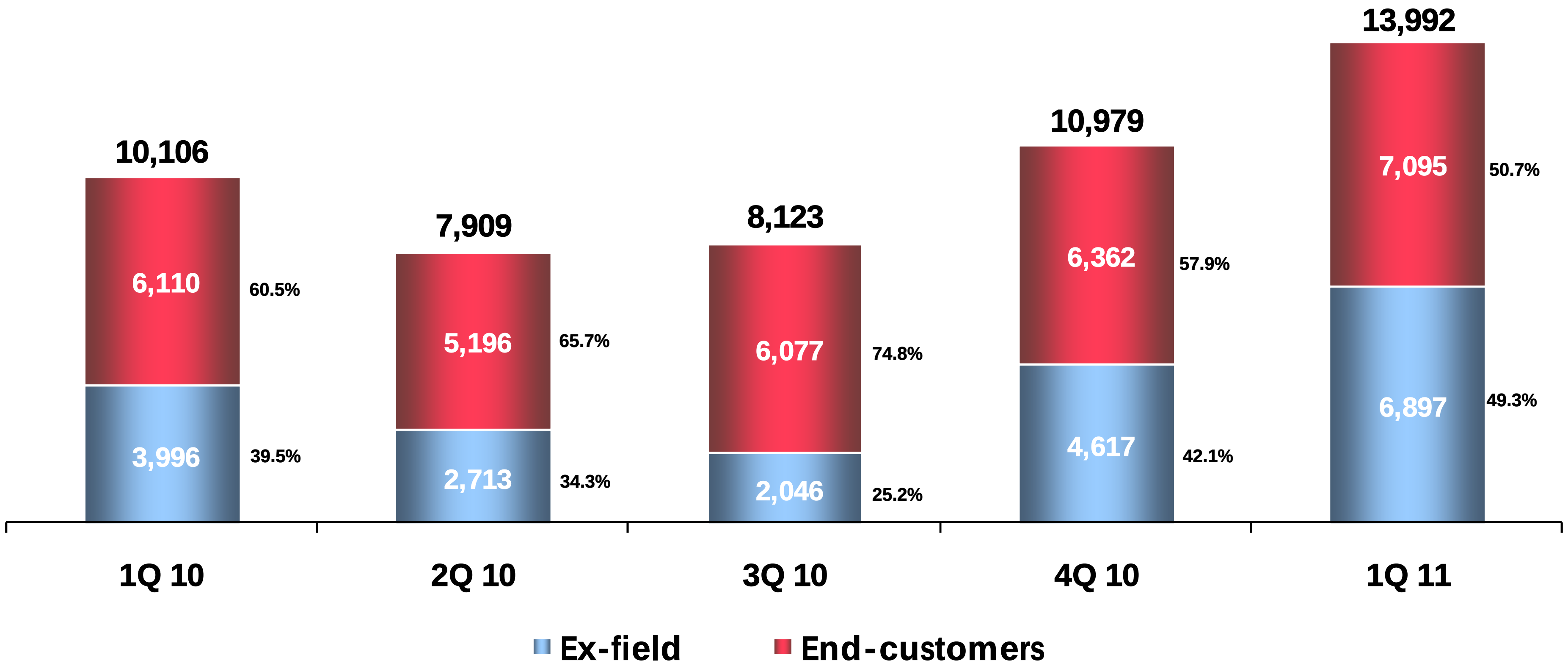
Market Distribution – Gas Sales Volumes (mmcm)



- Ex-field sales volumes as a % of total natural gas sales volumes increased Q-o-Q and Y-o-Y due to the commencement of natural gas deliveries to a large gas trader under a long-term contract signed in April 2010
- Y-o-Y and Q-o-Q increase in natural gas sales volumes was due to a 21.1% and 11.1% increase in production, respectively, and the purchase of our pro rata equity share in Sibneftegas' production starting from January 2011

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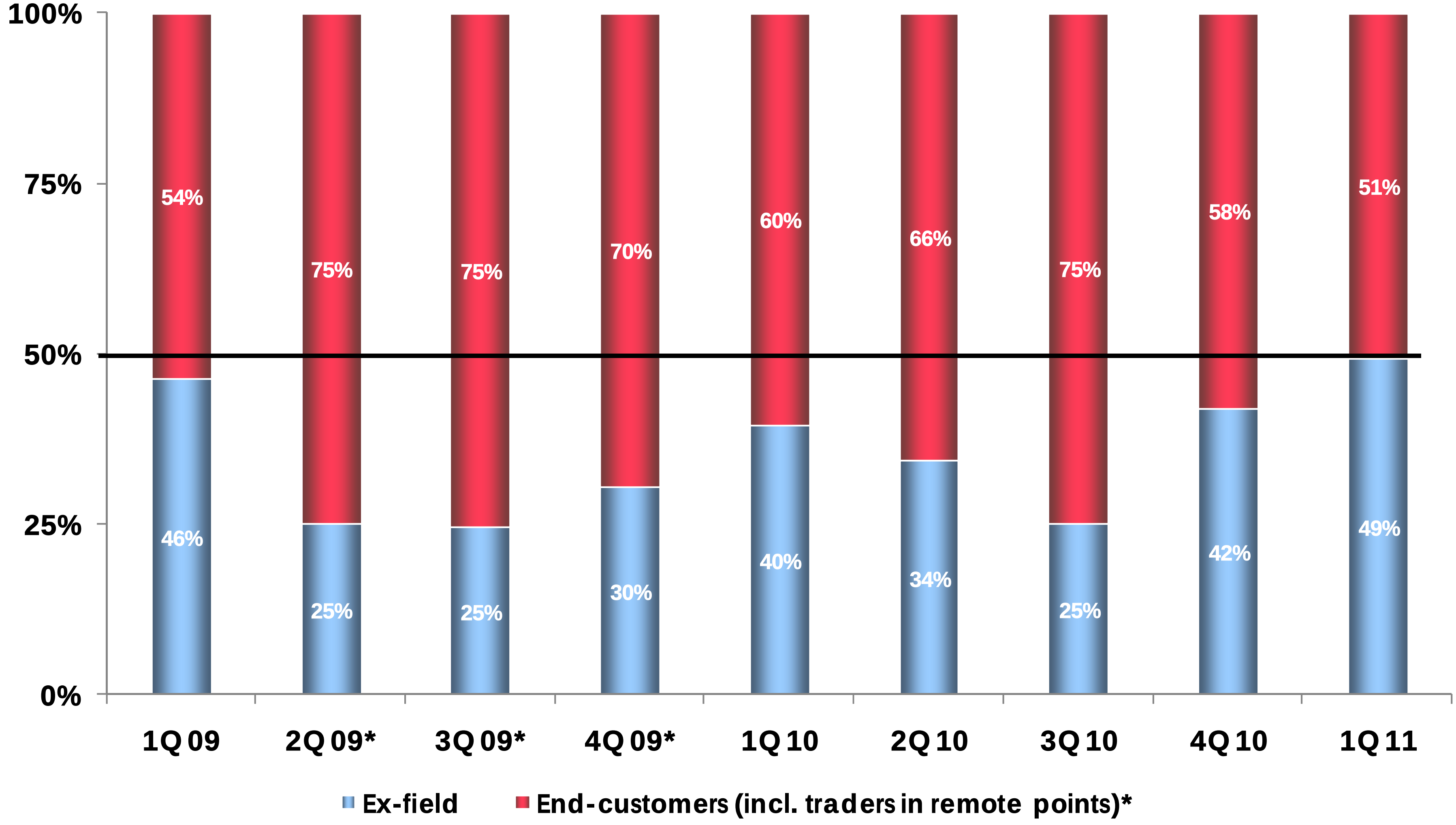
Natural Gas Sales Volume Mix



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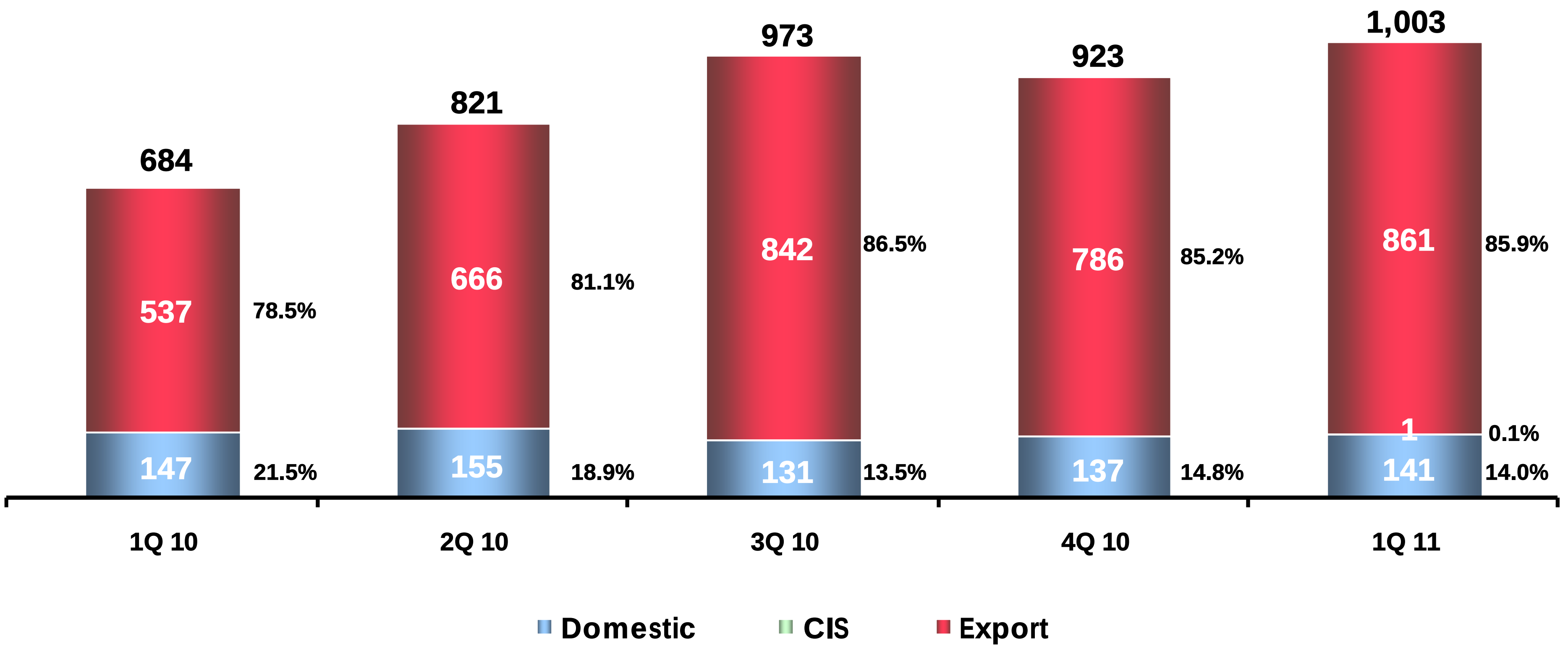
Market Distribution – Liquids Sales Volumes (mt)



- Y-o-Y increase in liquids sales volumes was mainly due to an 18.8% increase in liquids production and an increase in our stable gas condensate inventory balance during 1Q10
- Q-o-Q increase in liquids sales volumes was due to an increase in stable gas condensate inventory balance during 4Q 10, which was sold in 1Q 2011, and a 3.3% increase in liquids production

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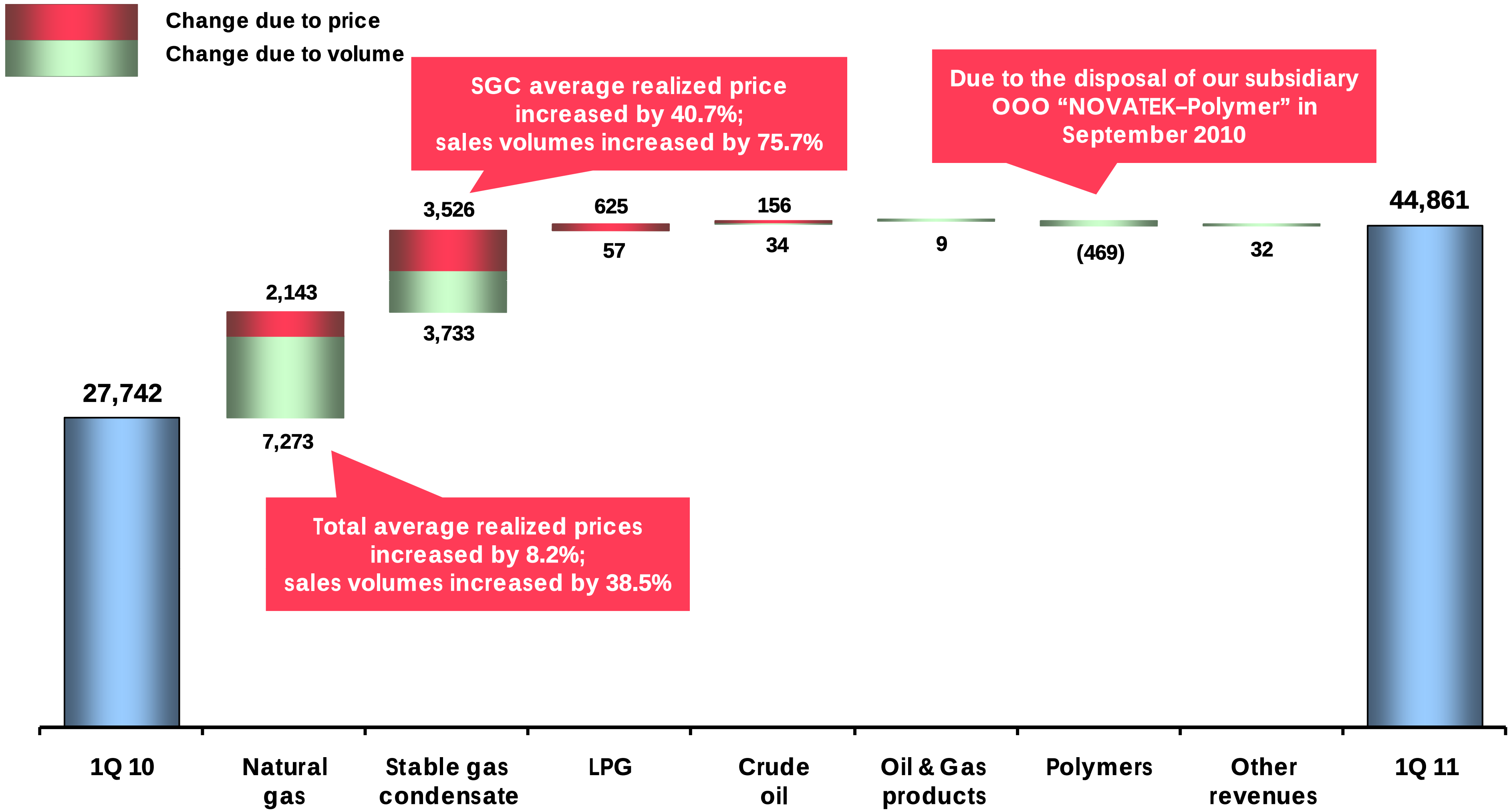
Total Revenues (RR million)



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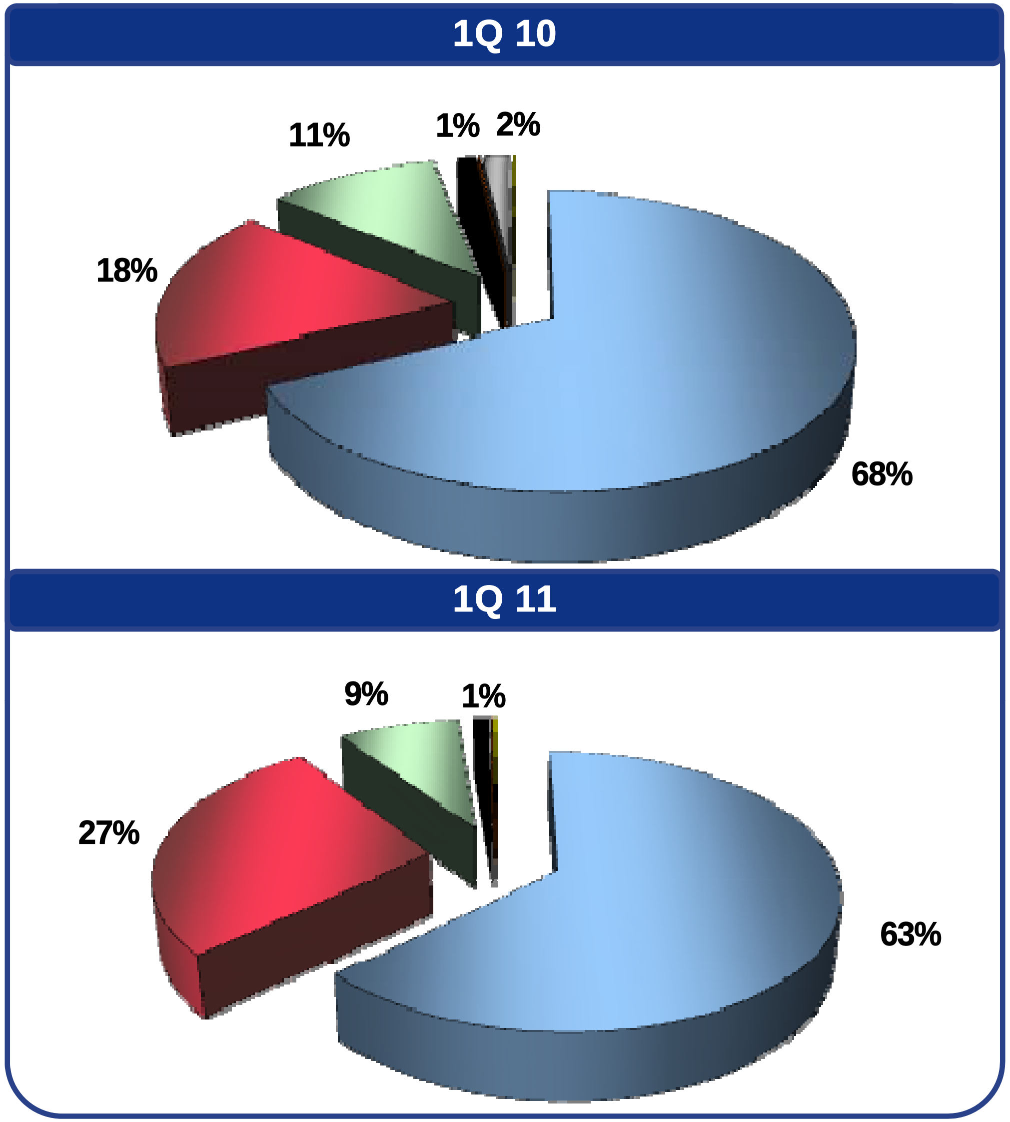
Total Revenues Breakdown

- Natural gas
- Stable gas condensate
- LPG
- Crude oil
- Oil & Gas products
- Polymers
- Other



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Realized Hydrocarbon Prices (net of VAT and export duties)

1Q 10	1Q 11	+/(-)	+/(-)%		4Q 10	1Q 11	+/(-)	+/(-)%
				Domestic prices				
2,304	2,634	330	14.3%	**Natural gas end-customers, RR/mcm**	2,336	2,634	298	12.8%
1,211	1,398	187	15.4%	**Natural gas ex-field, RR/mcm**	1,199	1,398	199	16.6%
8,475	-	n/a	n/a	**Stable gas condensate, RR/ton**	-	-	n/a	n/a
10,788	12,488	1,700	15.8%	**LPG (commercial price), RR/ton**	11,874	12,488	614	5.2%
6,346	7,605	1,259	19.8%	**LPG (regulated price), RR/ton**	6,613	7,605	992	15.0%
6,843	10,107	3,264	47.7%	**Crude oil, RR/ton**	8,287	10,107	1,820	22.0%
7,522	-	n/a	n/a	**Oil products, RR/ton**	-	-	n/a	n/a
				CIS market				
-	13,355	n/a	n/a	**LPG, RR/ton**	-	13,355	n/a	n/a
				Export market				
11,973	16,846	4,873	40.7%	**Stable gas condensate, RR/ton**	14,553	16,846	2,293	15.8%
17,128	20,383	3,255	19.0%	**LPG, RR/ton**	22,363	20,383	(1,980)	-8.9%
8,016	11,285	3,269	40.8%	**Crude oil, RR/ton**	9,734	11,285	1,551	15.9%

Note: Prices are shown excluding trading activities

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Operating Expenses (RR million and % of Total Revenues (TR))

1Q 10	% of TR	1Q 11	% of TR		4Q 10	% of TR	1Q 11	% of TR
9,063	32.7%	11,883	26.5%	Transportation expenses	9,940	29.1%	11,883	26.5%
2,424	8.7%	4,320	9.6%	Taxes other than income tax	3,059	9.0%	4,320	9.6%
11,487	41.4%	**16,203**	36.1%	**Non-controllable expenses**	**12,999**	38.1%	**16,203**	36.1%
1,602	5.8%	2,029	4.5%	Depreciation and amortization	1,682	4.9%	2,029	4.5%
1,463	5.3%	1,995	4.4%	General and administrative	1,983	5.8%	1,995	4.4%
1,548	5.6%	1,282	2.9%	Materials, services & other	1,143	3.3%	1,282	2.9%
131	0.5%	726	1.6%	Exploration expenses	985	2.9%	726	1.6%
26	n/m	12	n/m	Net impairment expense	352	n/m	12	n/m
(348)	n/m	211	n/m	Change in natural gas, liquids, and polymer products and WIP	95	n/m	211	n/m
15,909	57.3%	**22,458**	50.1%	**Subtotal operating expenses**	**19,239**	56.3%	**22,458**	50.1%
38	0.1%	963	2.1%	Purchases of natural gas and liquid hydrocarbons	28	0.1%	963	2.1%
15,947	57.5%	**23,421**	52.2%	**Total operating expenses**	**19,267**	56.4%	**23,421**	52.2%

- **Transportation expenses increased Y-o-Y primarily due to a 16.1% and 75.7% increase in natural gas and stable gas condensate volumes transported and sold, as well as an increase in natural gas transportation tariffs**
- **Taxes other than income tax increased Q-o-Q and Y-o-Y primarily due to an increase in the natural gas production tax rate effective 1 January 2011 (from RR 147 per mcm to RR 237 per mcm), and an increase in natural gas production volumes**
- **Purchases of natural gas and liquid hydrocarbons increased Q-o-Q and Y-o-Y primarily due to the purchases of our pro rata equity share of natural gas produced by our associated company, Sibneftegas**
- **Exploration expenses increased Y-o-Y due to expensing of the capitalized cost of two exploratory wells at the Al Arish and Raduzhny lisence area**
- **Materials, services and other expenses decreased Y-o-Y due to the launch of our own unstable gas condensate de-ethanization facility at the Yurkharovskoye field in August 2010**

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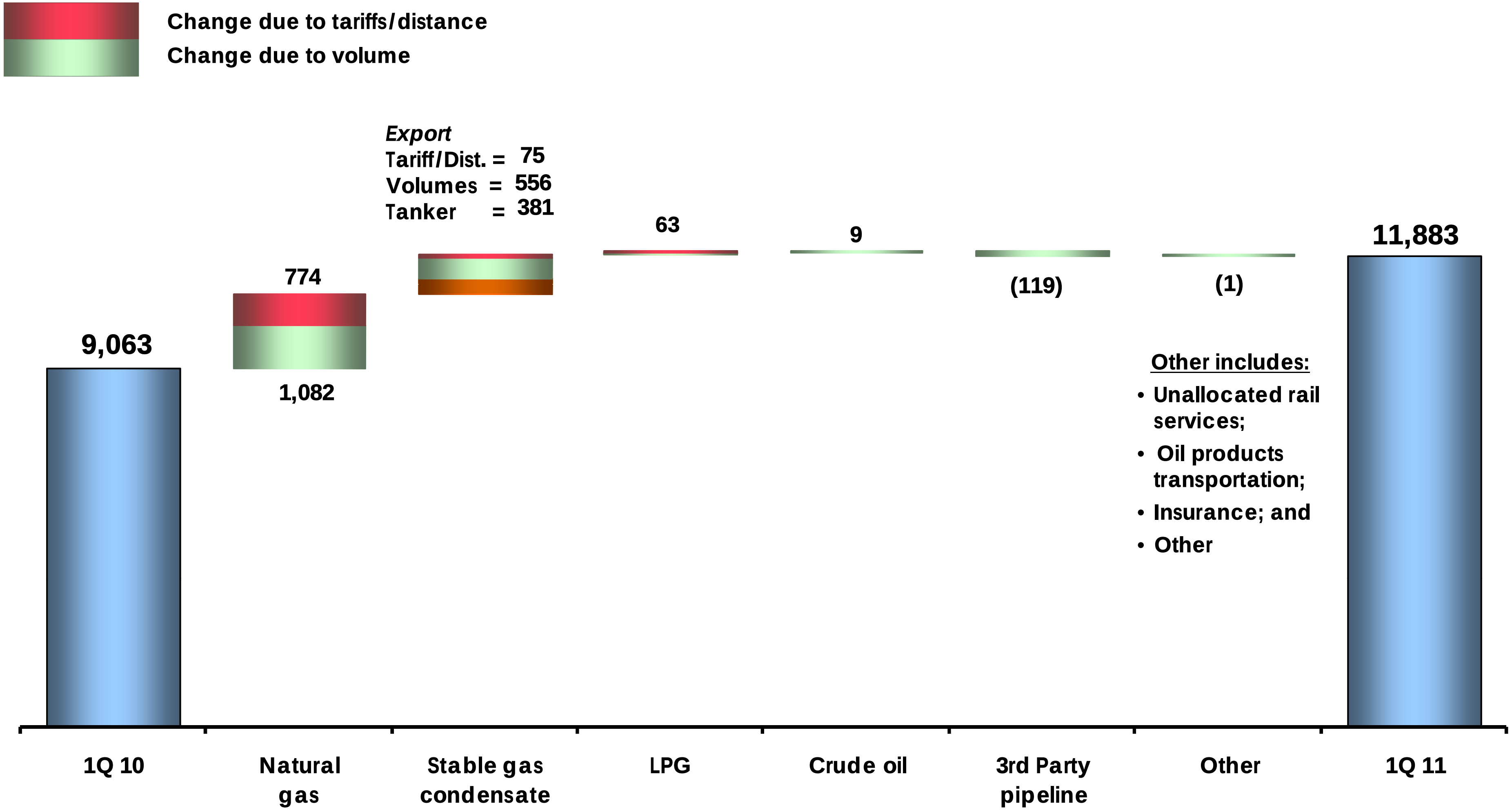
Transportation Expenses (RR million)



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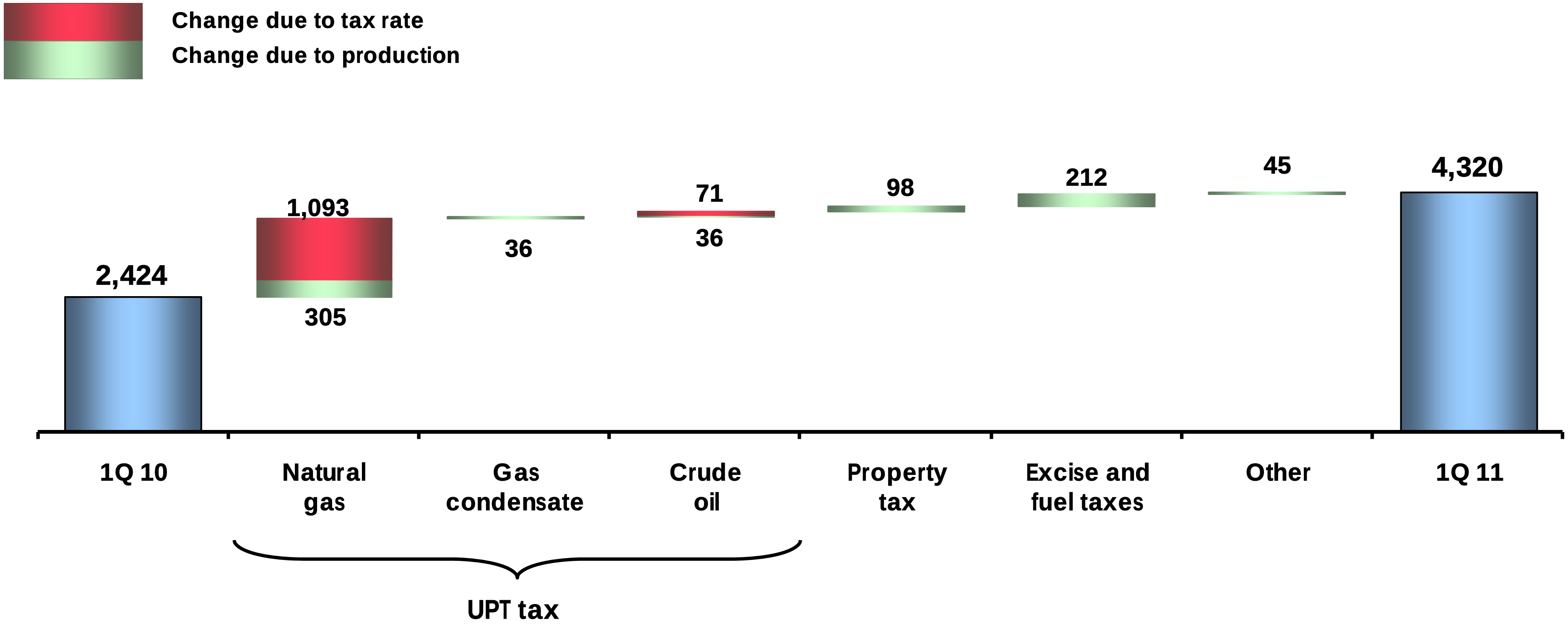
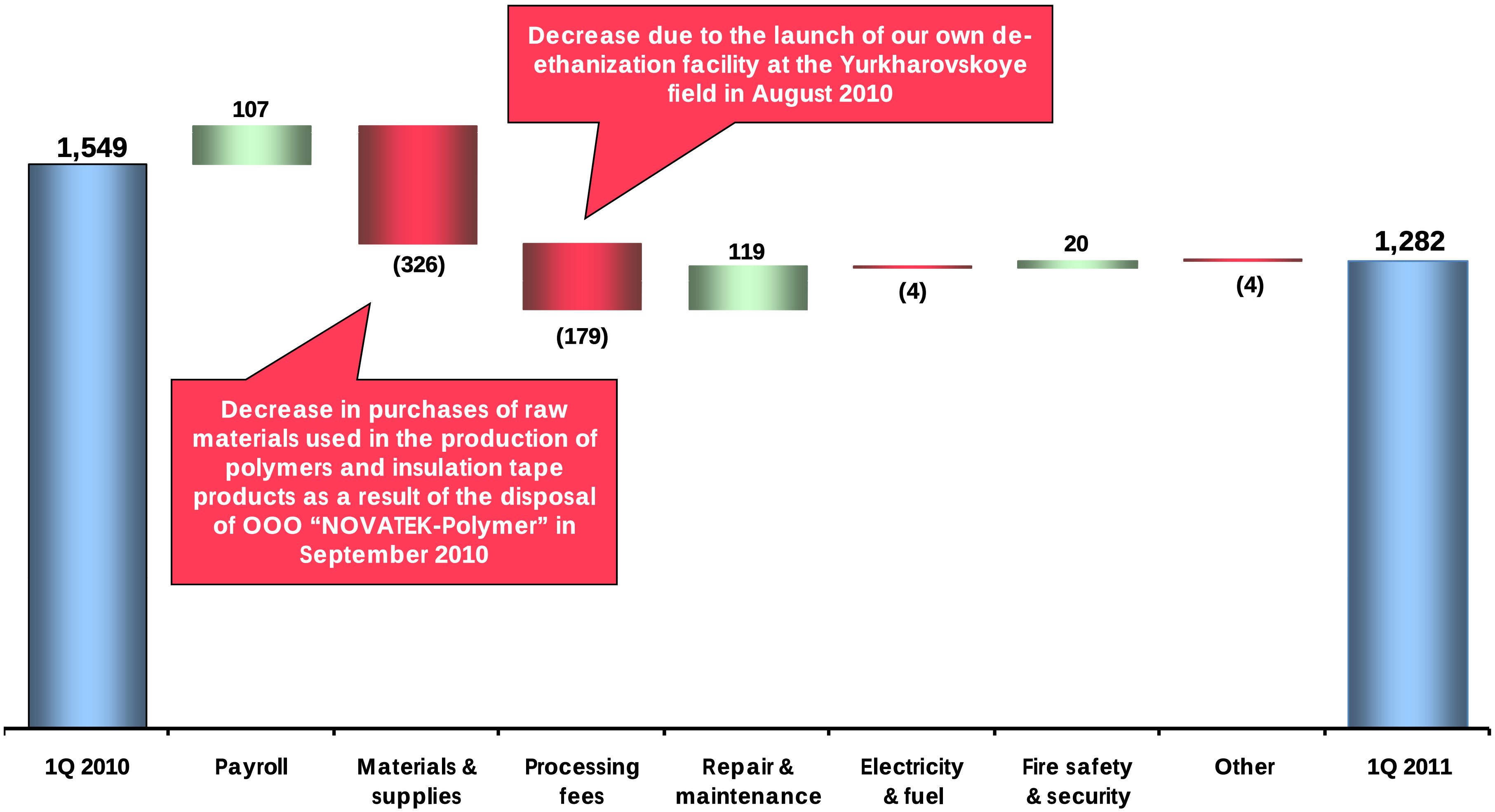
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas was primarily due to a 61.2% increase in the natural gas production tax rate effective 1 January 2011 (from RR 147 per mcm to RR 237 per mcm)
- Our excise and fuel taxes expense related to LPG export sales through our subsidiary Novatek Polska increased by RR 212 million due to the expansion of trading activities. The excise and fuel taxes are payable when LPG enters Polish territory
- Property tax expense increased by RR 98 million, or 29.2%, primarily due to additions of PP&E at our production subsidiaries

Materials, Services and Other Expenses (RR million)



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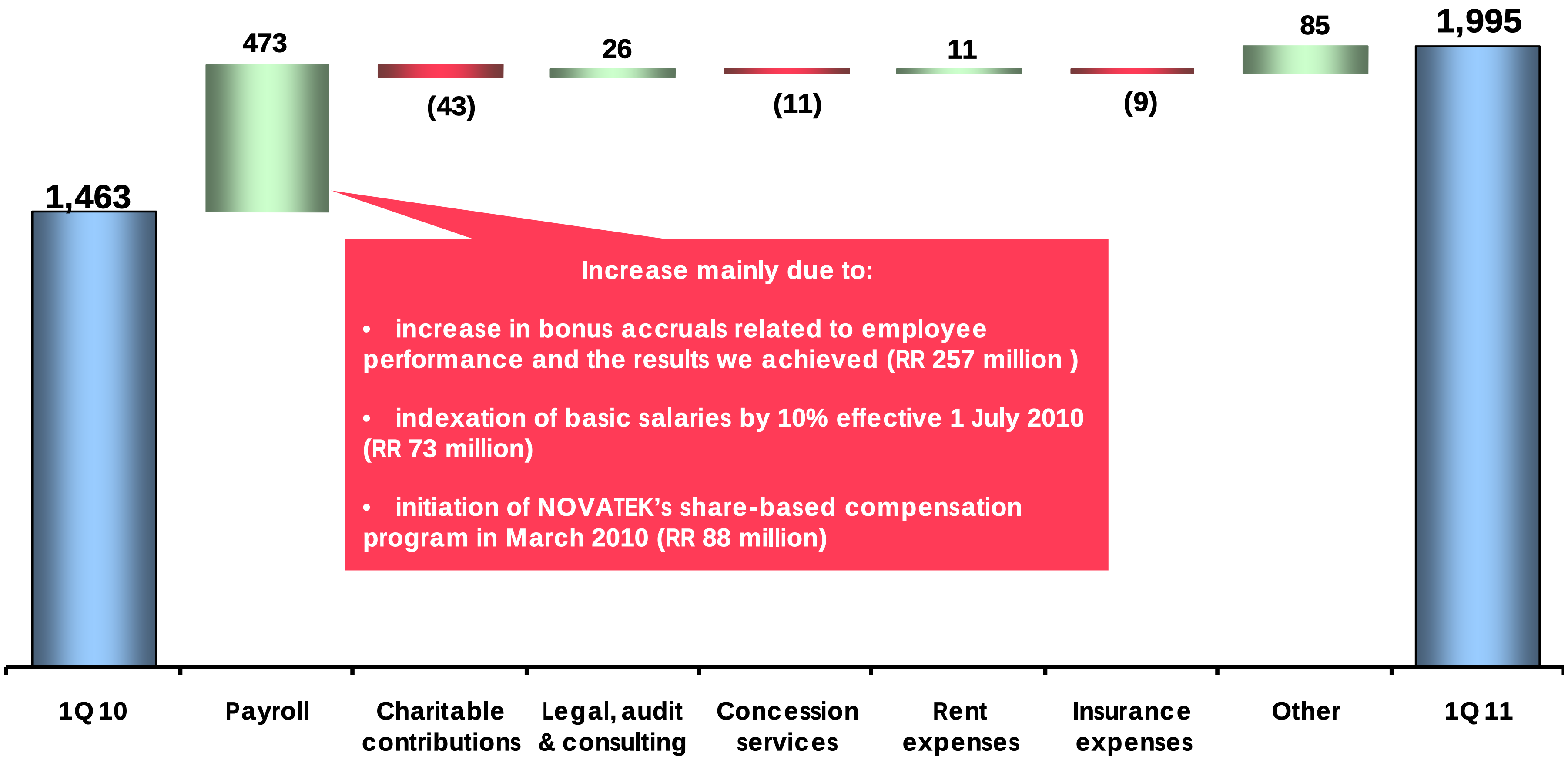
General and Administrative Expenses (RR million)



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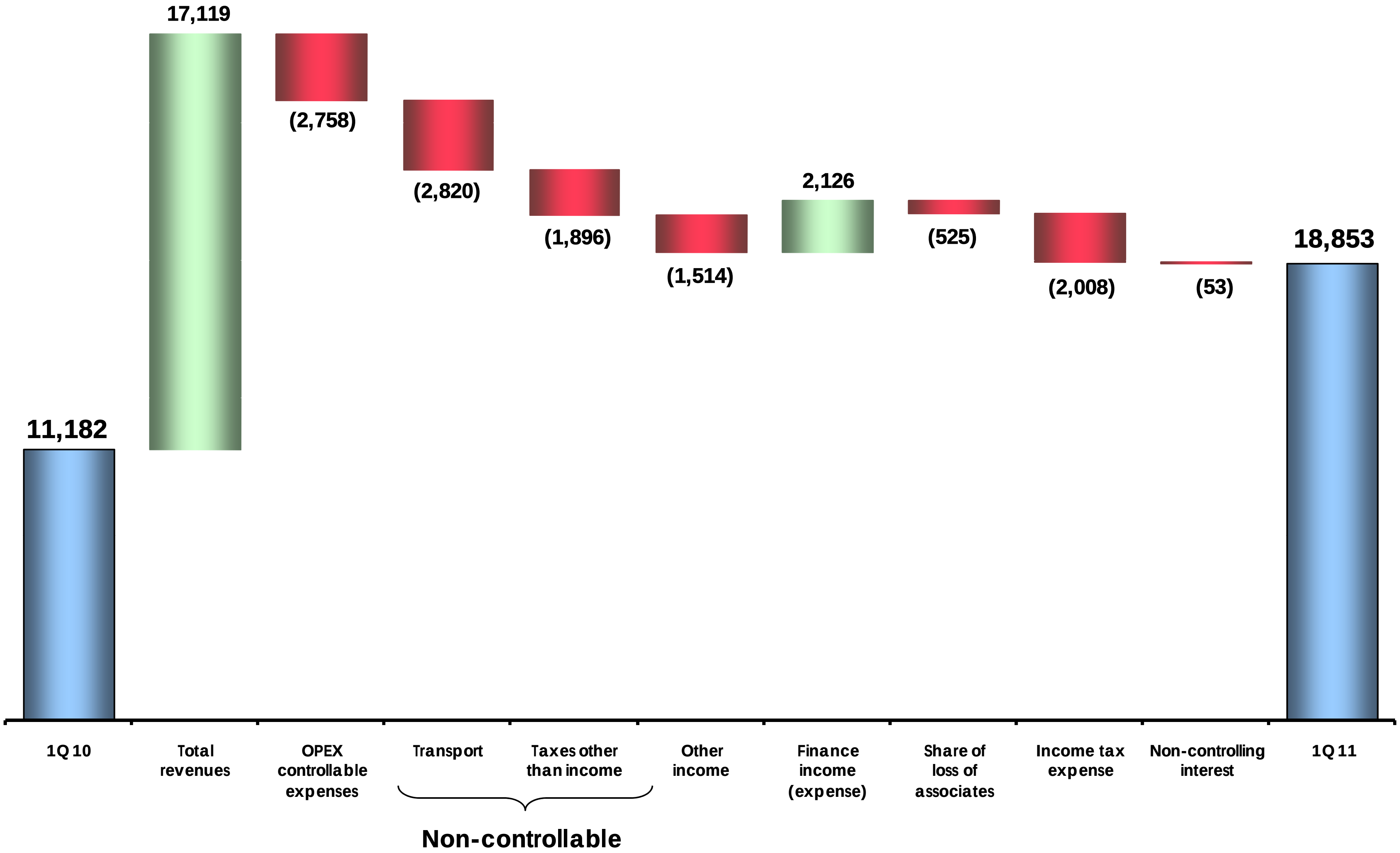
Profit Attributable to NOVATEK Shareholders (RR million)



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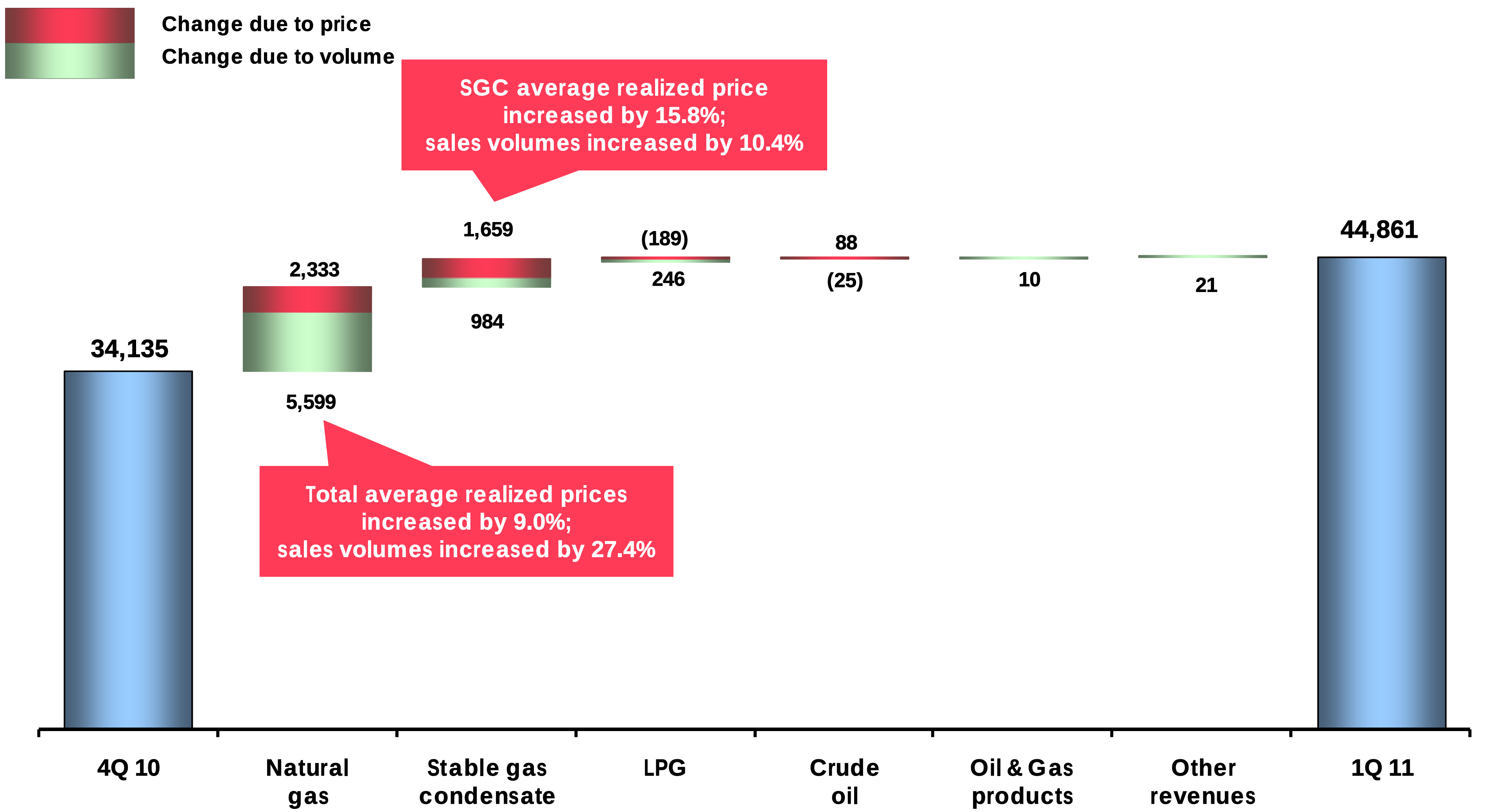
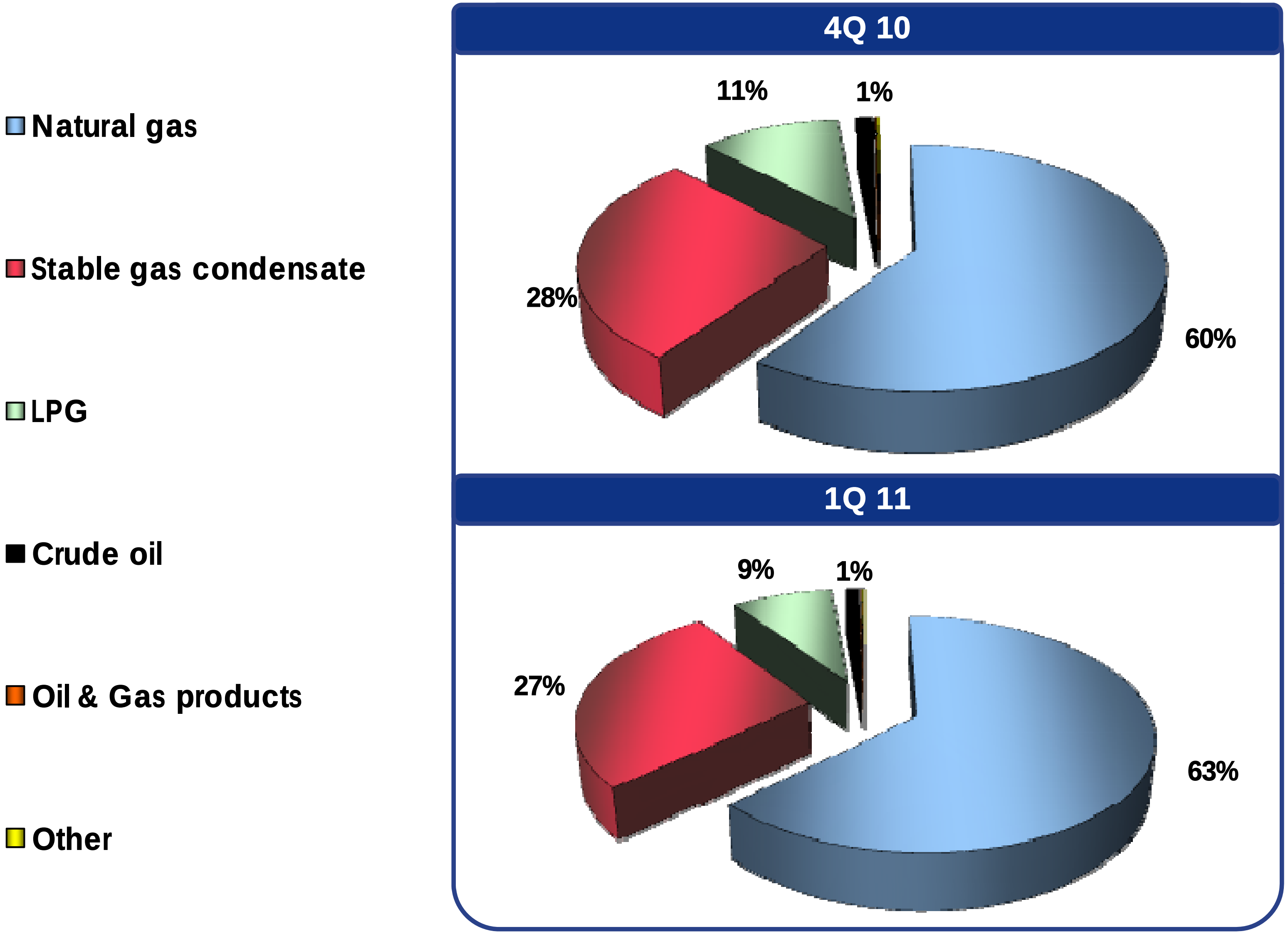
Financial Overview – 1Q 11 vs. 4Q 10

Total Revenues (RR million)



Total Revenues Breakdown



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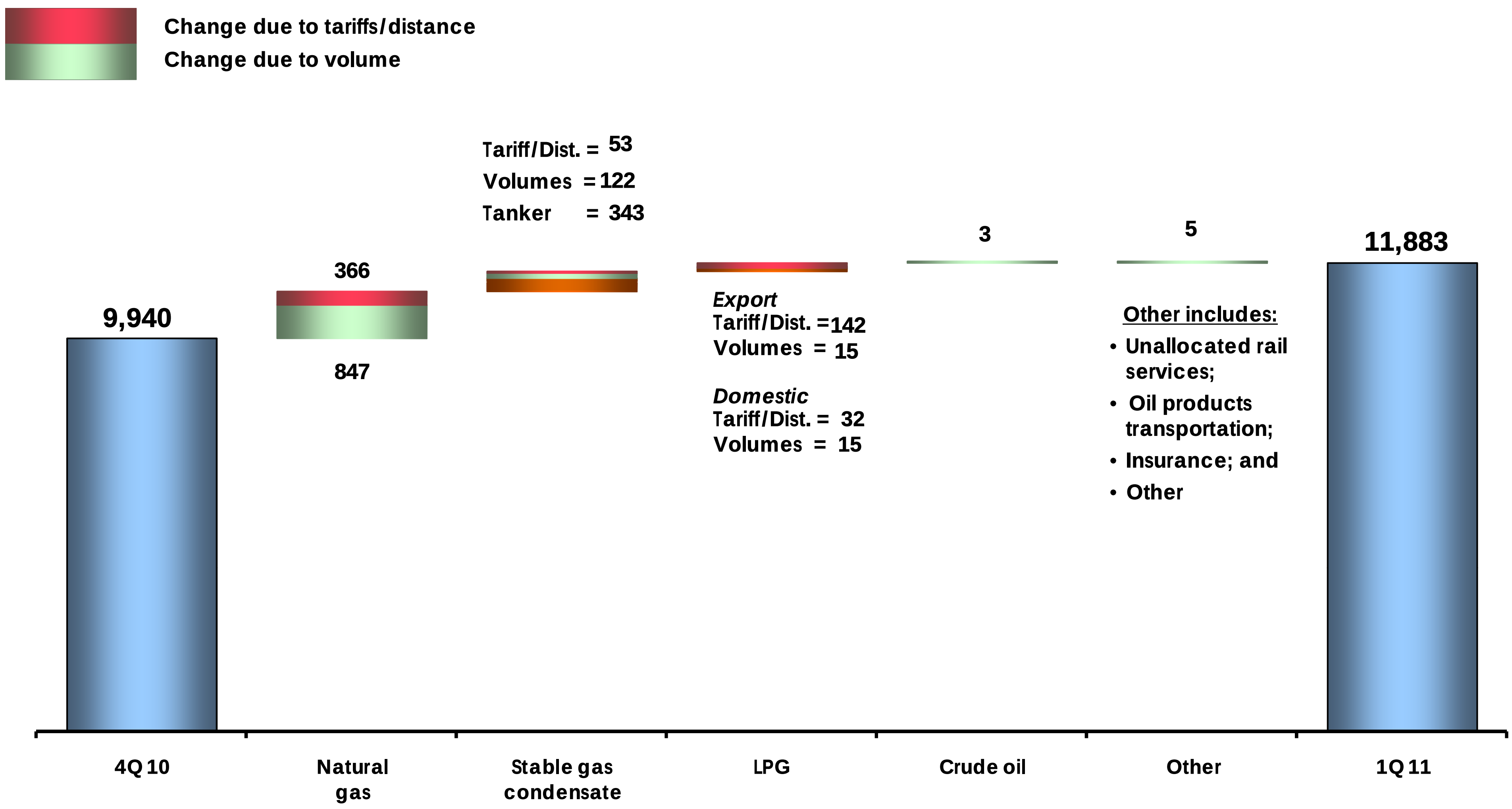
Transportation Expenses (RR million)



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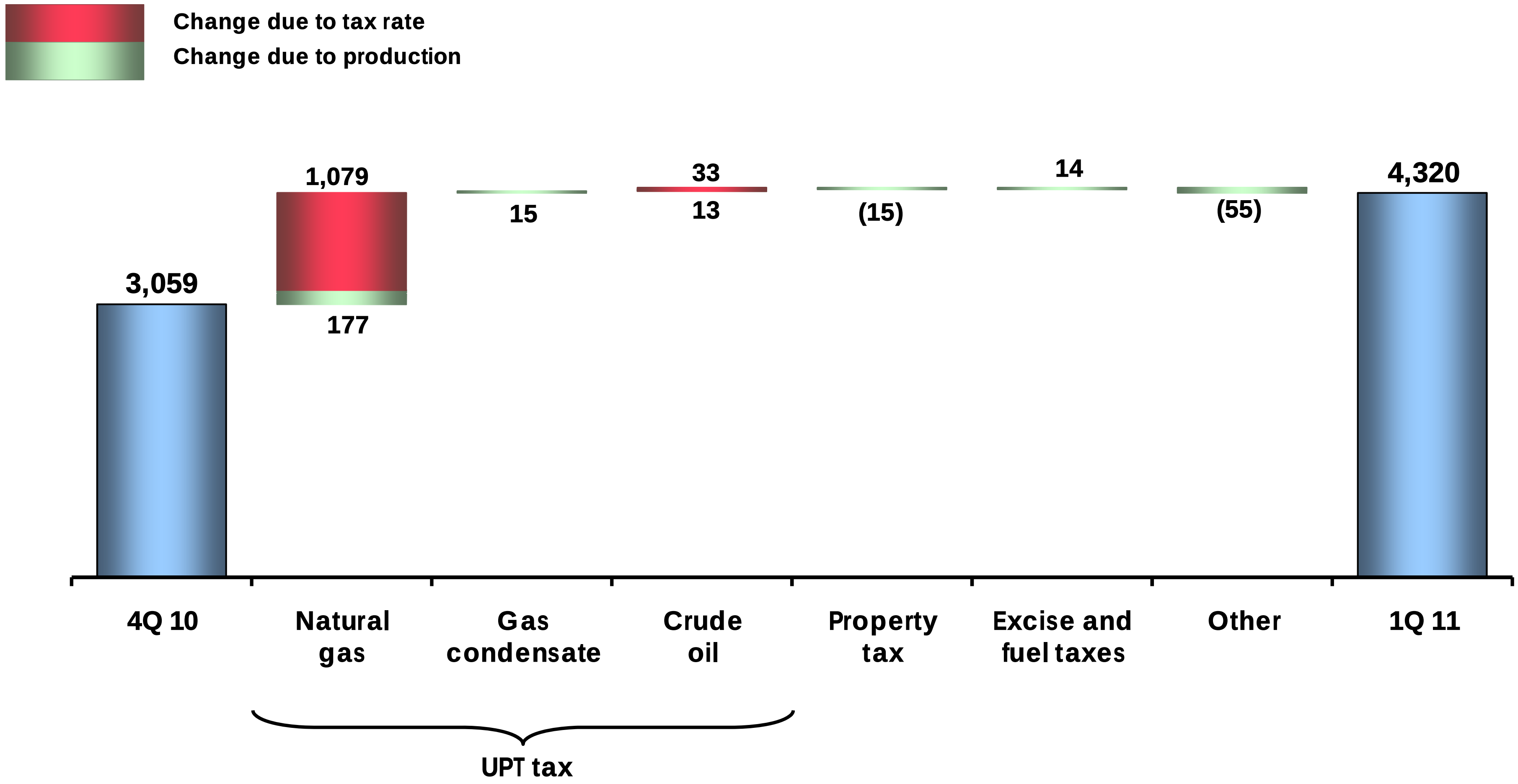
Taxes Other Than Income Tax Expense (RR million)



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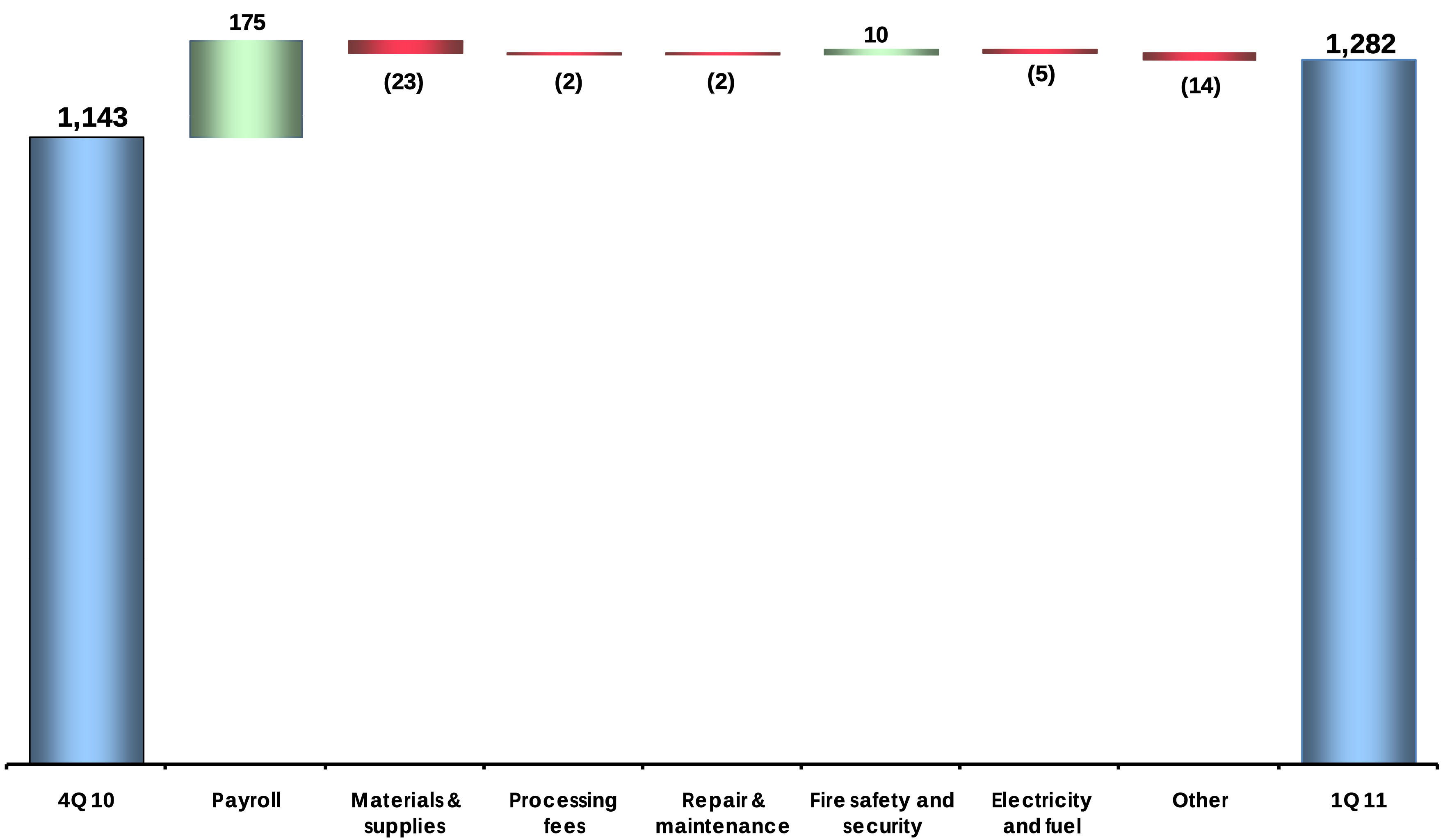
Materials, Services and Other Expenses (RR million)



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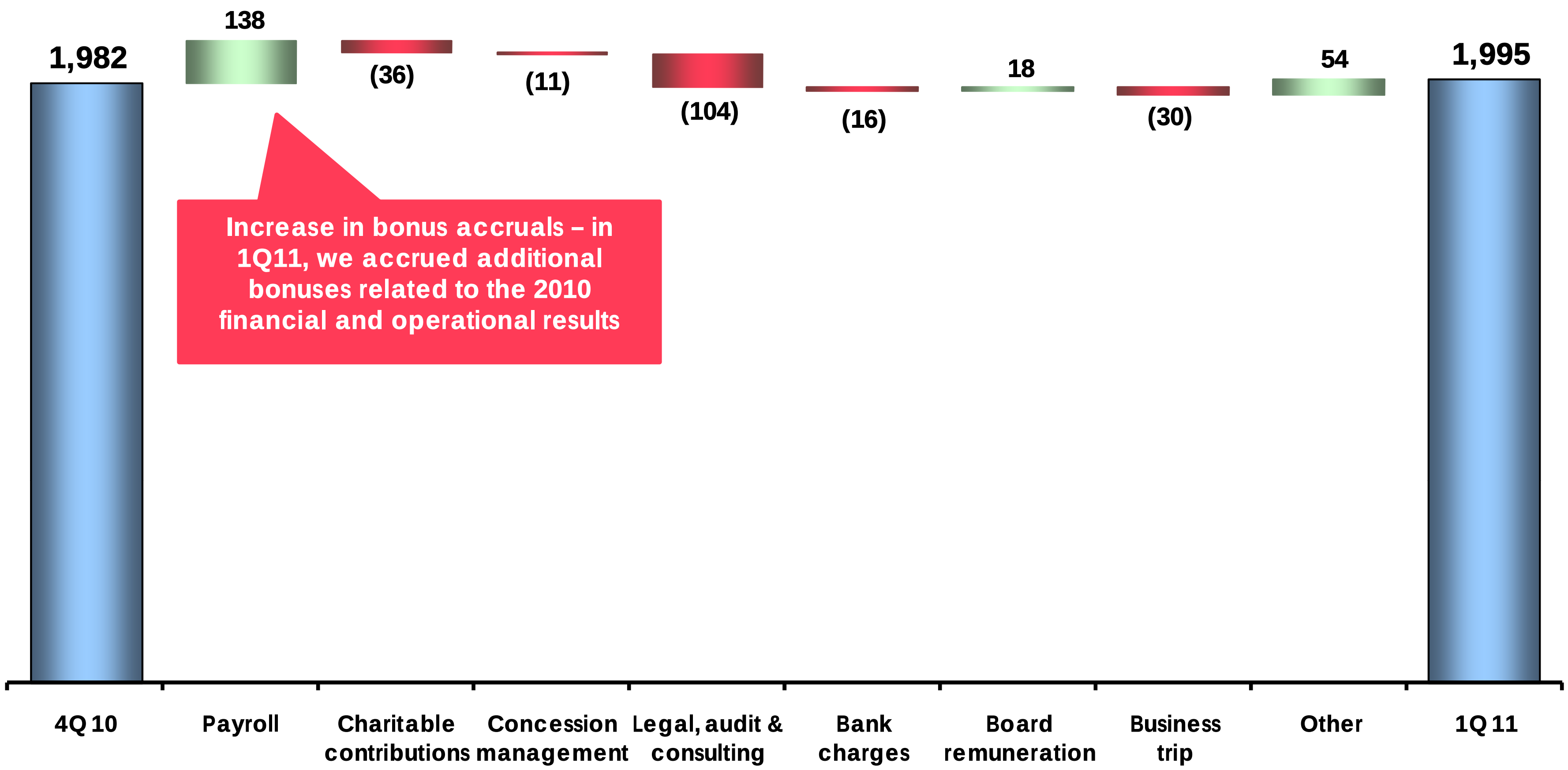
General and Administrative Expenses (RR million)



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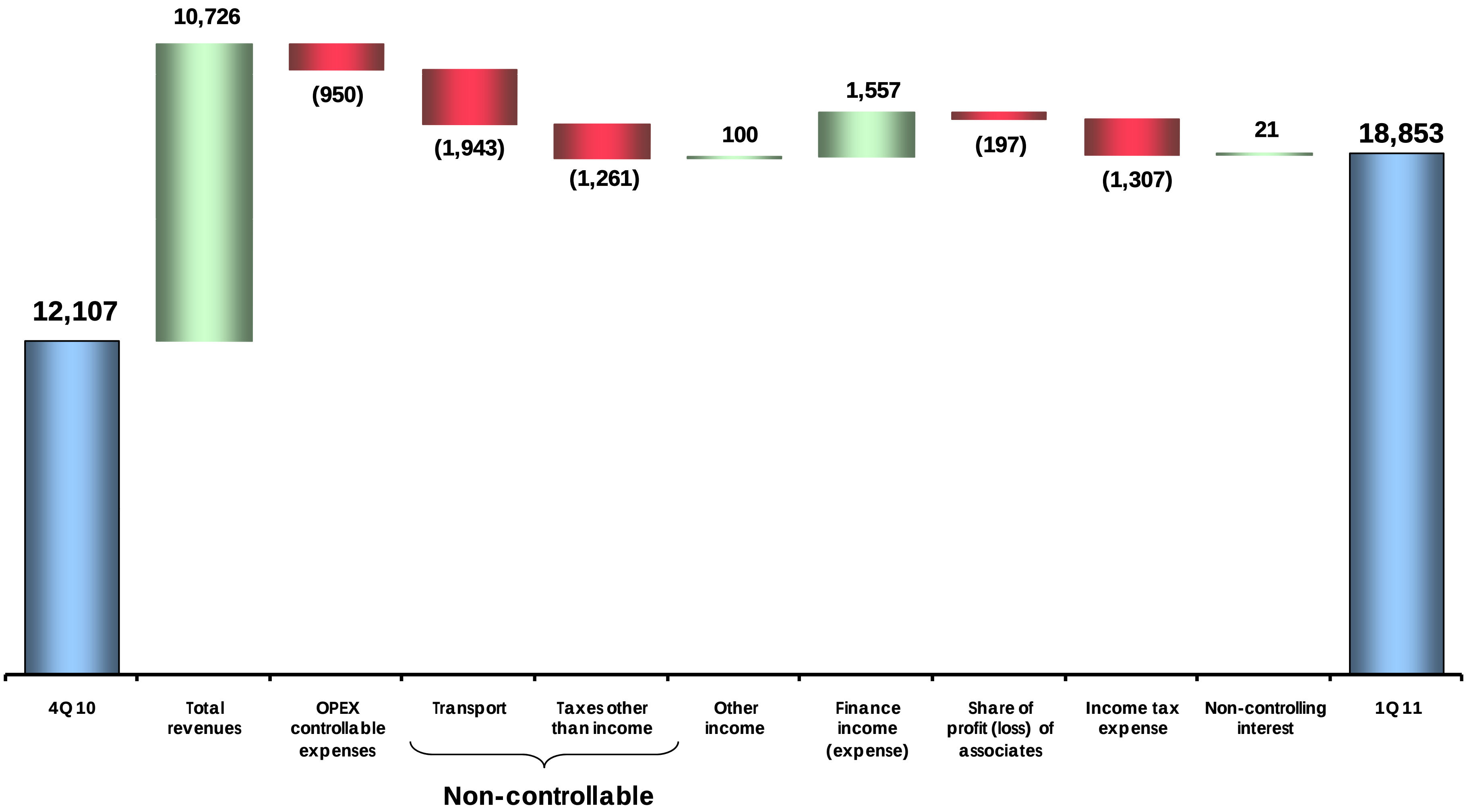
Profit Attributable to NOVATEK Shareholders (RR million)



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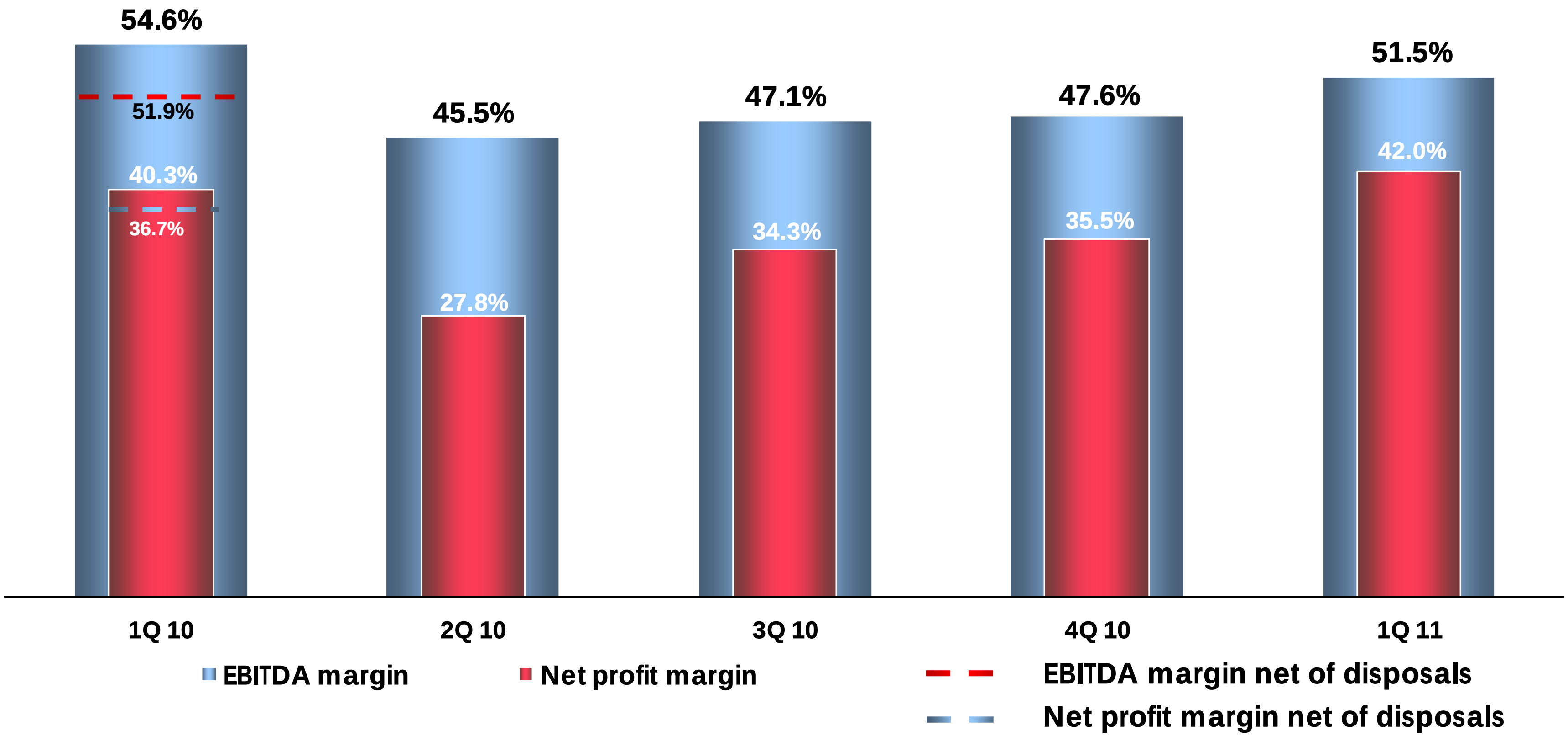
Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

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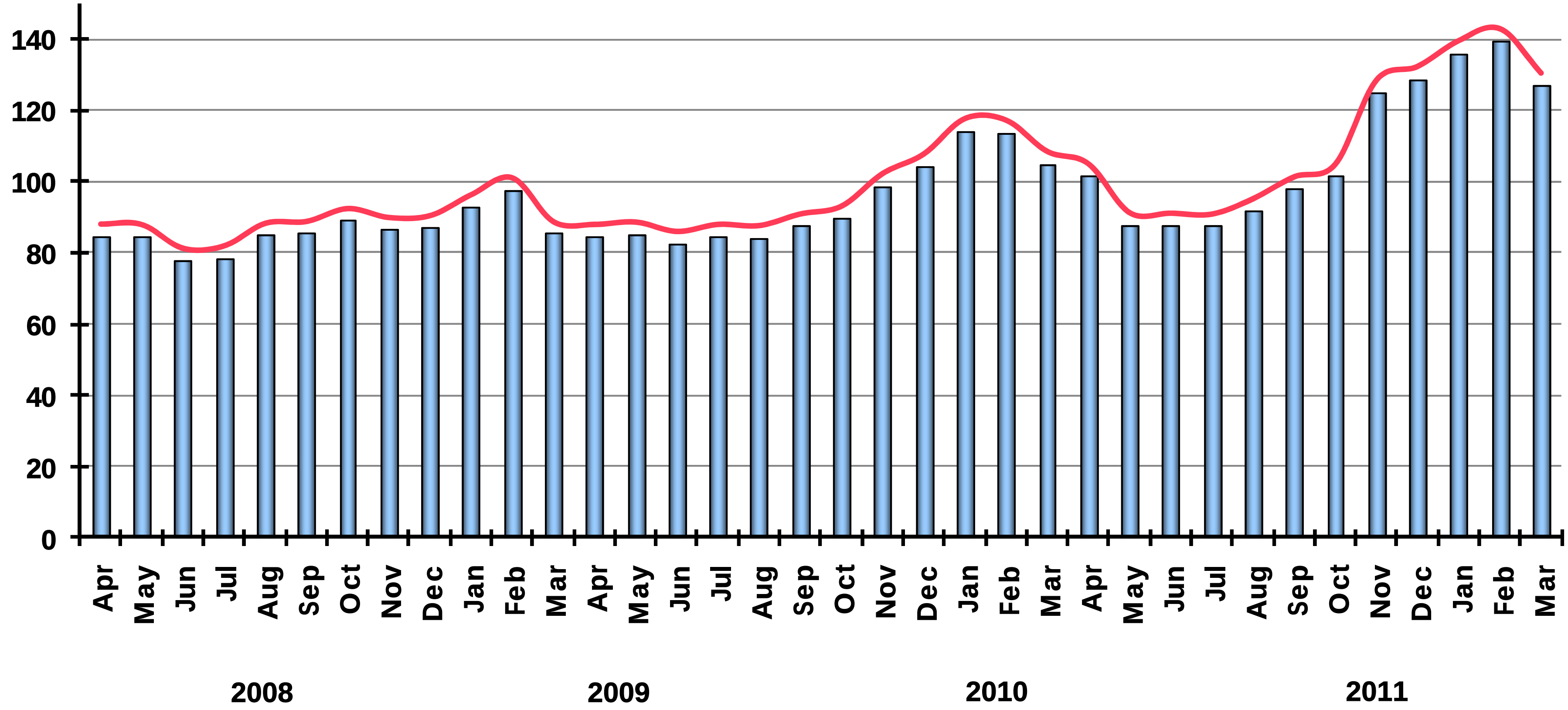
Increasing Natural Gas Production (mmcm per day)



2008 Avg.
84 mmcm/day
2,980 bcf/day

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

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

1Q 11 Avg.
134 mmcm/day
4,730 bcf/day

Note: Production shown is gross production

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Condensed Balance Sheet (RR million)

	31 March 2011	31 December 2010	+/(-)	+/(-)%
Total current assets	**38,980**	**29,565**	**9,415**	**31.8%**
Incl. Cash and cash equivalents	*15,392*	*10,238*	*5,154*	*50.3%*
Total non-current assets	**259,784**	**255,608**	**4,176**	**1.6%**
Incl. Net PP&E	*189,366*	*185,573*	*3,793*	*2.0%*
Total assets	**298,764**	**285,173**	**13,591**	**4.8%**
Total current liabilities	**20,235**	**57,441**	**(37,206)**	**-64.8%**
Incl. ST debt and curr. portion of LT debt	*7,449*	*25,152*	*(17,703)*	*-70.4%*
Total non-current liabilities	**91,572**	**59,946**	**31,626**	**52.8%**
Incl. Deferred income tax liability	*10,874*	*9,473*	*1,401*	*14.8%*
Incl. LT debt	*77,331*	*47,074*	*30,257*	*64.3%*
Total liabilities	**111,807**	**117,387**	**(5,580)**	**-4.8%**
Total equity	**186,957**	**167,786**	**19,171**	**11.4%**
Total liabilities & equity	**298,764**	**285,173**	**13,591**	**4.8%**

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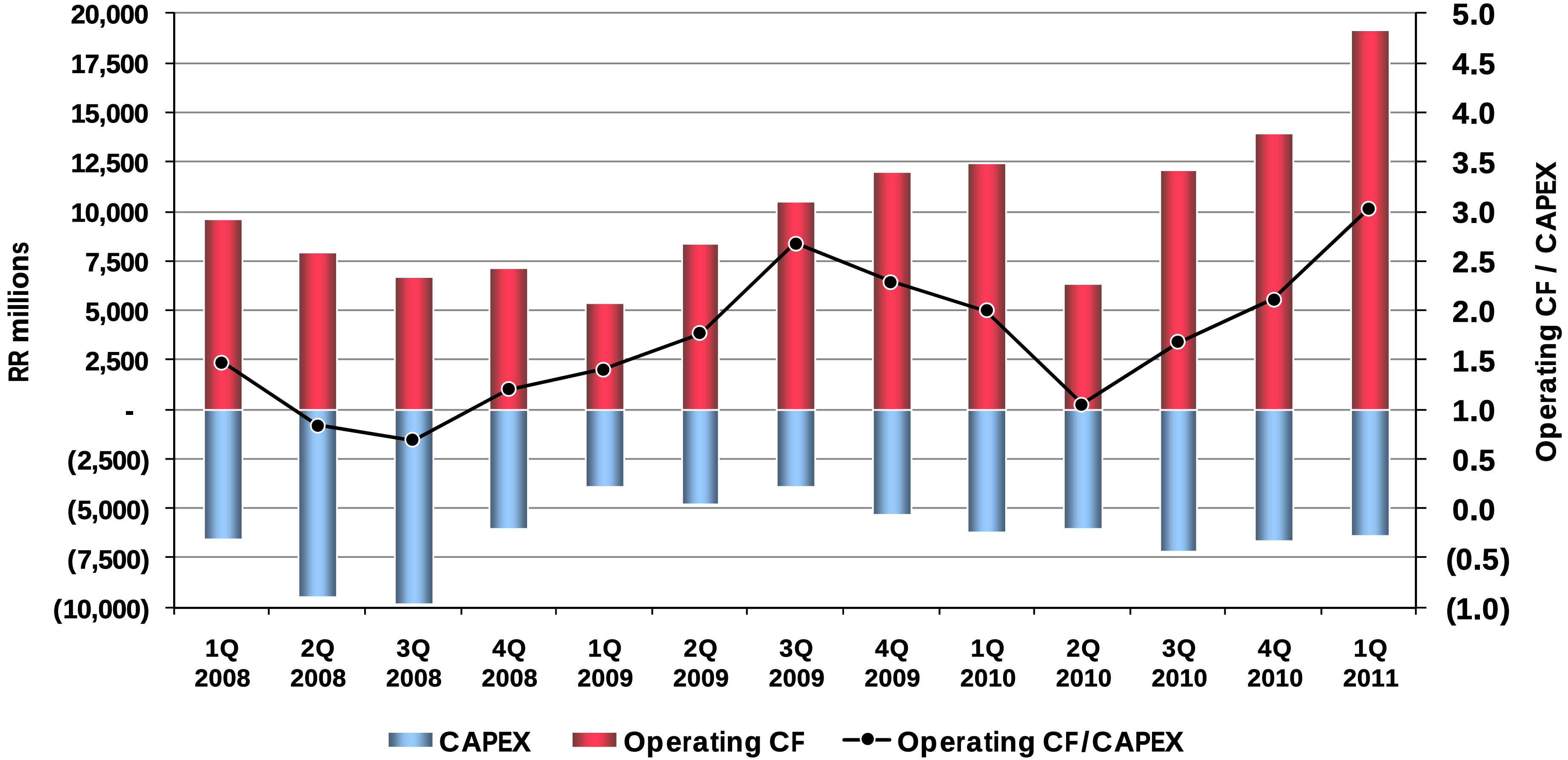
Internally funded investment program



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

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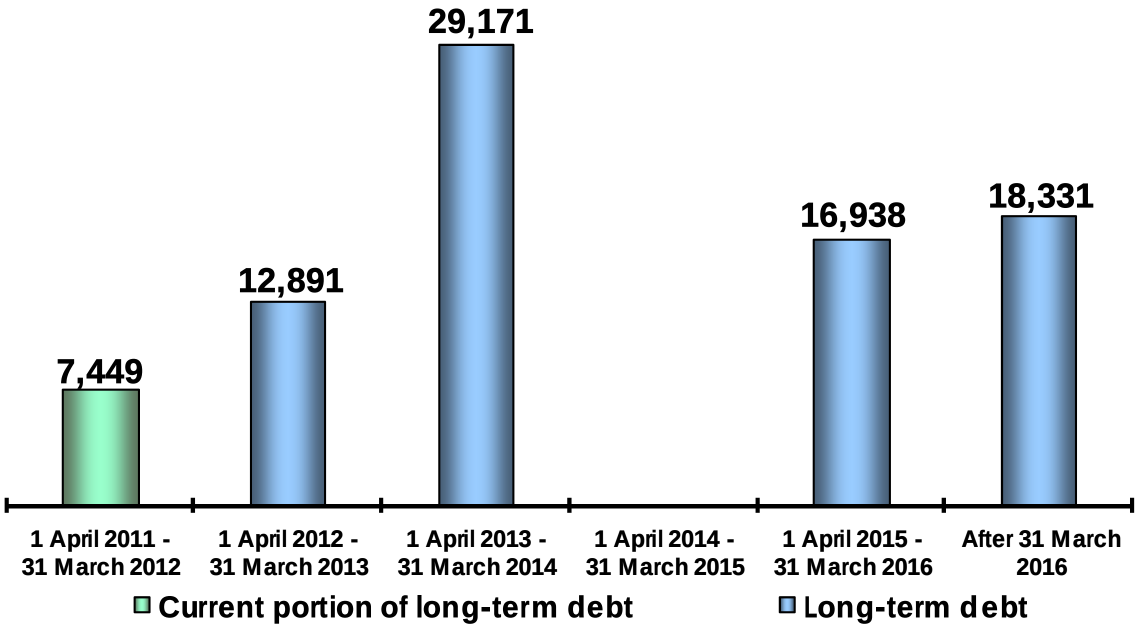
Total Debt Maturity Profile (RR million)



- ✓ In April 2011, the Group <u>fully</u> repaid RR 3,217 million (USD 114 million) of our Syndicated term loan facility as per maturity schedule
- ✓ In April 2011, we drew down a credit facility with Sumitomo Mitsui Banking Corporation Europe Limited in the amount of USD 300 million

<u>Debt repayment schedule:</u>

Up to 31 March 2012 – 1 tranche of the syndicated loan *(fully repaid in April 2011)* , Gazprombank credit line and UniCredit loan

Up to 31 March 2013 – Gazprombank, OAO Nordea Bank credit lines and UniCredit loan

Up to 31 March 2014 – RR denominated bonds, OAO Nordea Bank credit line and Sberbank loan

After 31 March 2014 – 2 tranches of Eurobonds

Note: Current debt maturity profile as of 31 March 2011 with repayments in the 12 months ended 31 March 2012, 2013, 2014, 2015, 2016 and after 31 March 2016

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Questions and Answers