NOVATEK

Third Quarter 2011
Operational and Financial Results
Conference Call


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Moscow, Russian Federation
15 November 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.

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Summary Results – 3Q 2011

- **Increase in revenues** driven by higher natural gas sales volumes and natural gas and liquids prices:
  - Natural gas sales increased Y-o-Y by 55.6%
  - Liquids sales increased Y-o-Y by 15.1%
- **End-customer sales volumes** amounted to 56.8% of total natural gas volumes sold
- **EBITDA** increased Y-o-Y by 35.3%
- **Cash flow from operations** increased Y-o-Y by 3.9%
- **Capital expenditures** related to exploration and production increased Y-o-Y by 7.1%
- **Natural gas production** *(including our share in production of our associate)* increased Y-o-Y by 58.6% due to a combination of increased production at our core producing fields and purchases from our associated company, Sibneftegas
- **Equity share of production** from associated companies amounted to 10.0% of total natural gas production volumes
- **Liquids production** increased Y-o-Y by 12.3% due primarily to the expansion of unstable gas condensate production capacity at our Yurkharovskoye field resulting from the launch of the third stage of the field's second phase development in October 2010
- **Purovsky Plant output** increased Y-o-Y by 14.4%

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Operational Overview

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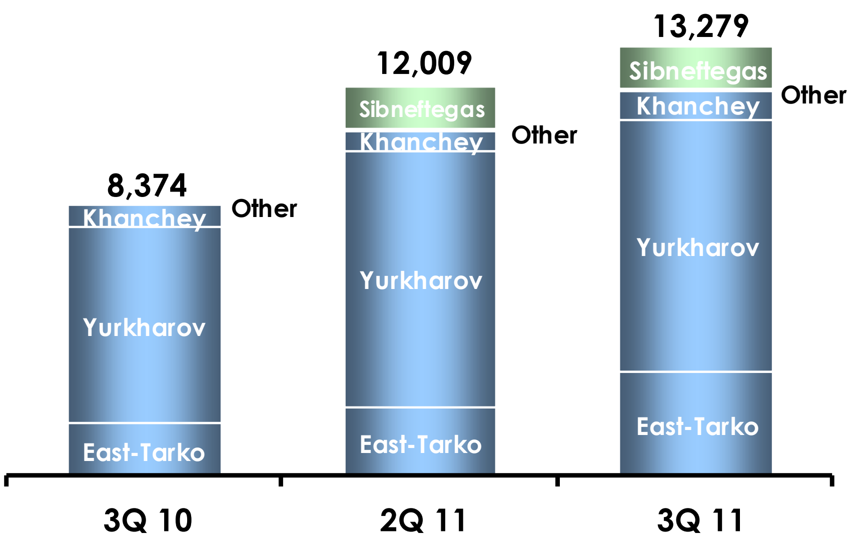
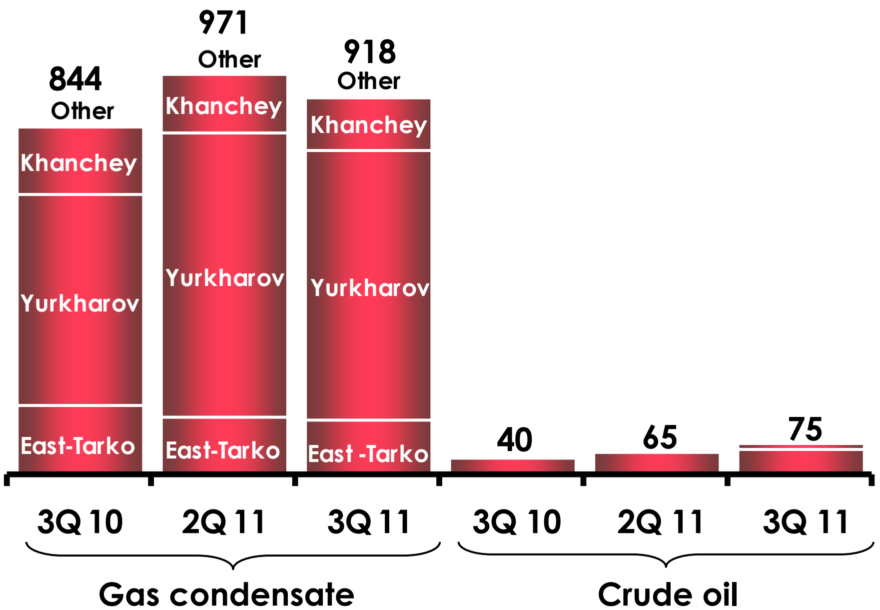
Hydrocarbon Production

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
- Utilization of more production capacity at East-Tarko and Khanchey
- The receipt of 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 at Khanchey and East-Tarko as a result of natural declines in the concentration of gas condensate

Liquids production decreased Q-o-Q by 4.2% due to planned maintenance work at Yurkharov in July and August 2011

Note: 3Q10 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: 929 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 272 mt (100% of net production)
  - Yurkharovskoye field: 650 mt (100% of net production)
  - Other : 7 mt
- **Total plant output: 921 mt**
  - Stable gas condensate: 709 mt
  - LPG: 209 mt
  - Methanol: ~ 3 mt
- **Plant capacity:** approximately 74%
- **718 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Europe ~ 119 mt
  - to Asian-Pacific Region ~ 420 mt
  - to the USA ~ 179 mt
- **Stable gas condensate inventory reconciliation**
  - Tankers in transit ~ 181 mt
  - Rail road cisterns and port storage facilities ~ 120 mt
  - Purovsky Plant storage facilities ~ 24 mt
- **Export volumes of LPG: ~ 54% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit" 30.09.2010 ~ 60 thousand tons	"Goods in transit" 30.06.2011 ~ 120 thousand tons	"Goods in transit" 30.09.2011 ~ 181 thousand tons
60 mt USA	61 mt USA; 59 mt Thailand	60 mt USA; 60 mt Thailand; 61 mt South Korea

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Financial Overview – 3Q 11 vs. 3Q 10

Comparison of Quarterly Results (RR million)

	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	28,786	34,089	44,793	40,501	39,835	-1.6%	38.4%
Total revenues	29,441	34,135	44,861	40,576	39,980	-1.5%	35.8%
Operating expenses	17,587	19,267	23,421	22,439	22,881	2.0%	30.1%
EBITDA (1)	14,017	16,604	23,104	19,844	18,961	-4.4%	35.3%
EBITDA margin	47.6%	48.6%	51.5%	48.9%	47.4%		
Effective income tax rate	19.4%	22.5%	20.3%	20.1%	20.1%		
Profit attributable to NOVATEK	10,105	12,107	18,853	14,421	8,406	-41.7%	-16.8%
Net profit margin	34.3%	35.5%	42.0%	35.5%	21.0%		
Earnings per share	3.33	4.00	6.22	4.75	2.77	-41.7%	-16.8%
Earnings per share adj. (2)	3.14	3.84	5.40	4.50	4.85	7.8%	54.5%
CAPEX	7,174	6,628	6,342	7,611	7,527	-1.1%	4.9%
Net debt (3)	21,547	61,988	69,388	75,109	78,903	5.1%	266.2%

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of net impairment expense, 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. Adjusted earnings per share represents earnings per share excluding effects of foreign exchange gain (loss)
3. Net debt is calculated as long-term debt plus short-term debt less cash and cash equivalents

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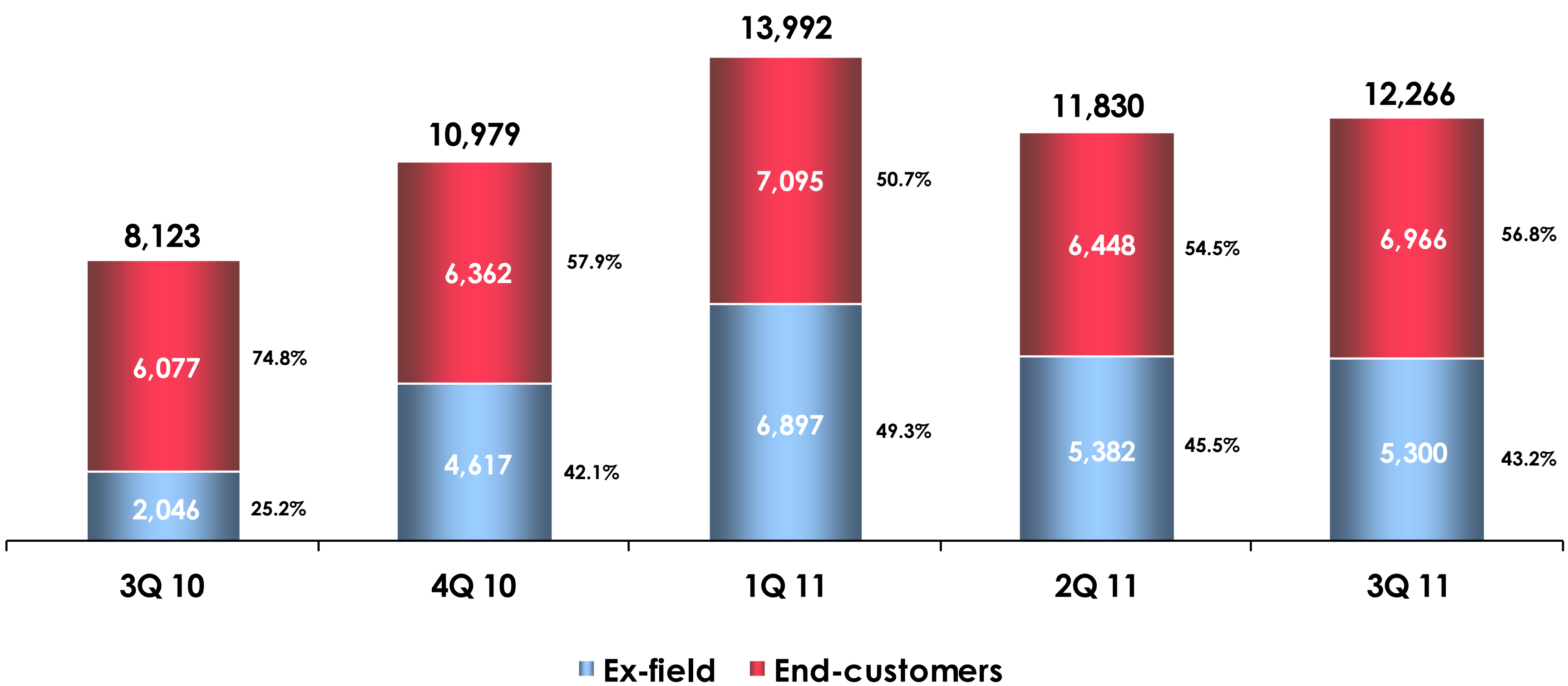
Market Distribution – Gas Sales Volumes (mmcm)



- Ex-field sales volumes as a % of total natural gas sales volumes increased Y-o-Y due to an increase in contracted volumes to our largest gas trader and the commencement from January 2011 of natural gas deliveries to ITERA under a long-term contract signed in April 2010
- Y-o-Y increase in natural gas sales volumes was due to a 42.7% increase in production and the purchase of our pro rata equity share in Sibneftegas' production starting from January 2011

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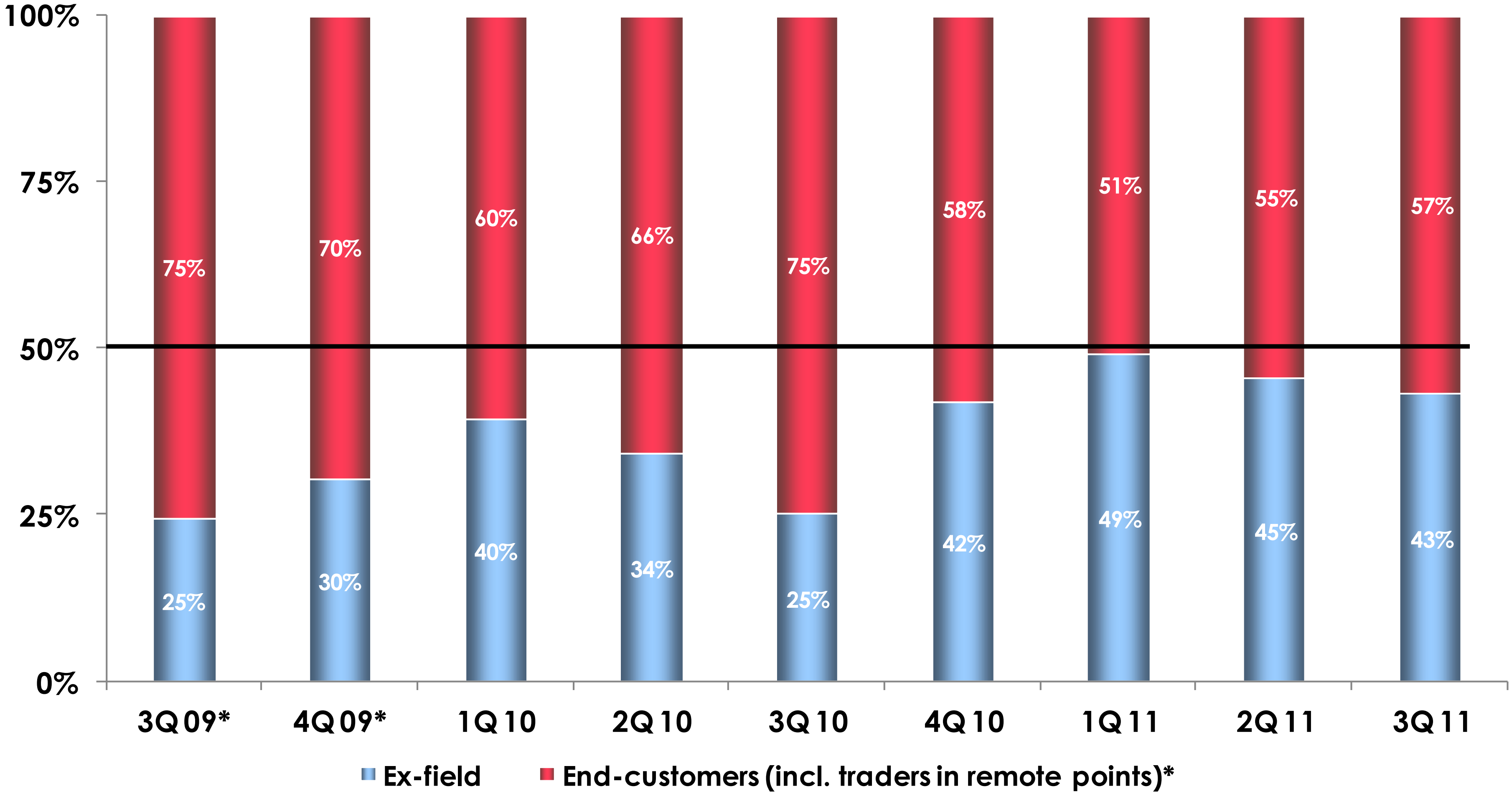
Natural Gas Sales Volume Mix



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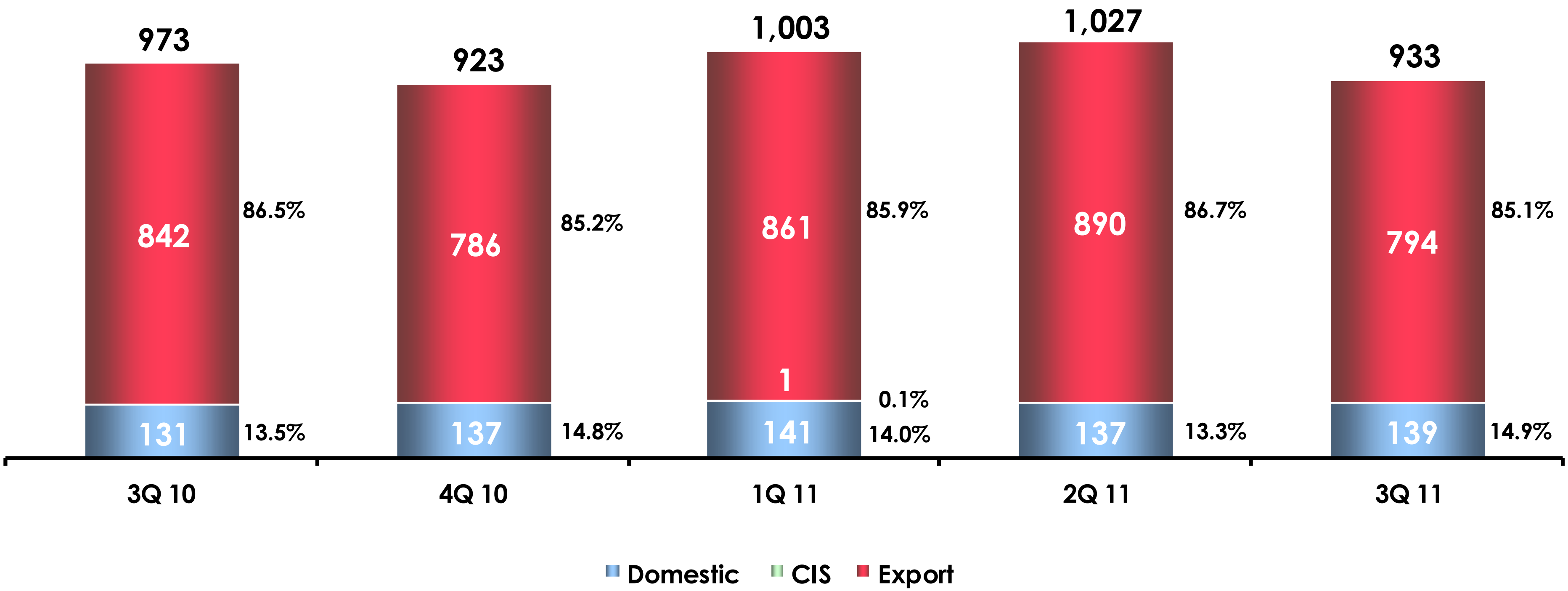
Market Distribution – Liquids Sales Volumes (mt)



- Y-o-Y decrease in liquids sales volumes was mainly due to an increase in our stable gas condensate inventory balance during 3Q 11 compared to a decrease during 3Q 10 which was offset by a 12.3% increase in liquids production
- Q-o-Q decrease in liquids sales volumes was mainly due to a 4.2% decrease in our liquids production (due to planned maintenance at the Yurkharovskoye field in July and August 2011) and an increase in our stable gas condensate inventory balance during 3Q 11

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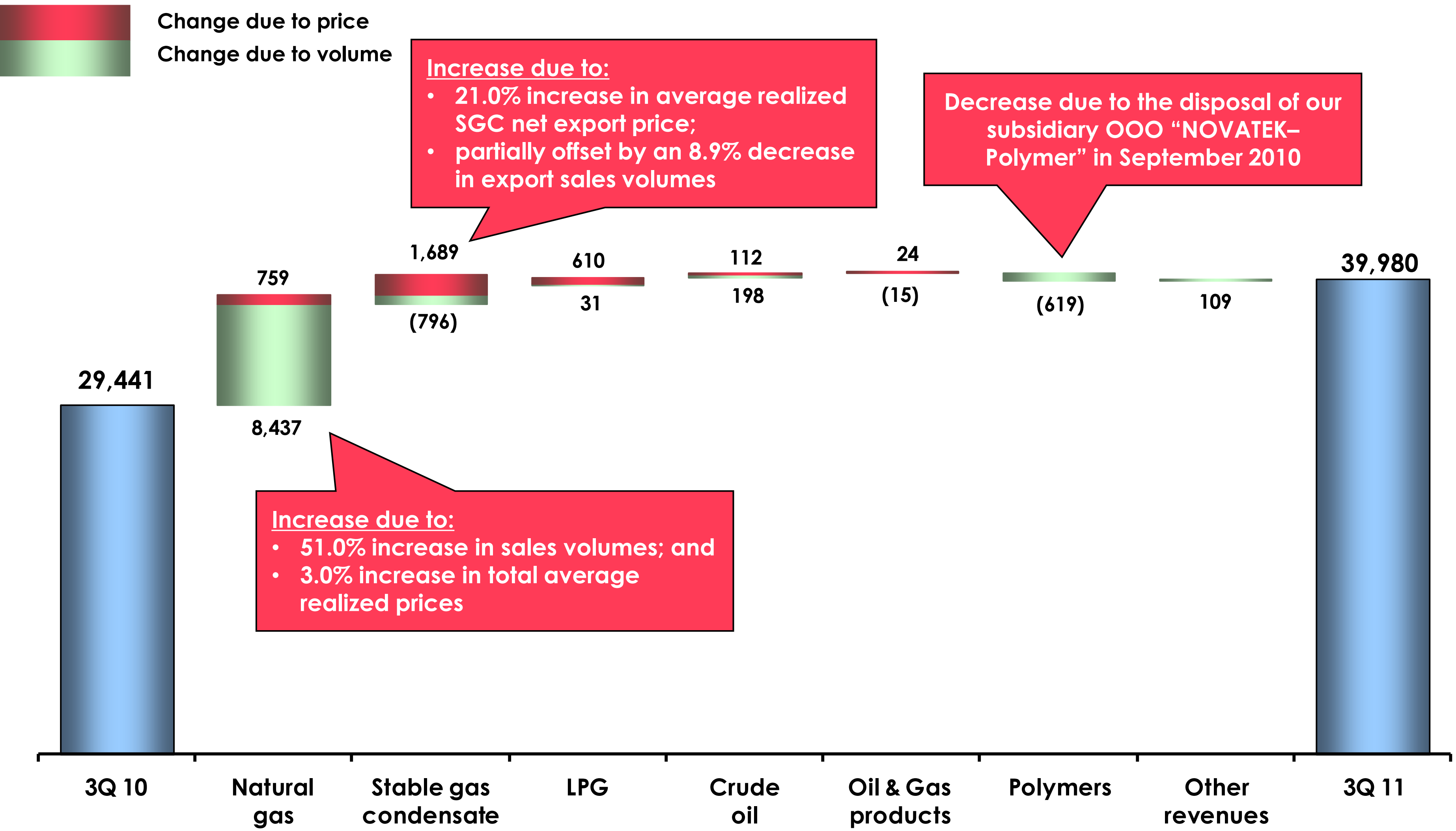
Total Revenues (RR million)



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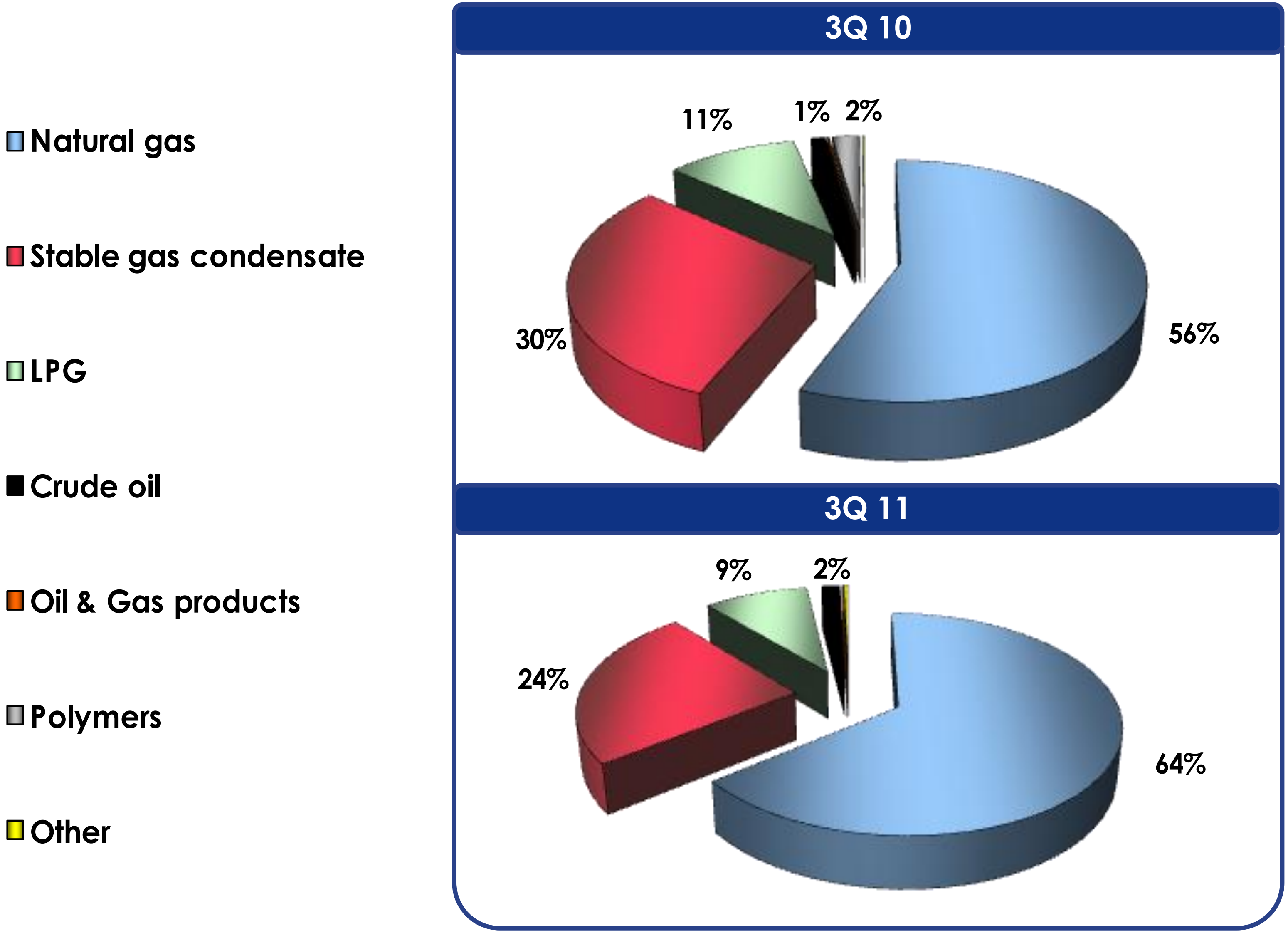
Total Revenues Breakdown



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Realized Hydrocarbon Prices (net of VAT and export duties)

3Q 10	3Q 11	+/(-)	+/(-)%		2Q 11	3Q 11	+/(-)	+/(-)%
				Domestic prices				
2,309	2,637	328	14.2%	**Natural gas end-customers, RR/mcm**	2,615	2,637	22	0.8%
1,225	1,390	165	13.5%	**Natural gas ex-field, RR/mcm**	1,387	1,390	3	0.2%
10,633	-	n/a	n/a	**Stable gas condensate, RR/ton**	13,818	-	n/a	n/a
11,409	14,668	3,259	28.6%	**LPG (commercial price), RR/ton**	12,439	14,668	2,229	17.9%
6,613	7,605	992	15.0%	**LPG (regulated price), RR/ton**	7,605	7,605	-	0.0%
7,480	9,046	1,566	20.9%	**Crude oil, RR/ton**	9,822	9,046	(776)	-7.9%
4,125	-	n/a	n/a	**Oil products, RR/ton**	-	-	n/a	n/a
				CIS market				
17,351	-	n/a	n/a	**LPG, RR/ton**	-	-	n/a	n/a
				Export market				
12,249	14,817	2,568	21.0%	**Stable gas condensate, RR/ton**	15,708	14,817	(891)	-5.7%
18,683	21,148	2,465	13.2%	**LPG, RR/ton**	21,965	21,148	(817)	-3.7%
8,623	10,707	2,084	24.2%	**Crude oil, RR/ton**	10,321	10,707	386	3.7%

Note: Prices are shown excluding trading activities

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

3Q 10	% of TR	3Q 11	% of TR		2Q 11	% of TR	3Q 11	% of TR
9,761	33.2%	11,755	29.4%	Transportation expenses	11,053	27.2%	11,755	29.4%
2,334	7.9%	4,443	11.1%	Taxes other than income tax	4,046	10.0%	4,443	11.1%
12,095	41.1%	16,198	40.5%	**Non-controllable expenses**	15,099	37.2%	16,198	40.5%
1,783	6.1%	2,291	5.7%	Depreciation and amortization	1,987	4.9%	2,291	5.7%
1,656	5.6%	1,760	4.4%	General and administrative	2,117	5.2%	1,760	4.4%
1,641	5.6%	1,572	3.9%	Materials, services & other	1,540	3.8%	1,572	3.9%
144	0.5%	640	1.6%	Exploration expenses	273	0.7%	640	1.6%
154	0.5%	51	n/m	Net impairment expense	619	1.5%	51	n/m
47	n/m	(569)	n/m	Change in natural gas, liquids, and polymer products and WIP	(128)	n/m	(569)	n/m
17,520	59.5%	21,943	54.9%	**Subtotal operating expenses**	21,507	53.0%	21,943	54.9%
67	n/m	938	2.3%	Purchases of natural gas and liquid hydrocarbons	932	2.3%	938	2.3%
17,587	59.7%	22,881	57.2%	**Total operating expenses**	22,439	55.3%	22,881	57.2%

- **Transportation expenses increased Y-o-Y primarily due to a 14.6% increase in natural gas volumes transported and sold, as well as an increase in average transportation tariffs for natural gas and liquids**
- **Taxes other than income tax increased Y-o-Y primarily due to a 61.2% increase in the natural gas production tax rate, effective 1 January 2011, and an increase in production volumes**
- **Depreciation, depletion and amortization expense increased Y-o-Y by 28.5% as a result of an increase in our depletable cost base, as well as a 39.1% increase in our total hydrocarbon production in barrels of oil equivalent (boe)**
- **General and administrative expenses increased Y-o-Y primarily due to an increase in charitable contributions and social programs and legal, audit and consulting services**
- **Purchases of natural gas and liquid hydrocarbons increased Y-o-Y primarily due to the purchases of our pro rata equity share of natural gas produced by our associated company Sibneftegas**

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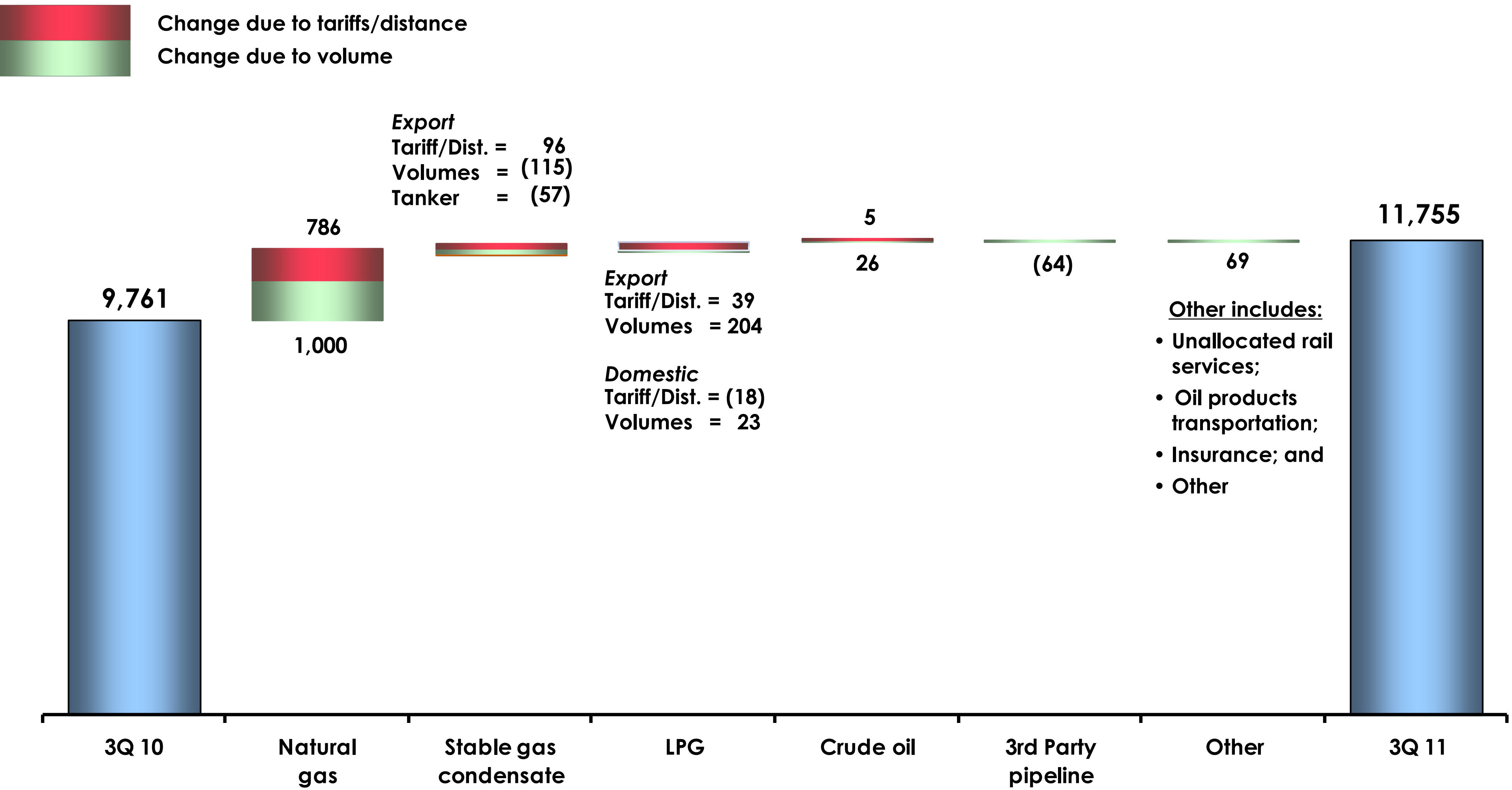
Transportation Expenses (RR million)



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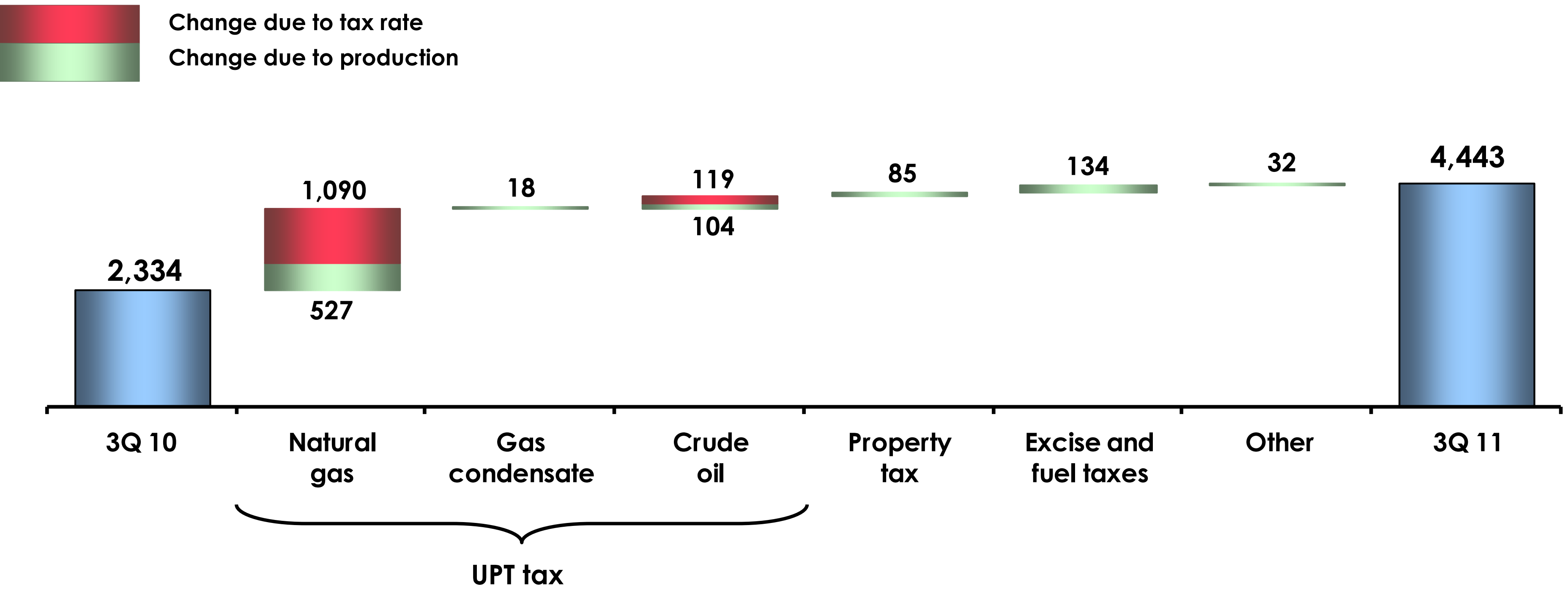
Taxes Other Than Income Tax Expense (RR million)



- 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) and an increase in our natural gas production volumes
- Our excise and fuel taxes expense in respect of LPG export sales through our subsidiary Novatek Polska increased by RR 134 million due to an increase in our LPG export sales through Novatek Polska. The excise and fuel taxes are payable when LPG enters Polish territory
- Property tax expense increased by RR 85 million, or 24.3%, primarily due to additions of PP&E at our production subsidiaries

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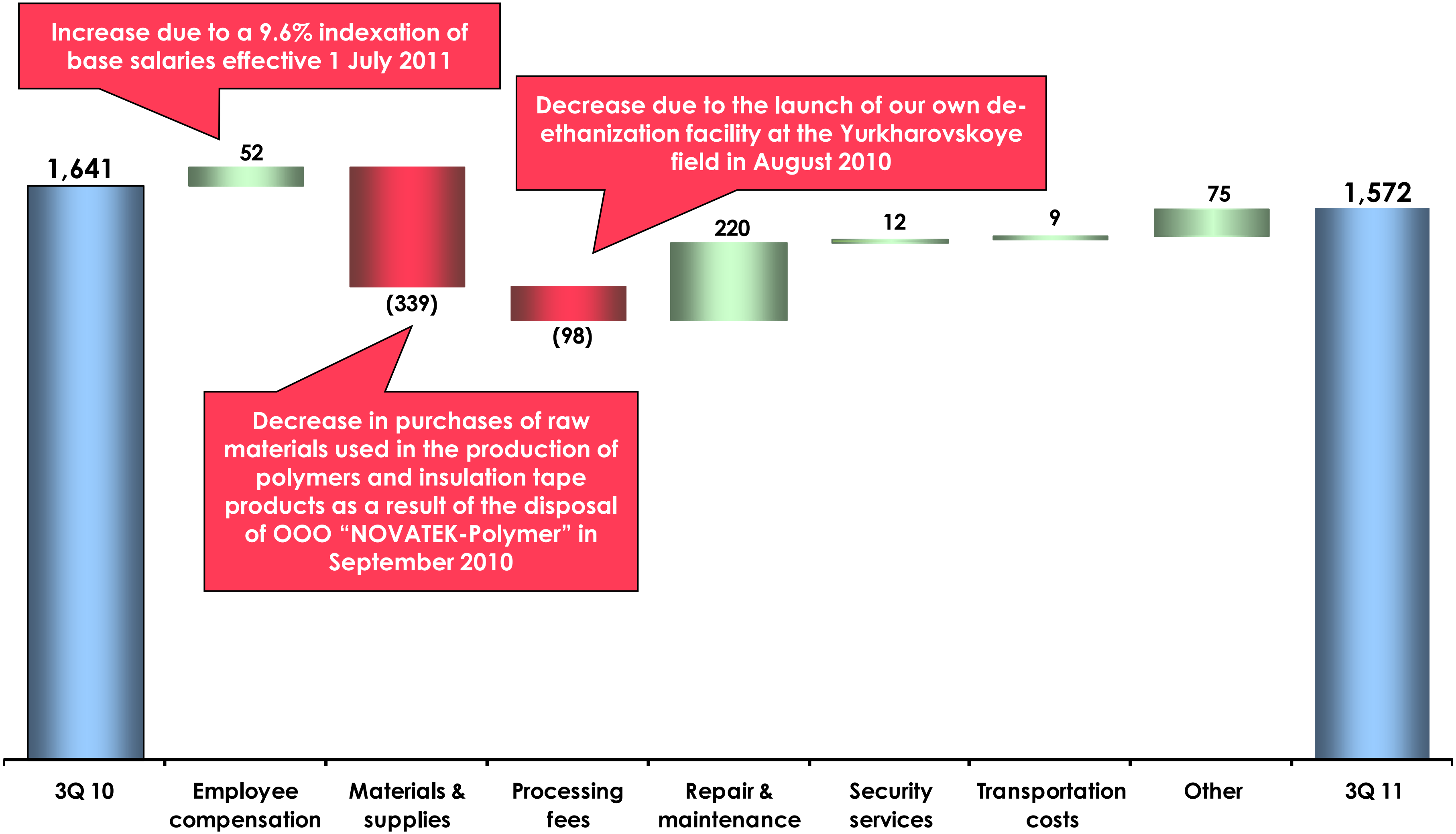
Materials, Services and Other Expenses (RR million)



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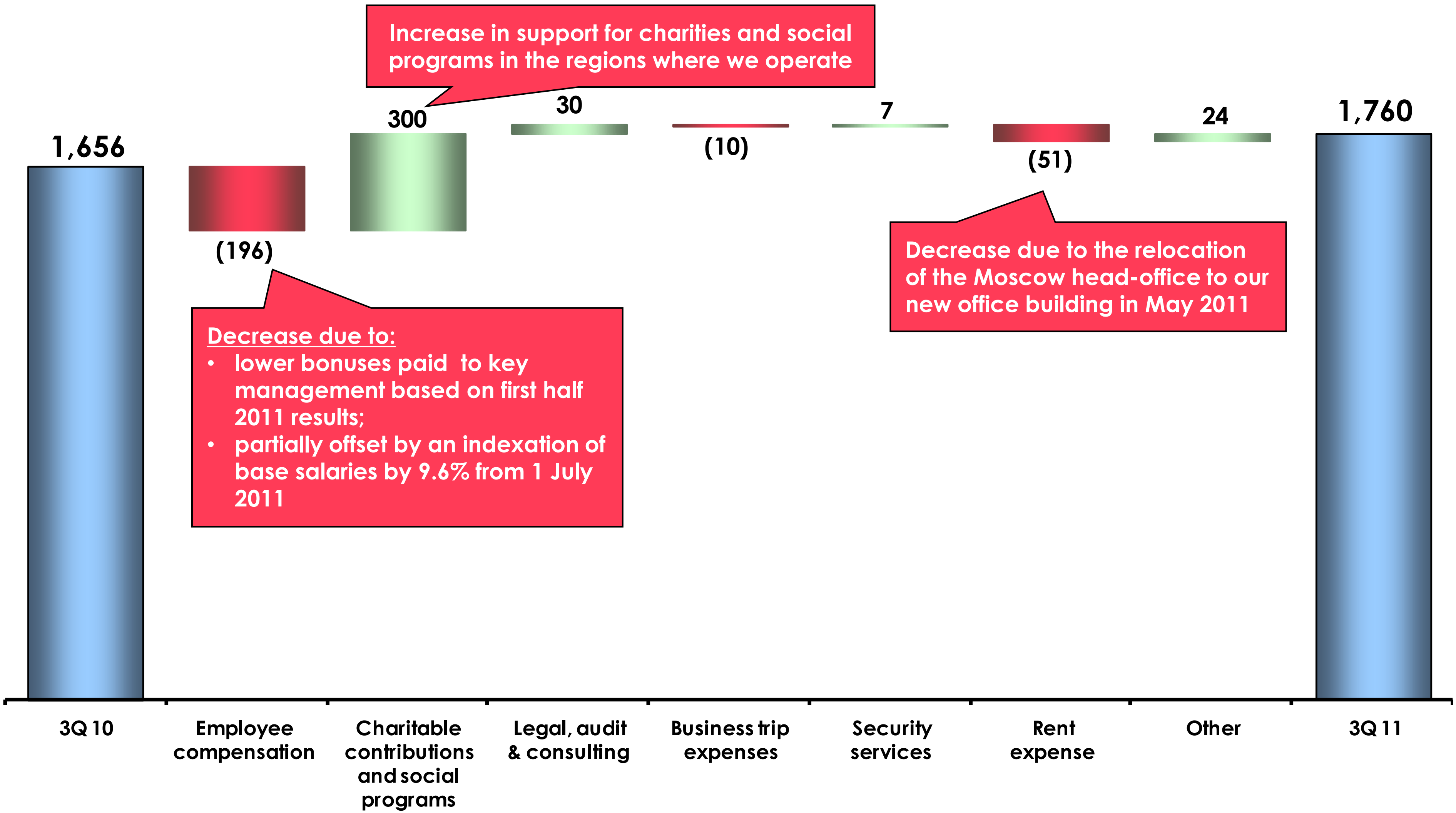
General and Administrative Expenses (RR million)



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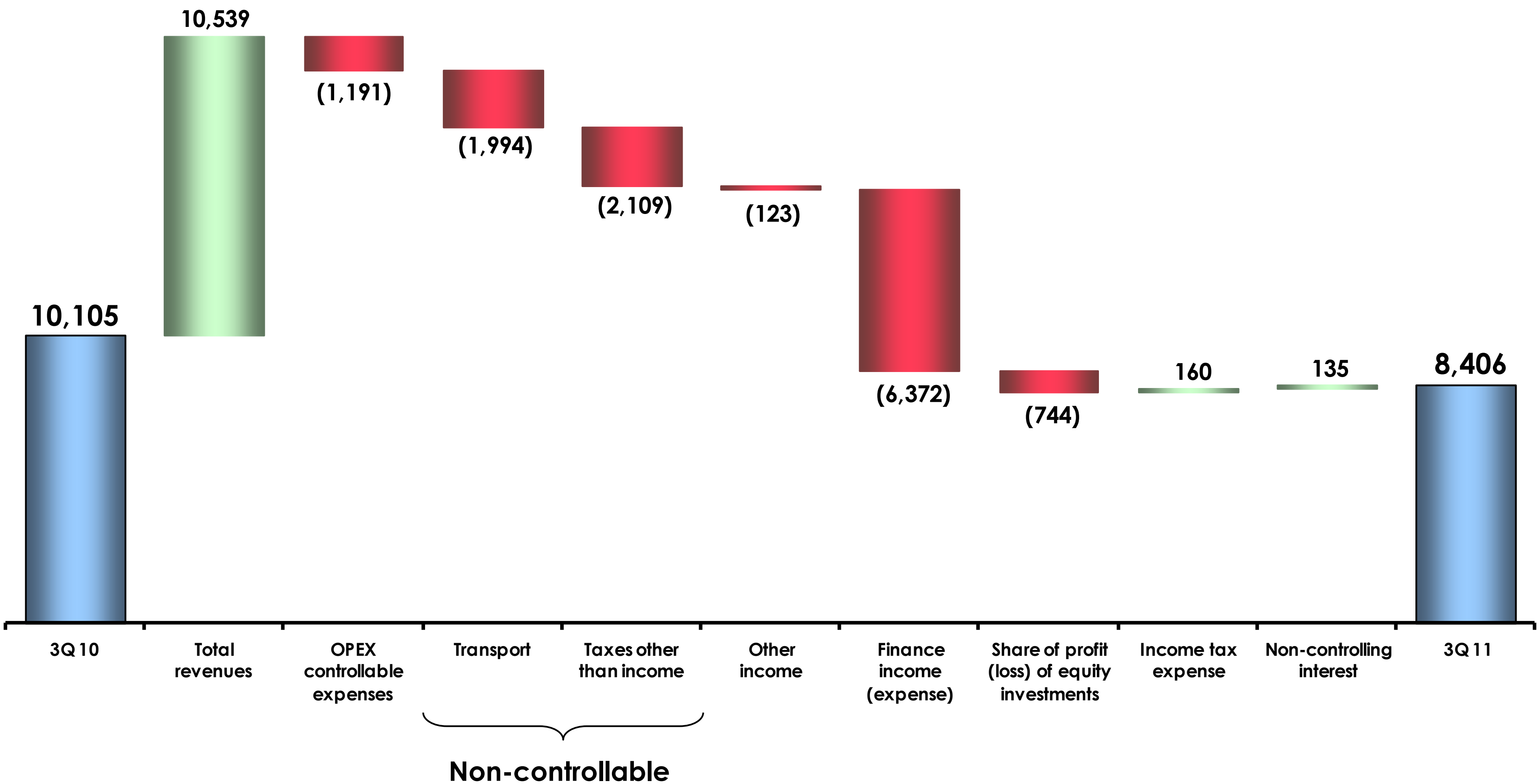
Profit Attributable to NOVATEK Shareholders (RR million)



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Financial Overview – 3Q 11 vs. 2Q 11

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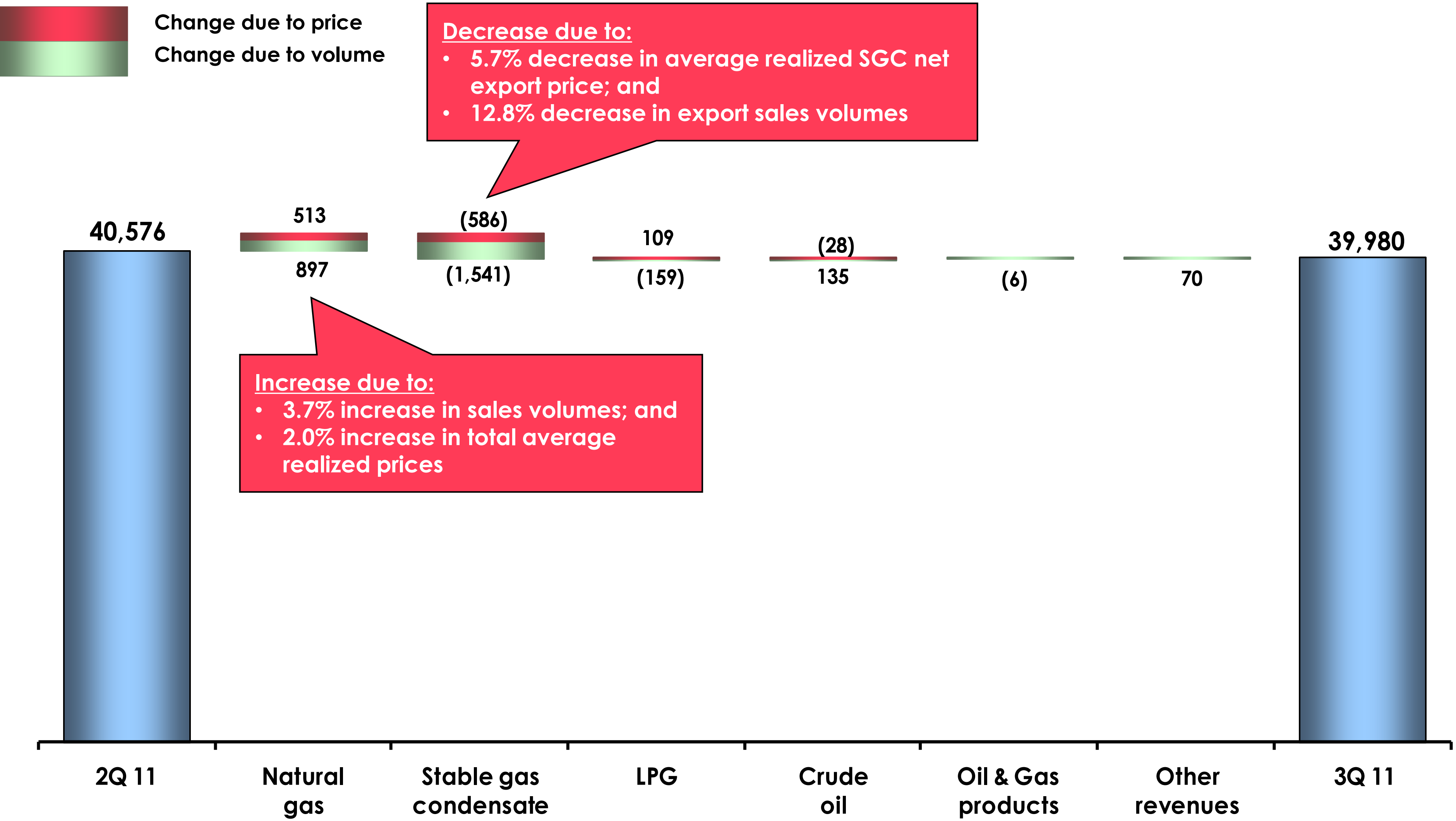
Total Revenues (RR million)



Decrease due to:

- 5.7% decrease in average realized SGC net export price; and
- 12.8% decrease in export sales volumes

Increase due to:

- 3.7% increase in sales volumes; and
- 2.0% increase in total average realized prices

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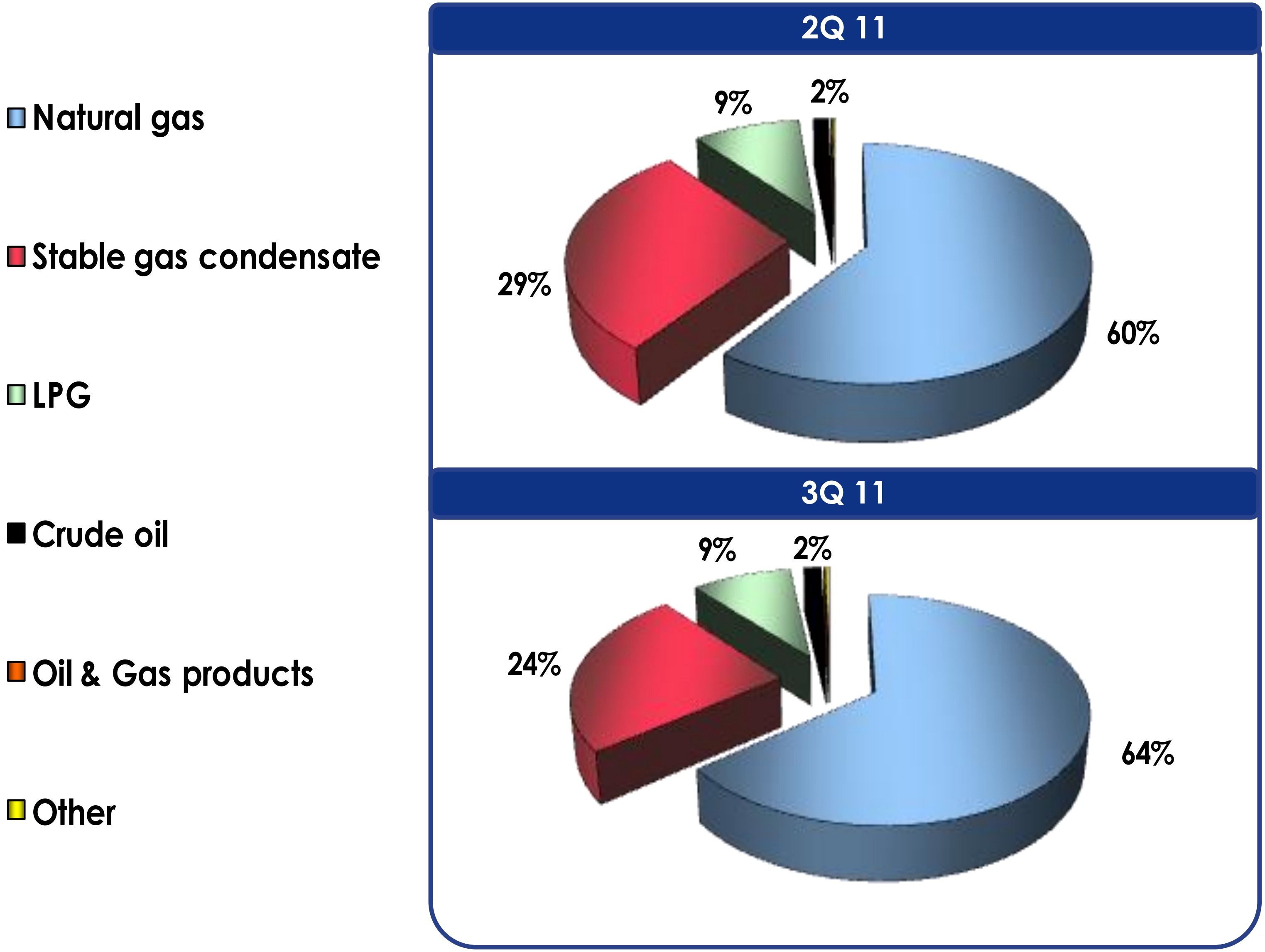
Total Revenues Breakdown



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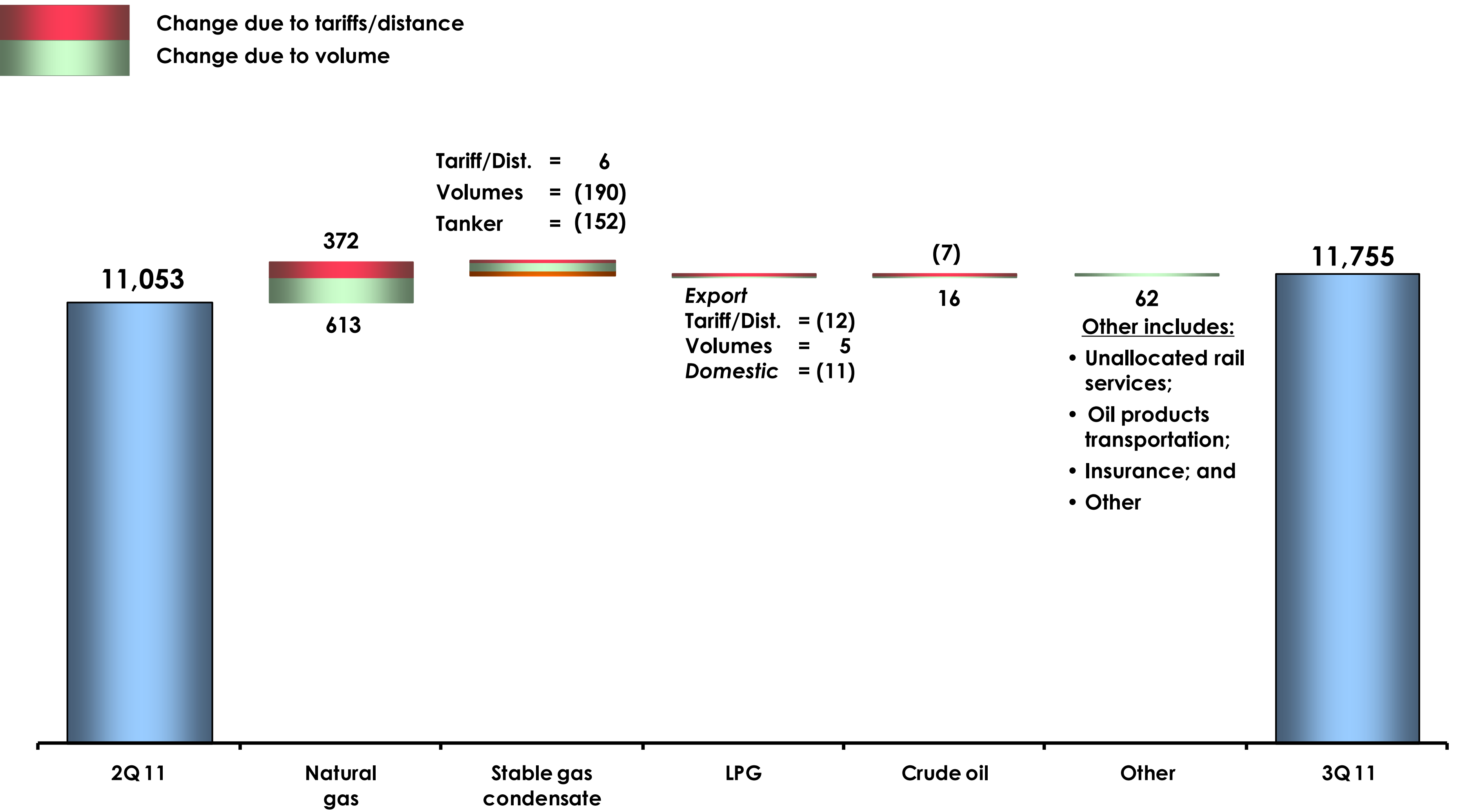
Transportation Expenses (RR million)



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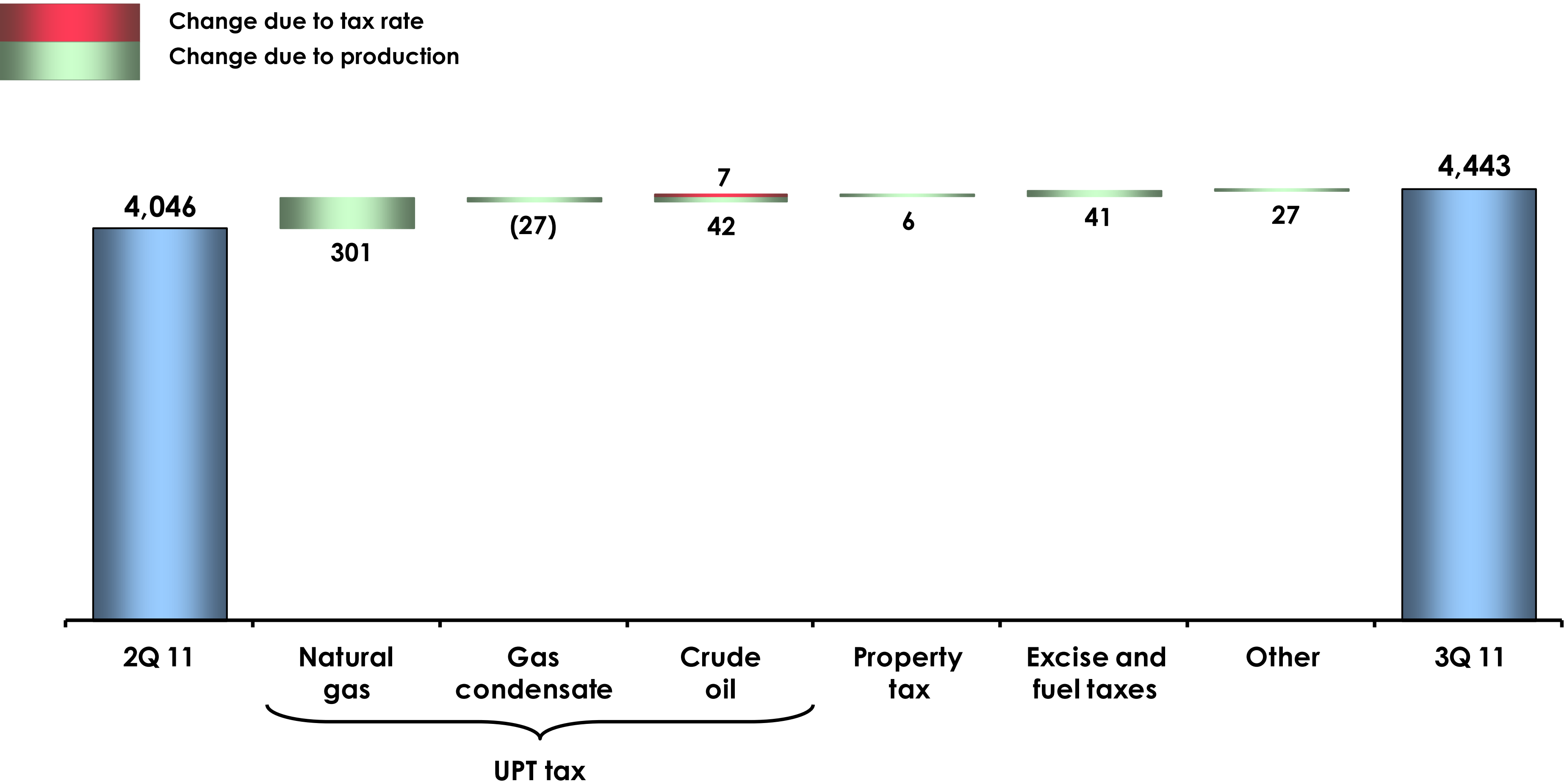
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas was primarily due to an 11.7% increase in natural gas production

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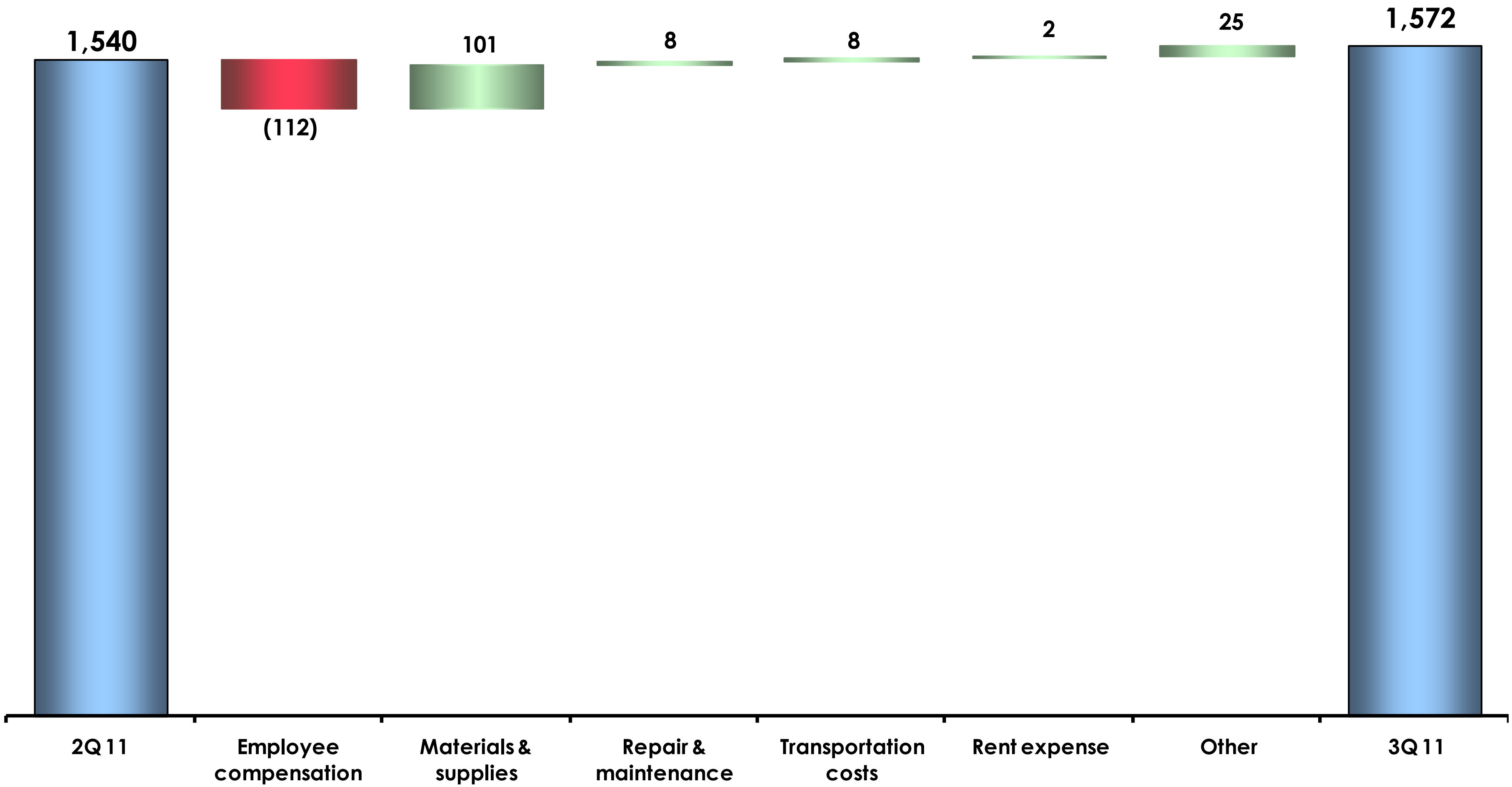
Materials, Services and Other Expenses (RR million)



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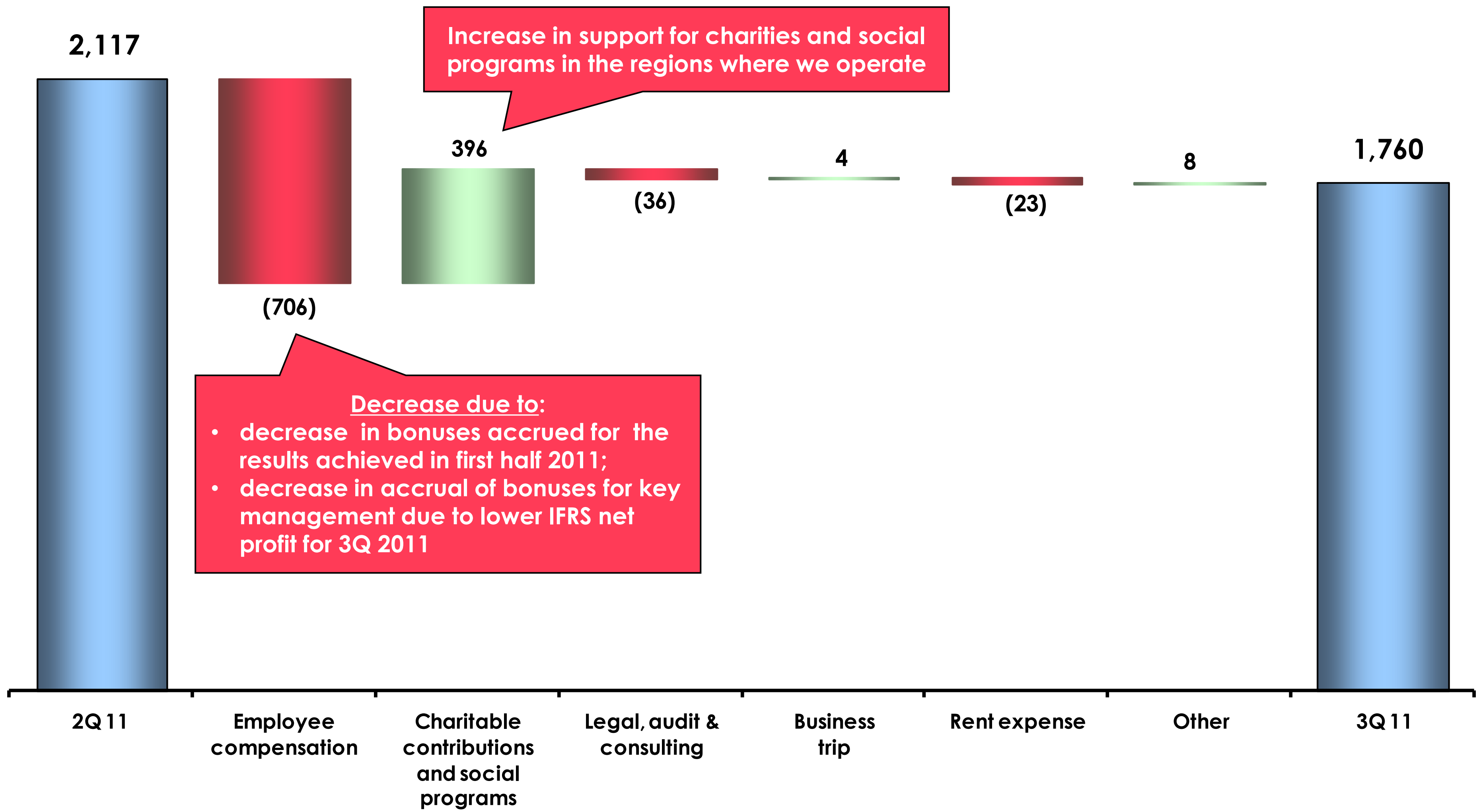
General and Administrative Expenses (RR million)



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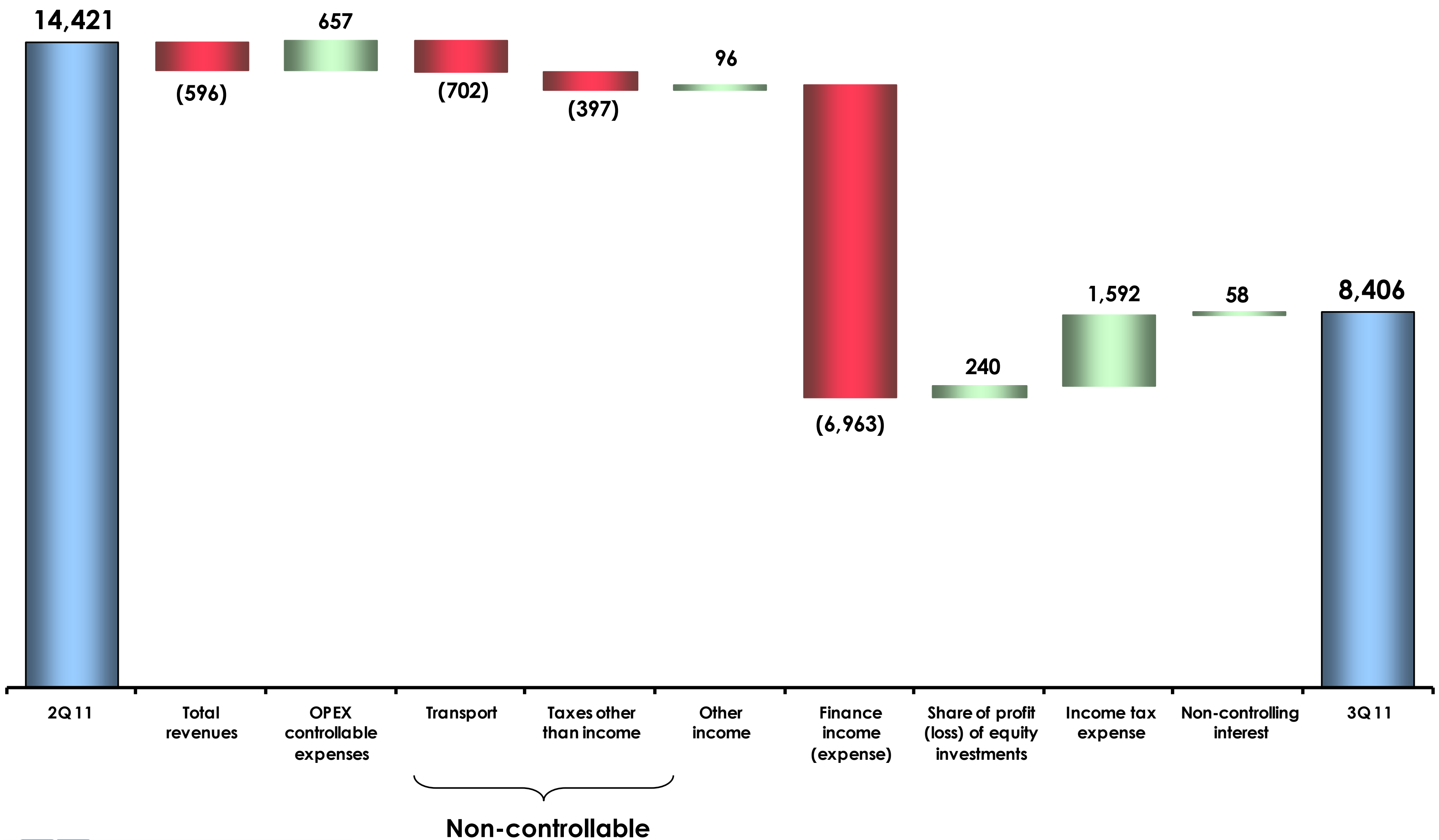
Profit Attributable to NOVATEK Shareholders (RR million)



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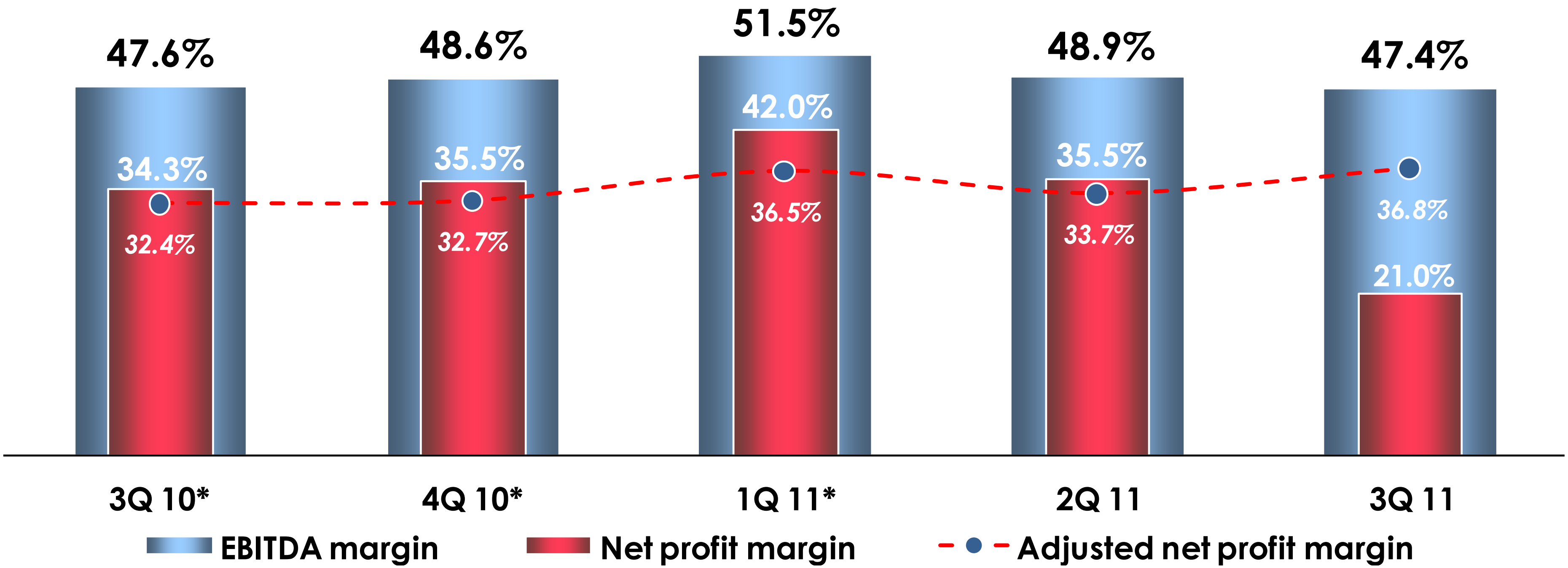
Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

Note*: EBITDA margin in the 2010 periods and in 1Q 11 differs from previously reported due to the change in EBITDA calculation methodology

EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of net impairment expense, 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

Adjusted net profit margin is net profit, excluding the effects of foreign exchange gain (loss), divided by total revenues

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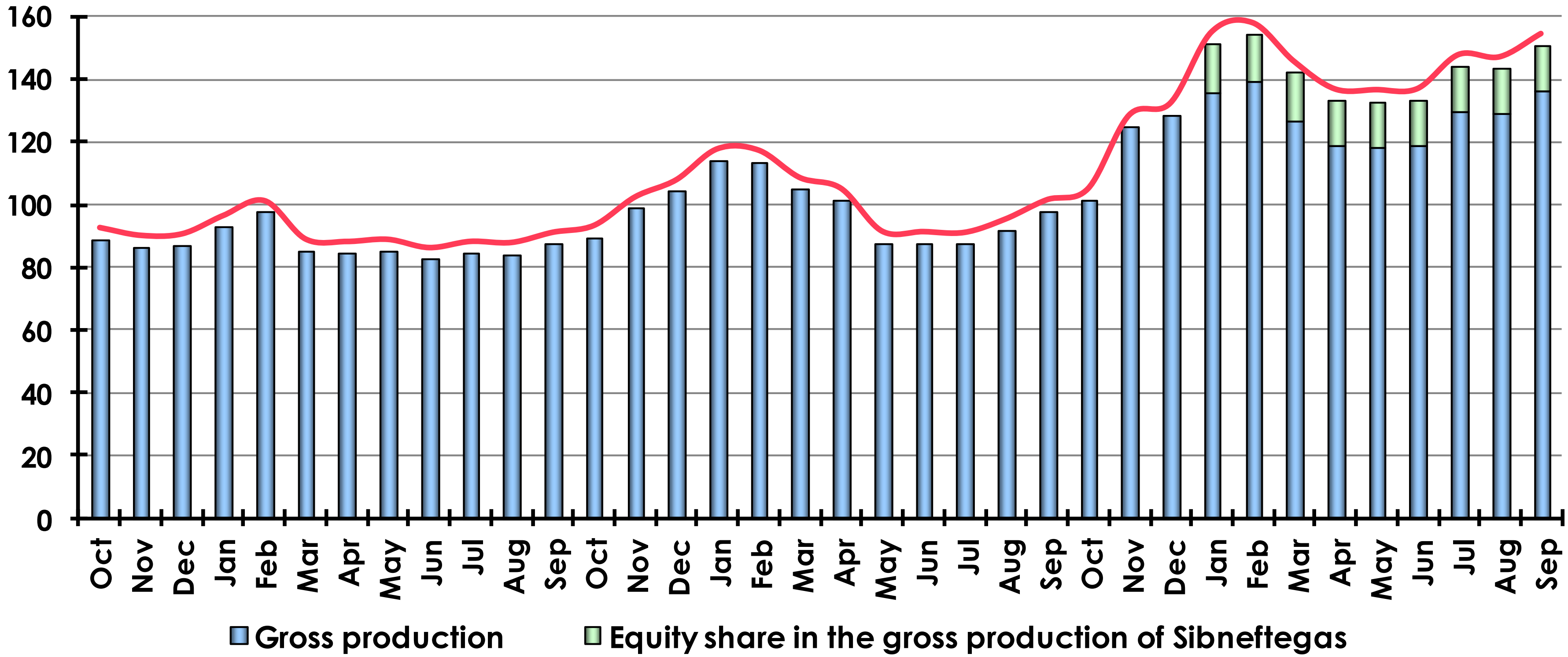
Increasing Natural Gas Production (mmcm per day)



2008	2009	2010	2011
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	3Q 11 Avg. 146 mmcm/day 5,164 bcf/day
			9M 11 Avg. 143 mmcm/day 5,046 bcf/day

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Condensed Balance Sheet (RR million)

	30 September 2011	31 December 2010	+/(-)	+/(-)%
Total current assets	**50,172**	**29,565**	**20,607**	**69.7%**
Incl. Cash and cash equivalents	*16,892*	*10,238*	*6,654*	*65.0%*
Total non-current assets	**271,940**	**255,608**	**16,332**	**6.4%**
Incl. Net PP&E	*205,802*	*185,573*	*20,229*	*10.9%*
Total assets	**322,112**	**285,173**	**36,939**	**13.0%**
Total current liabilities	**57,194**	**57,441**	**(247)**	**-0.4%**
Incl. ST debt and curr. portion of LT debt	*17,063*	*25,152*	*(8,089)*	*-32.2%*
Total non-current liabilities	**94,249**	**59,946**	**34,303**	**57.2%**
Incl. Deferred income tax liability	*11,863*	*9,473*	*2,390*	*25.2%*
Incl. LT debt	*78,732*	*47,074*	*31,658*	*67.3%*
Total liabilities	**151,443**	**117,387**	**34,056**	**29.0%**
Total equity	**170,669**	**167,786**	**2,883**	**1.7%**
Total liabilities & equity	**322,112**	**285,173**	**36,939**	**13.0%**

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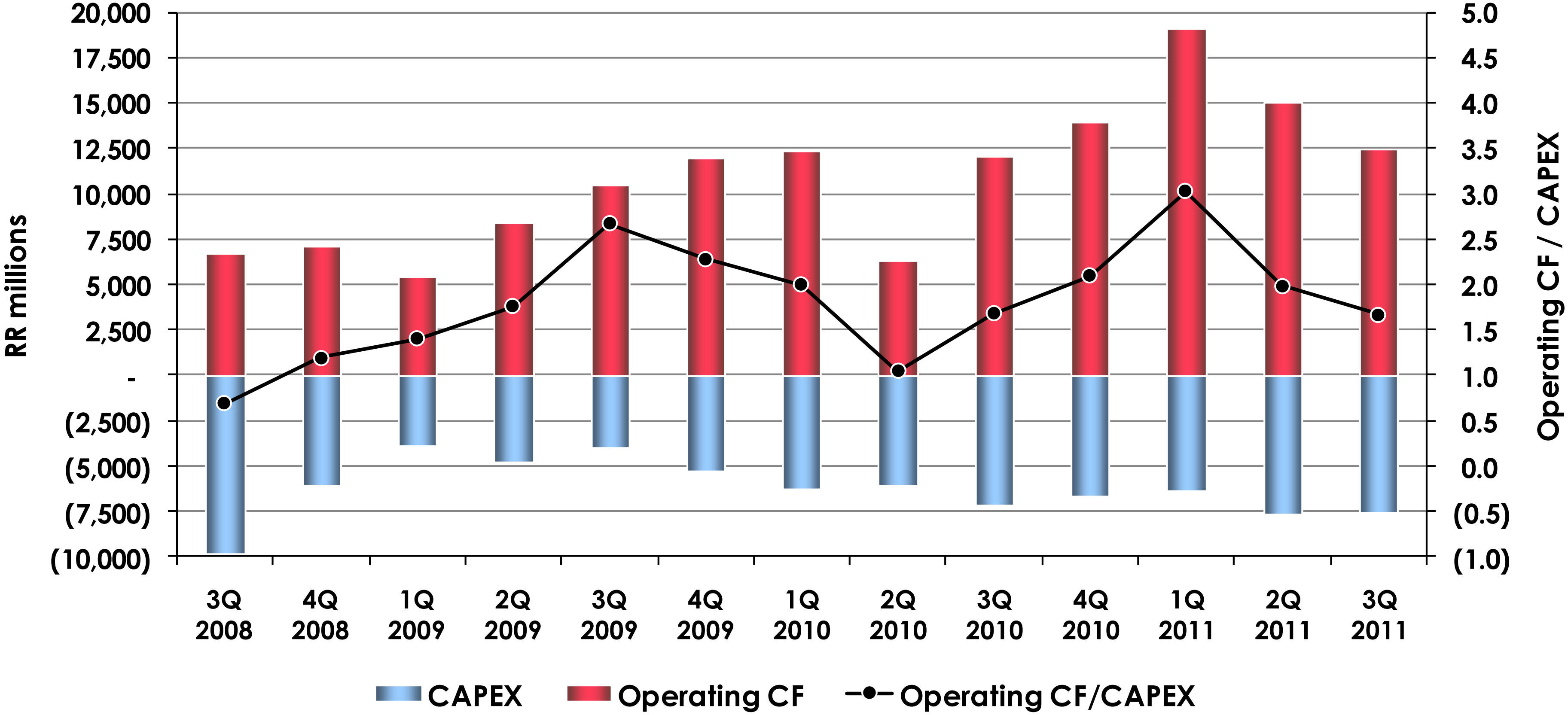
Internally Funded Investment Program



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

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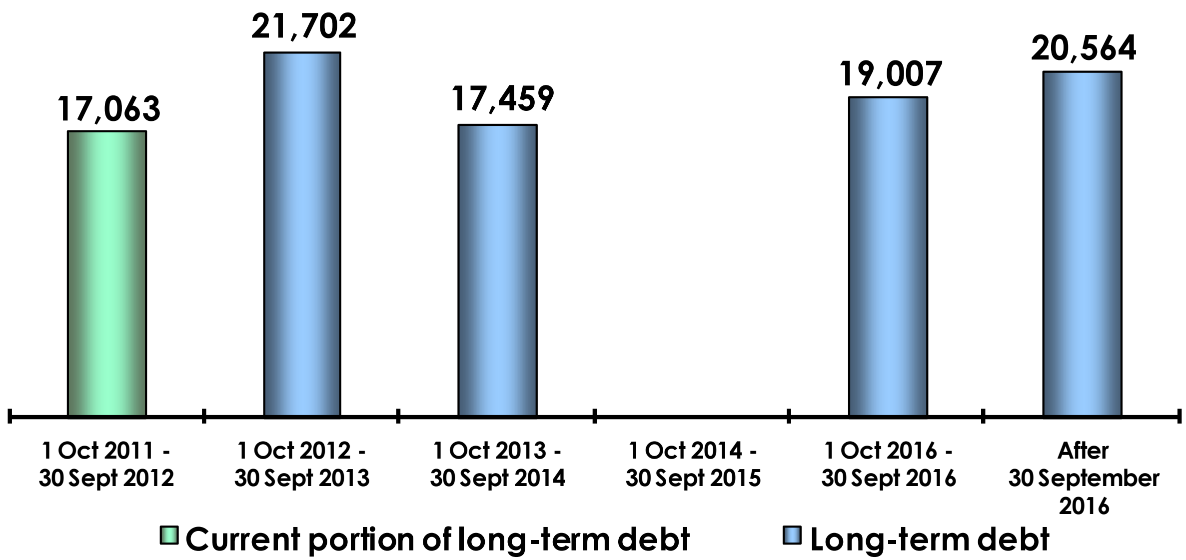
Total Debt Maturity Profile (RR million)



The Group has available funds:

- ✓ Credit Agricole Corporate and Investment Bank - USD 100 million until June 2012
- ✓ ZAO "UniCredit Bank" - USD 150 million until August 2012
- ✓ ZAO "BNP PARIBAS Bank" - USD 100 million until September 2012
- ✓ Short-term credit lines in the form of bank overdrafts – USD 195 million

Debt repayment schedule:

Up to 30 September 2013 - RR denominated bonds, Unicredit loan, Sumitomo Mitsui Banking Corporation Europe Limited, Gazprombank credit lines, OAO Nordea Bank credit lines

Up to 30 September 2014 – Sberbank loan, Sumitomo Mitsui Banking Corporation Europe Limited and OAO Nordea Bank credit lines

Up to 30 September 2016 – 1 tranches of Eurobonds Five-Year

After 30 September 2016 – 1 tranches of Eurobonds Ten-Year

Note: Current debt maturity profile as of 30 September 2011 with repayments in the 12 months ended 30 September 2012, 2013, 2014, 2015, 2016 and after 30 September 2016

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Questions and Answers