NOVATEK

Third Quarter 2012
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
13 November 2012

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 Highlights – 3Q 2012

- **Increase in revenues** driven by higher natural gas and liquids sales prices and volumes:
  - Natural gas sales increased Y-o-Y by 33.4% and Q-o-Q by 17.3%
  - Liquids sales increased Y-o-Y by 28.9% and Q-o-Q by 16.1%
- **EBITDA increased** Y-o-Y by 33.8% and Q-o-Q by 23.7%
- **Capital expenditures increased** Y-o-Y by 52.5% to RR 11,480 million in accordance with our announced capital plans
- **Natural gas production decreased** Y-o-Y by 2.9% due to a transfer of natural gas injection into the UGSF from the third quarter to second quarter in 2012
- **Cash flow from operations increased** Y-o-Y by 89.7% to RR 23,821 million from RR 12,560 million due to higher natural gas and liquids sales volumes and prices
- **EPS increased** Y-o-Y by 140.3% and Q-o-Q by 107.0% to RR 6.59
- On 6th November 2012, the Group signed an agreement with a third party to **acquire 49% equity shares of ZAO Nortgas**, subject to certain conditions to be met by both parties for the total consideration of USD 1,375 million payable upon the title transfer

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Acquisition of a 49% Stake in Nortgas

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Transaction Summary

- NOVATEK concluded **an agreement to acquire a 49% equity stake in ZAO Nortgas** from R.E.D.I. HOLDINGS for USD1,375 million (the remaining 51% is indirectly held by Gazprom)
- Nortgas holds the **hydrocarbon production license for the Severo-Urengoyskoye** field in YNAO
- **All** of the necessary corporate **approvals have been received** to effectively close the deal, as well as receiving the tentative agreement from the Federal Antimonopoly Service of the Russian Federation approving the transaction and Gazprom's waiver of its pre-emptive rights to acquire the stake
- The transaction is expected **to close by year-end 2012**
- The acquired stake will be **accounted for on an equity basis**

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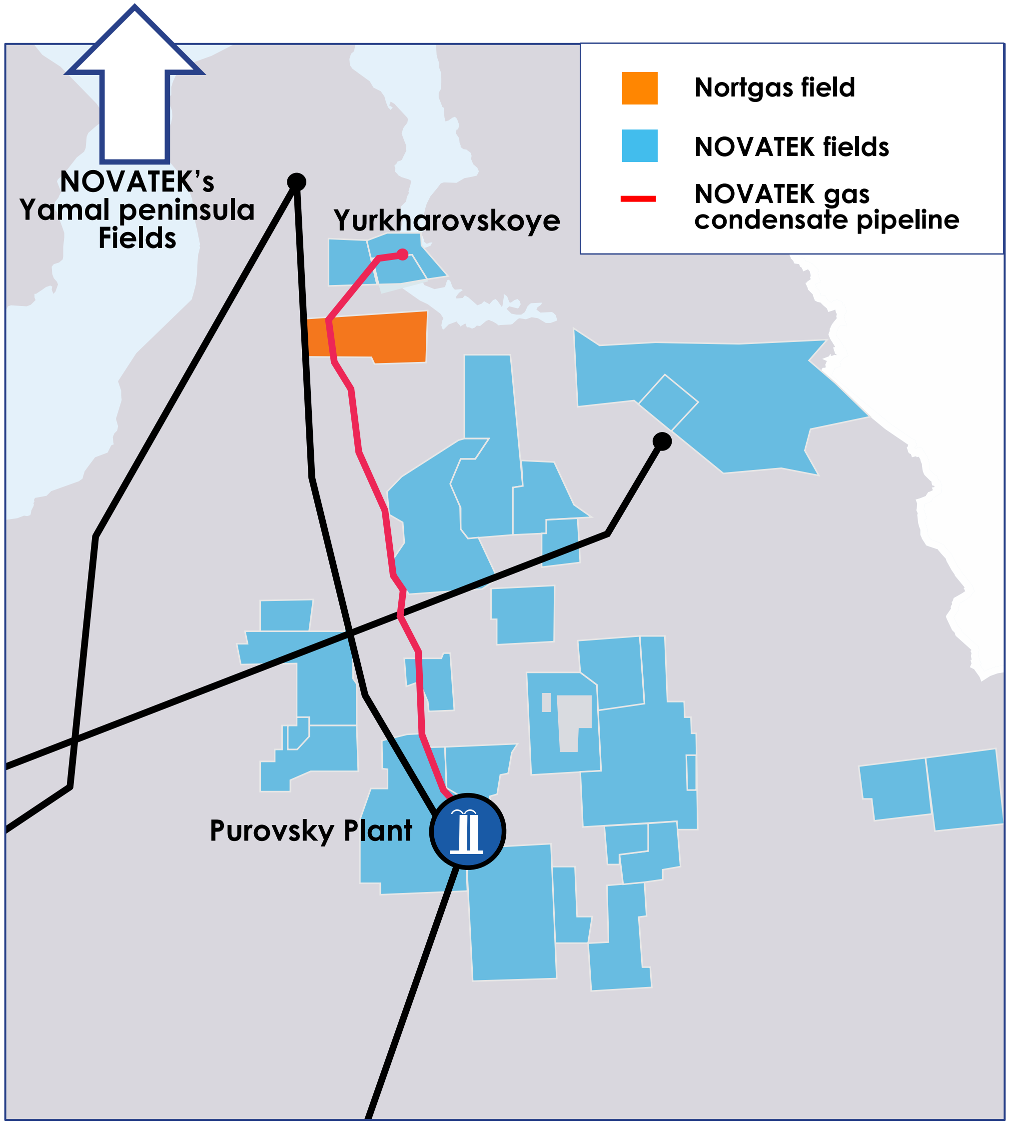
Severo-Urengoyskoye Field Highlights



The Severo-Urengoyskoye field is located 25 km south of NOVATEK's Yurkharovskoye field

Total PRMS proved reserves as of 31 December 2011

- ✓ **225** bcm of natural gas
- ✓ **27** mmt of liquids, or
- ✓ **1.7** bln boe of hydrocarbons

Existing infrastructure: 50 production wells, gas treatment unit with processing capacity of 5.5 bcm per annum, a booster compressor station, gas and gas condensate pipeline connections

Current annual production level (2012)

- ✓ **~4.2** bcm of natural gas
- ✓ **~0.4** mmt of gas condensate

Peak annual production level

- ✓ **~9.0 to 10** bcm of gas
- ✓ **~1.4** mmt of gas condensate

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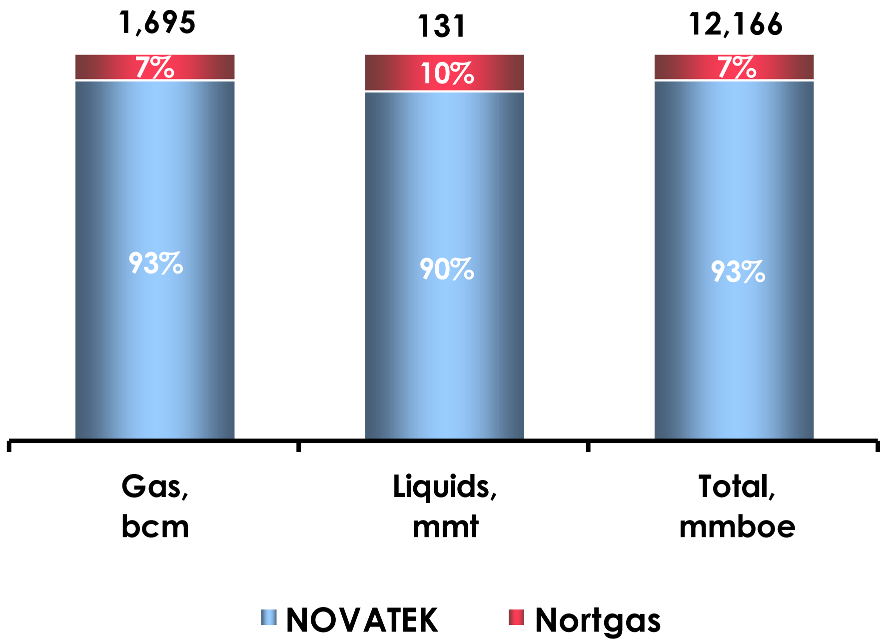
Effect on Reserves and Production

Acquisition effect on total PRMS proved reserves(1)



829 mm boe of PRMS proved reserves added for an acquisition price of $1.66 per boe

- A 49% share in current Nortgas production equals to **3.6%** of current gas production and **5.0%** of liquids production by NOVATEK
- Hydrocarbon deposits at the field are allocated between the Eastern and Western domes
- Production at the Western dome started in 2001
- Production launch at the Eastern dome is estimated to more than **double** the field's natural gas production and **triple** production of gas condensate
- Nortgas has the same production upside as NOVATEK (2x- gas production, 3x- gas condensate), but it will be achieved faster and accelerate NOVATEK's overall production growth rate in the mid-term

Note: NOVATEK's reserves and its share (49%) in Nortgas proved reserves according to appraisals by DeGolyer and MacNaughton as of 31.12.2011 using the PRMS reserve methodology

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Acquisition Rationale

- **Value accretive**
  - Acquire proved PRMS reserves at $1.66 per boe as compared to $1.3 per boe paid for Sibneftegas reserves in 2010
  - While almost all of Sibneftegas' reserves are dry natural gas, about 13% of Nortgas' reserves are liquid hydrocarbons, which significantly increases the economic value of the transaction and justifies the higher reserve base multiple
  - Majority of the field's capital expenditures has already been incurred implying low capital intensity to maximize free cash flow generation
  - Producing asset generating cash flows
- **Material production upside**
  - Nortgas has the same production upside as NOVATEK with the development of the Eastern dome
  - Consistent with NOVATEK's strategy of accelerated liquids production growth
- **Convenient location close to NOVATEK's core producing fields and transportation and processing infrastructure:** significant synergies mainly driven by processing of gas condensate at the Purovsky Plant

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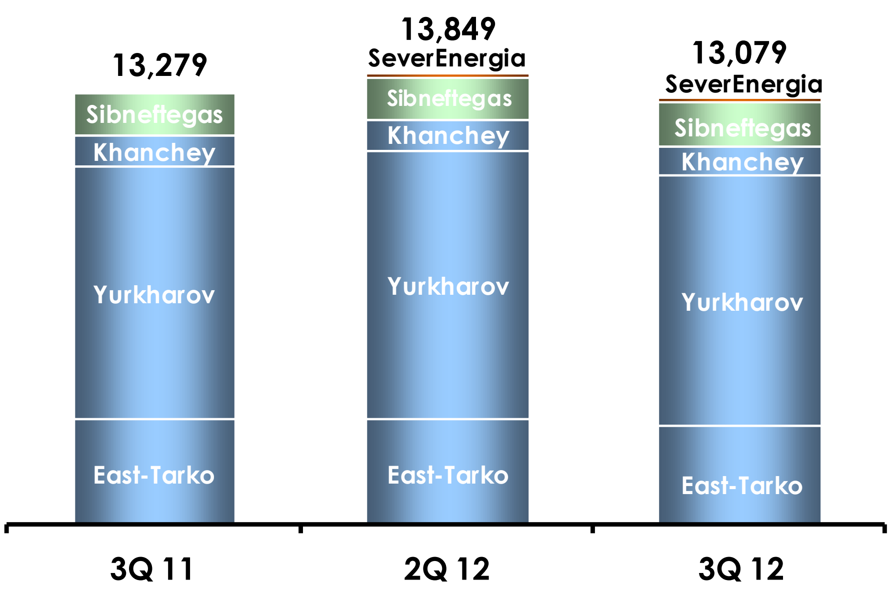
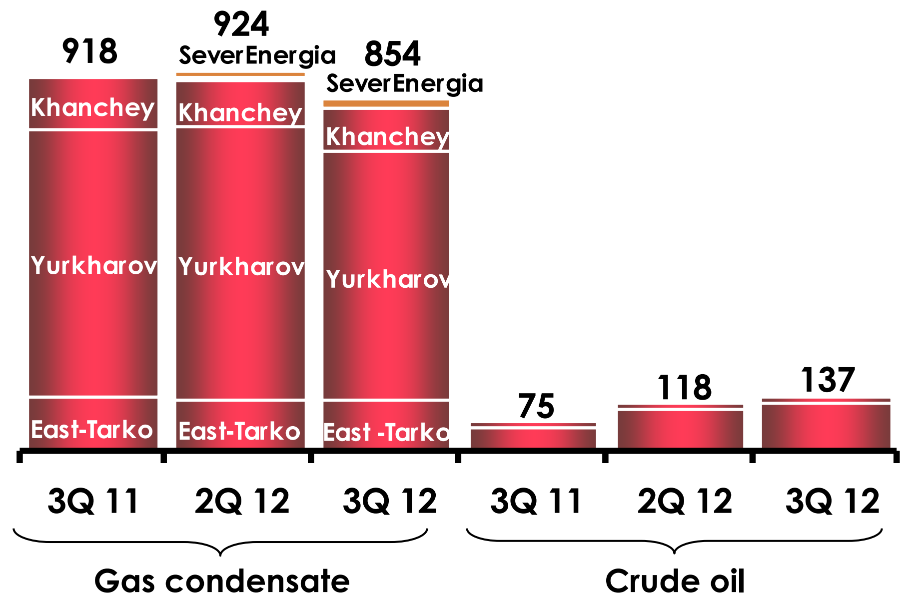
Operational Overview

Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



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

- the planned earlier injection of natural gas into the UGSF in the 2Q rather than the 3Q to minimize transportation expense after the indexation of gas transport tariffs effective 1 July 2012

Liquids production decreased Y-o-Y due to:

- Decreased gas condensate production at our core producing fields was the result of natural declines in the concentration of gas condensate in extracted gas
- Partially offset by an increase in crude oil production at our East-Tarko and Khanchey fields due to development of crude oil deposits

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 925 mt**
  - Yurkharovskoye field: 599 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 248 mt
  - Purchases from our joint venture: 73 mt
  - Other: 5 mt
- **Total plant output: 918 mt**
  - Stable gas condensate: 711 mt
  - LPG: 203 mt
  - Methanol: ~ 4 mt
- **Plant capacity:** approximately 74%
- **725 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Asian-Pacific Region ~ 604 mt
  - to Europe ~ 61 mt
  - to South America ~ 60 mt
- **Stable gas condensate inventory reconciliation**
  - Tankers in transit ~ 122 mt
  - Rail road cisterns and port storage facilities ~ 124 mt
  - Purovsky Plant storage facilities ~ 22 mt
- **Export volumes of LPG: ~ 55% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit"
30.09.2011
~ 181 thousand tons

- 60 mt – USA
- 60 mt – Thailand
- 61 mt – South Korea

"Goods in transit"
30.06.2012
~ 120 thousand tons

- 60 mt – Singapore
- 60 mt – USA

"Goods in transit"
30.09.2012
~ 122 thousand tons

- 61 mt – South Korea
- 61 mt – South Korea

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Financial Overview – 3Q 12 vs. 3Q 11

Comparison of Quarterly Results (RR million)

	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	39,888	50,544	54,152	44,984	52,562	16.8%	31.8%
Total revenues	40,033	50,718	54,373	45,145	52,731	16.8%	31.7%
Operating expenses	(22,921)	(28,980)	(31,851)	(26,780)	(29,845)	11.4%	30.2%
EBITDA (1)	18,877	86,692	24,217	20,414	25,252	23.7%	33.8%
EBITDA margin	47.2%	170.9%	44.5%	45.2%	47.9%		
Normalized EBITDA (2)	*18,877*	*23,744*	*24,217*	*20,414*	*25,252*	*23.7%*	*33.8%*
Normalized EBITDA margin	*47.2%*	*46.8%*	*44.5%*	*45.2%*	*47.9%*		
Effective income tax rate	21.7%	5.7%	21.9%	20.9%	20.9%		
Profit attributable to NOVATEK	8,322	78,227	21,245	9,663	20,003	107.0%	140.4%
Profit margin	20.8%	154.2%	39.1%	21.4%	37.9%		
Normalized earnings per share	*2.74*	*5.04*	*7.00*	*3.18*	*6.59*	*107.0%*	*140.3%*
CAPEX (3)	7,527	9,663	7,519	12,270	11,480	-6.4%	52.5%
Net debt (4)	78,903	71,647	48,045	77,818	67,187	-13.7%	-14.8%

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of net impairment expenses (reversals), income tax expense, finance income (expense) and income (loss) from changes in fair value of derivative financial instruments from the Consolidated Statement of Income, and depreciation, depletion and amortization from the Consolidated Statement of Cash Flows
2. Normalized EBITDA and normalized earnings per share exclude net gain on disposal of interest in subsidiaries
3. CAPEX represents additions to property, plant and equipment excluding acquisition of mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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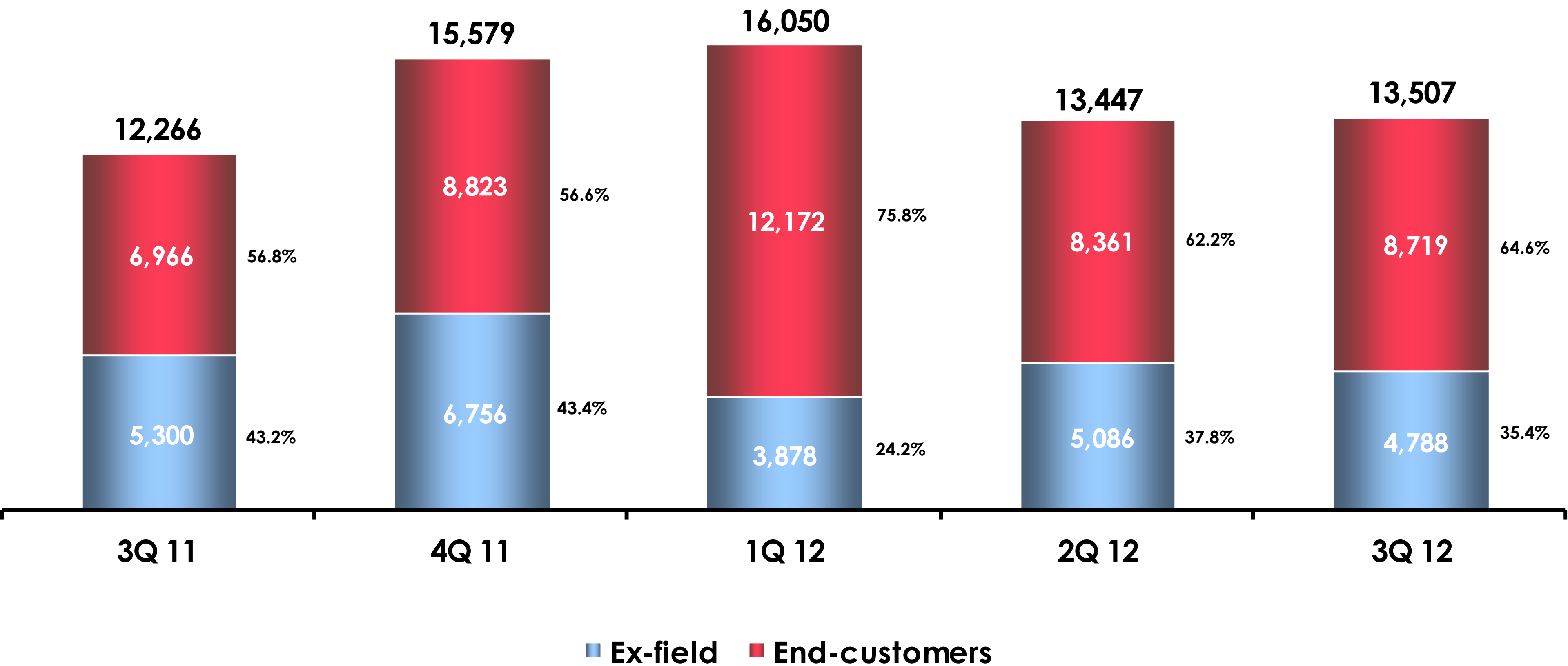
Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y increase in natural gas sales volumes was due to the commencement of purchases from our related party SIBUR Holding effective from 1 January 2012
- Our proportion of natural gas sold to end-customers increased Y-o-Y due to higher natural gas deliveries to the Chelyabinsk region as a result of the acquisition of regional gas trader Gazprom mezhregiongas Chelyabinsk in November 2011

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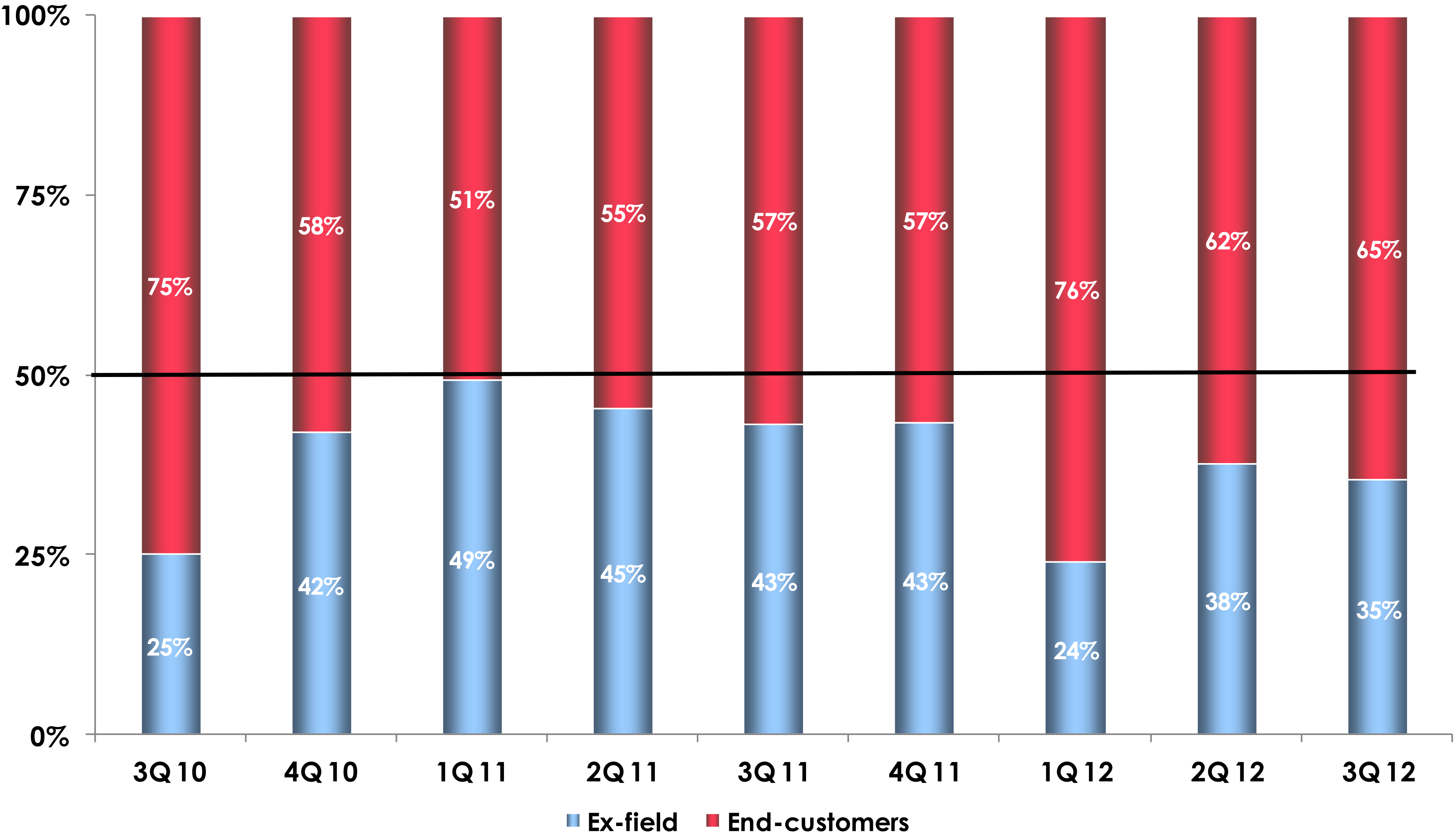
Natural Gas Sales Volume Mix



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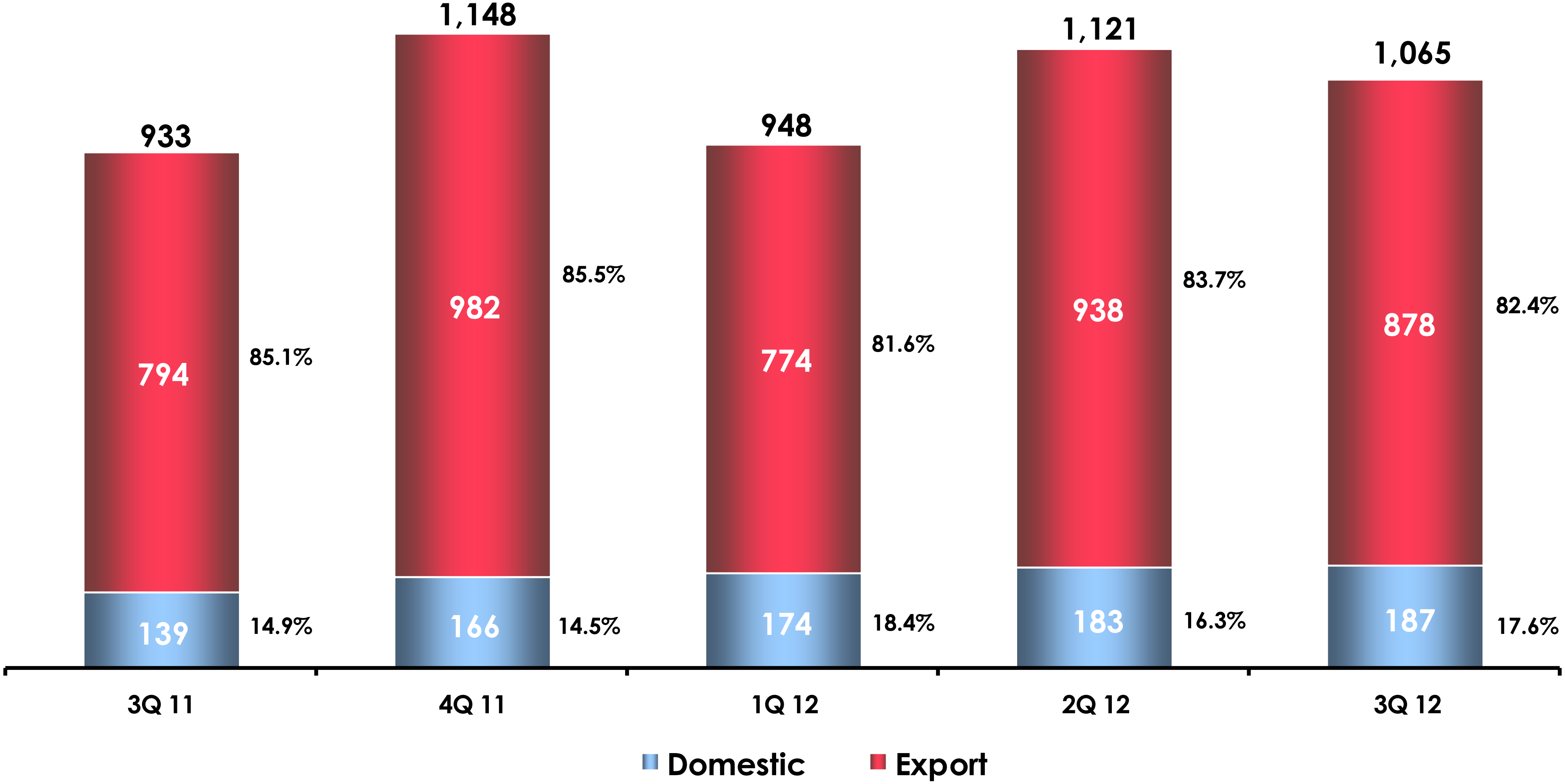
Market Distribution – Liquids Sales Volumes (mt)



- Y-o-Y increase in liquids sales volumes was primarily due to the initiation of unstable gas condensate purchases from our joint venture in April 2012, as well as a decrease in our SGC inventory balances during 3Q 2012 compared to an increase in 3Q 2011
- Q-o-Q decrease in liquids sales volumes was due to a decrease in gas condensate production at our core producing fields

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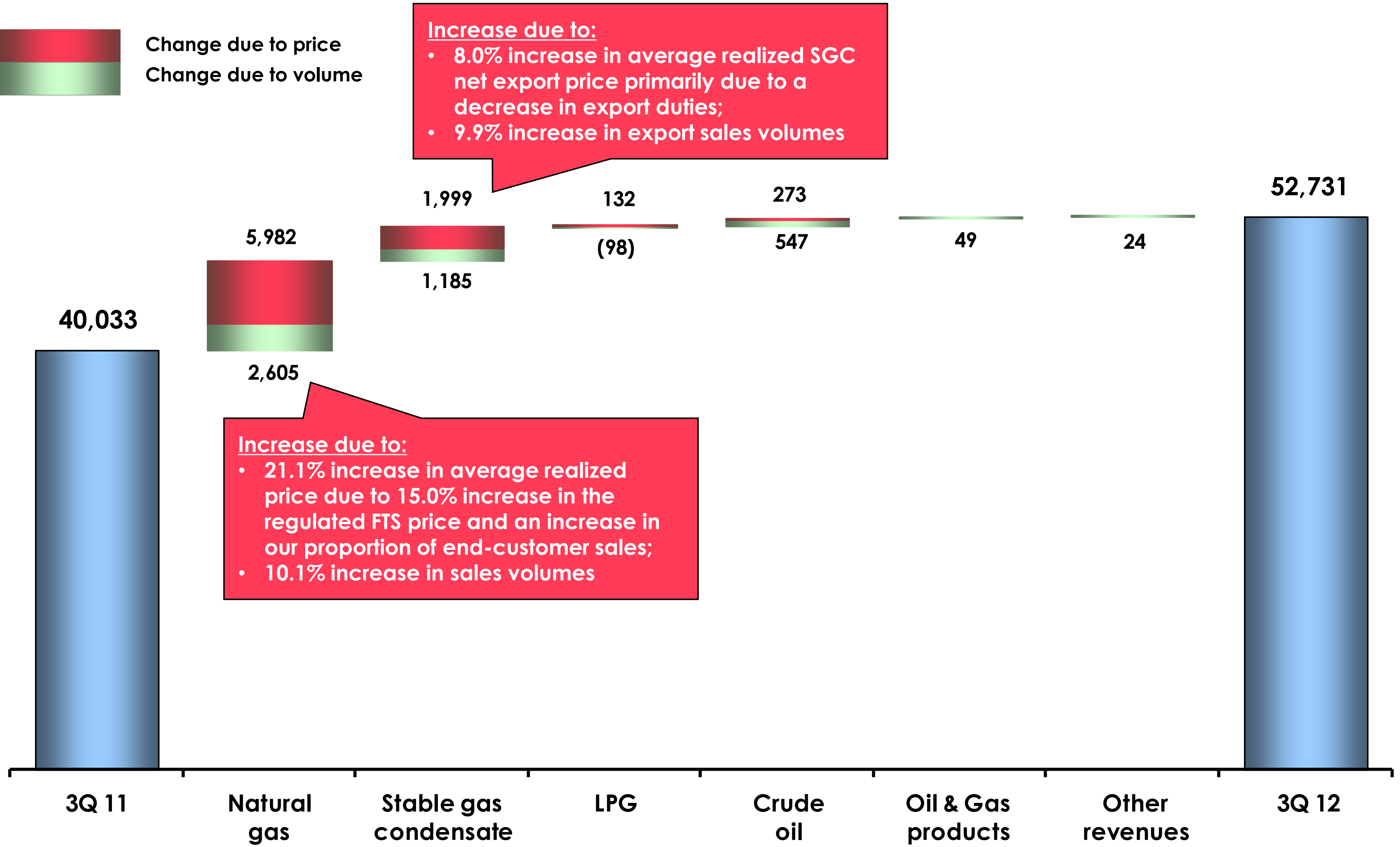
Total Revenues (RR million)



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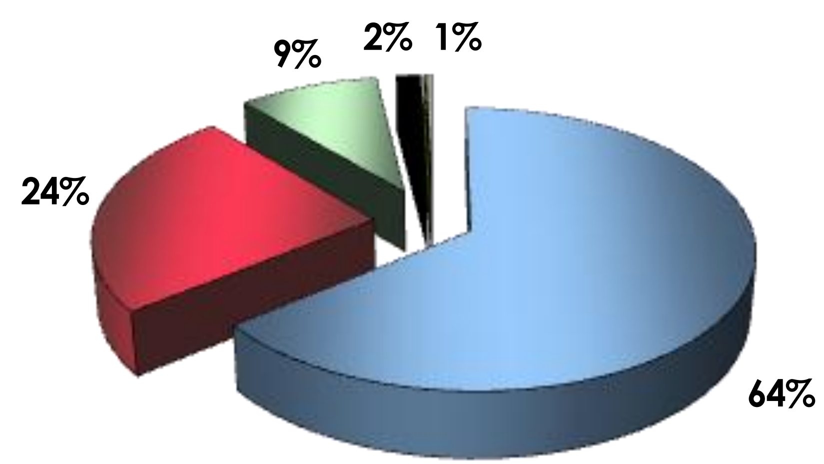
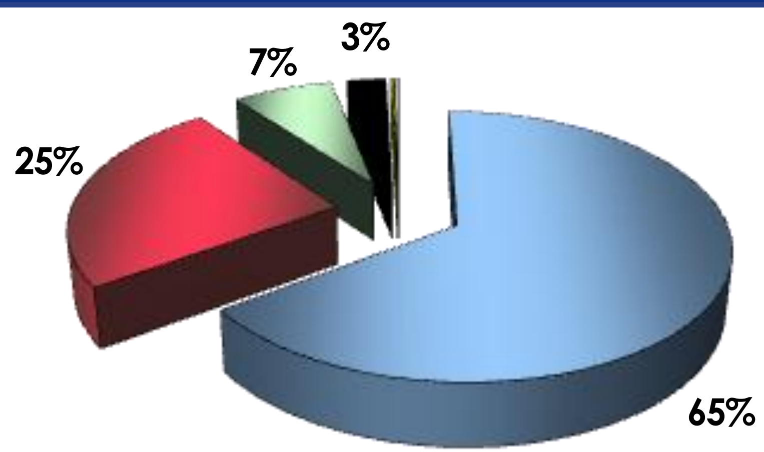
Total Revenues Breakdown

- Natural gas
- Stable gas condensate
- LPG
- Crude oil
- Oil and gas products
- Other

3Q 11



3Q 12



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Realized Hydrocarbon Prices (net of VAT and export duties)

3Q 11	3Q 12	+/(-)	+/(-)%		2Q 12	3Q 12	+/(-)	+/(-)%
				Domestic prices				
2,637	3,050	413	15.7%	**Natural gas end-customers, RR/mcm**	2,652	3,050	398	15.0%
1,390	1,619	229	16.5%	**Natural gas ex-field, RR/mcm**	1,399	1,619	220	15.7%
-	12,278	n/a	n/a	**Stable gas condensate, RR/ton**	12,335	12,278	(57)	-0.5%
14,173	14,199	26	0.2%	**LPG, RR/ton**	13,704	14,199	495	3.6%
9,046	11,144	2,098	23.2%	**Crude oil, RR/ton**	10,313	11,144	831	8.1%
9,998	10,643	645	6.5%	**Methanol, RR/ton**	10,896	10,643	(253)	-2.3%
				Export market				
14,817	17,629	2,812	19.0%	**Stable gas condensate, RR/ton**	13,387	17,629	4,242	31.7%
21,148	22,128	980	4.6%	**LPG, RR/ton**	21,263	22,128	865	4.1%
10,707	13,133	2,426	22.7%	**Crude oil, RR/ton**	9,916	13,133	3,217	32.4%

Note: Prices are shown excluding liquids trading activities and excluding natural gas volumes purchased for resale in the location of end-customers

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

3Q 11	% of TR	3Q 12	% of TR		2Q 12	% of TR	3Q 12	% of TR
11,795	29.5%	14,235	27.0%	Transportation expenses	13,035	28.9%	14,235	27.0%
4,443	11.1%	4,120	7.8%	Taxes other than income tax	4,375	9.7%	4,120	7.8%
16,238	40.6%	18,355	34.8%	**Non-controllable expenses**	17,410	38.6%	18,355	34.8%
2,291	5.7%	2,560	4.9%	Depreciation and amortization	2,483	5.5%	2,560	4.9%
1,760	4.4%	2,245	4.3%	General and administrative	2,594	5.7%	2,245	4.3%
1,572	3.9%	1,716	3.3%	Materials, services & other	1,836	4.1%	1,716	3.3%
640	1.6%	330	0.6%	Exploration expenses	(597)	n/m	330	n/m
51	n/m	(15)	n/m	Net impairment expenses (reversals)	39	n/m	(15)	n/m
(569)	n/m	(178)	n/m	Change in natural gas, liquids and WIP	(408)	n/m	(178)	n/m
21,983	54.9%	25,013	47.4%	**Subtotal operating expenses**	23,357	51.7%	25,013	47.4%
938	2.4%	4,832	9.2%	Purchases of natural gas and liquid hydrocarbons	3,423	7.6%	4,832	9.2%
22,921	57.3%	29,845	56.6%	**Total operating expenses**	26,780	59.3%	29,845	56.6%

- **Operating expenses increased Y-o-Y and Q-o-Q by 30.2% and 11.4%, respectively, due to an increase in purchases of natural gas and liquid hydrocarbons, as well as higher transportation expenses**
- **Transportation expenses increased Y-o-Y and Q-o-Q due to a 13.1% and 4.2% increase in our sales volumes of natural gas to end-customers, respectively, for which we incurred transportation costs, as well as a 7% average increase in the natural gas transportation tariff set by the FTS effective from 1 July 2012**
- **Taxes other than income tax decreased Y-o-Y primarily due to an application of zero UPT rate for crude oil effective from 1 January 2012**
- **Depreciation, depletion and amortization expense increased Y-o-Y by 11.7% due to an increase in our depletable cost base**
- **Our hydrocarbon purchases increased Y-o-Y due primarily to the commencement of natural gas purchases from our related party SIBUR Holding effective 1 January 2012 and, to a lesser extent, due to the commencement of unstable gas condensate purchases from our joint venture SeverEnergia from April 2012**

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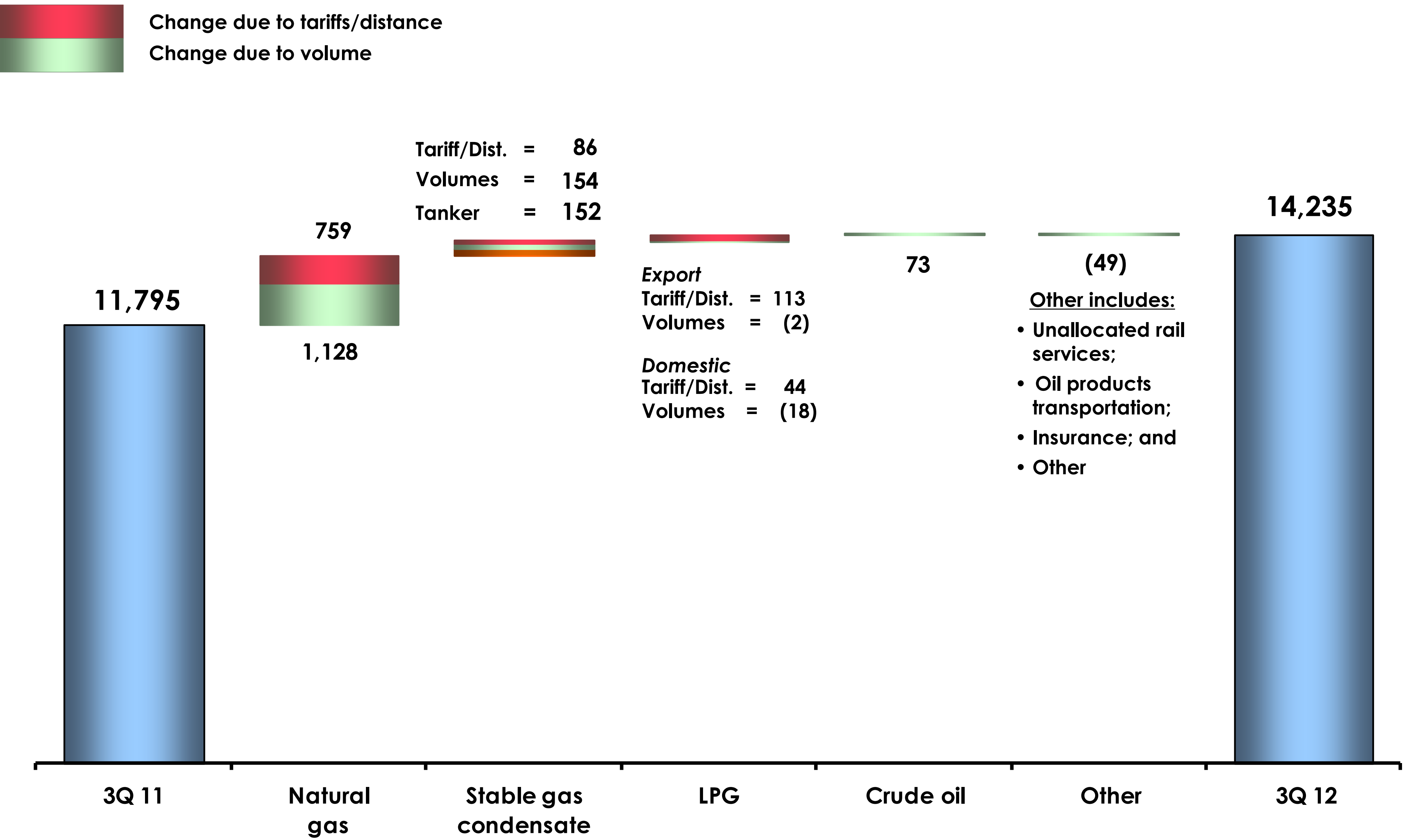
Transportation Expenses (RR million)



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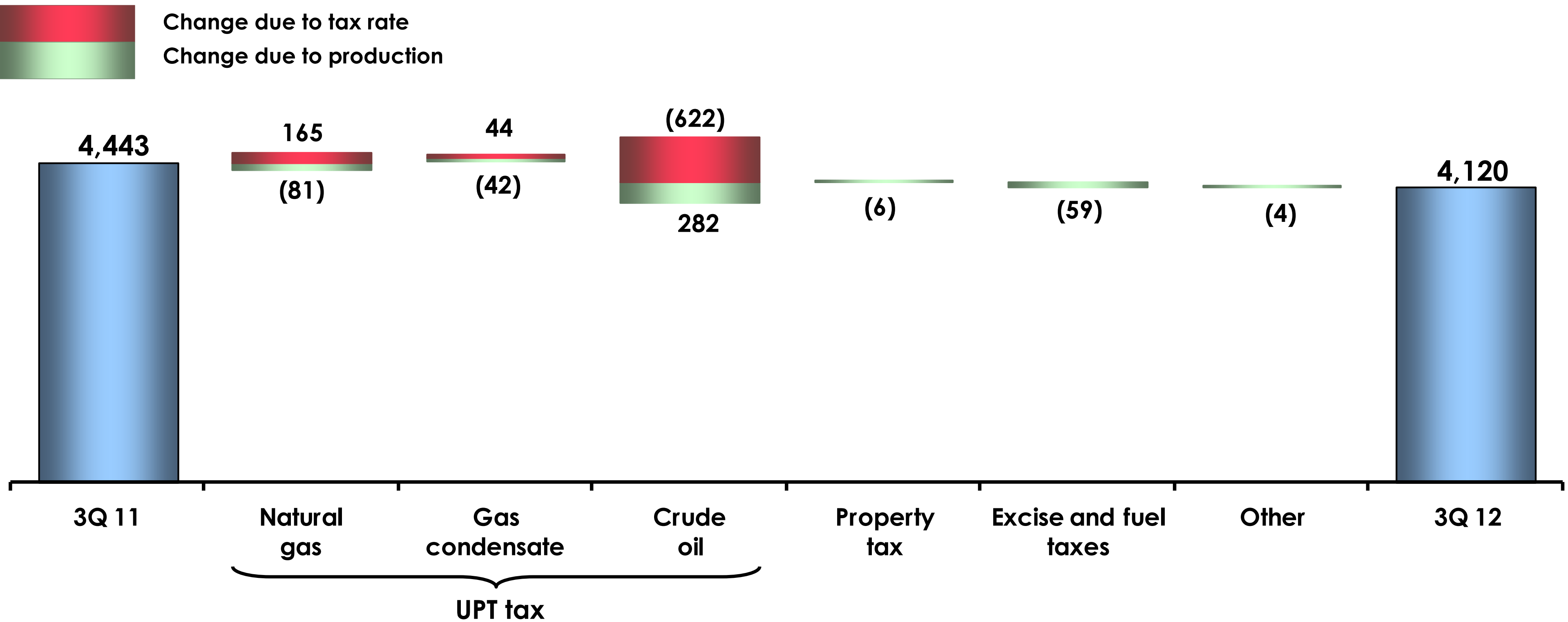
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT expense for natural gas was primarily due to a 5.9% increase in the natural gas production tax rate effective 1 January 2012 (RR 251 per mcm in 3Q 12 versus RR 237 per mcm in 3Q 11), which was partially offset by a 2.9% decrease in our production volumes
- Effective from 1 January 2012, we utilized a zero UPT rate for crude oil produced at our East-Tarko and Khanchey fields due to amendments to the Russian Tax Code for fields producing crude oil north of 65 degree latitude
- The decrease in excise and fuel taxes expense in respect of LPG sales through our subsidiary Novatek Polska was due to an increase in the proportion of sales volumes which are not subject to excise and fuel taxation

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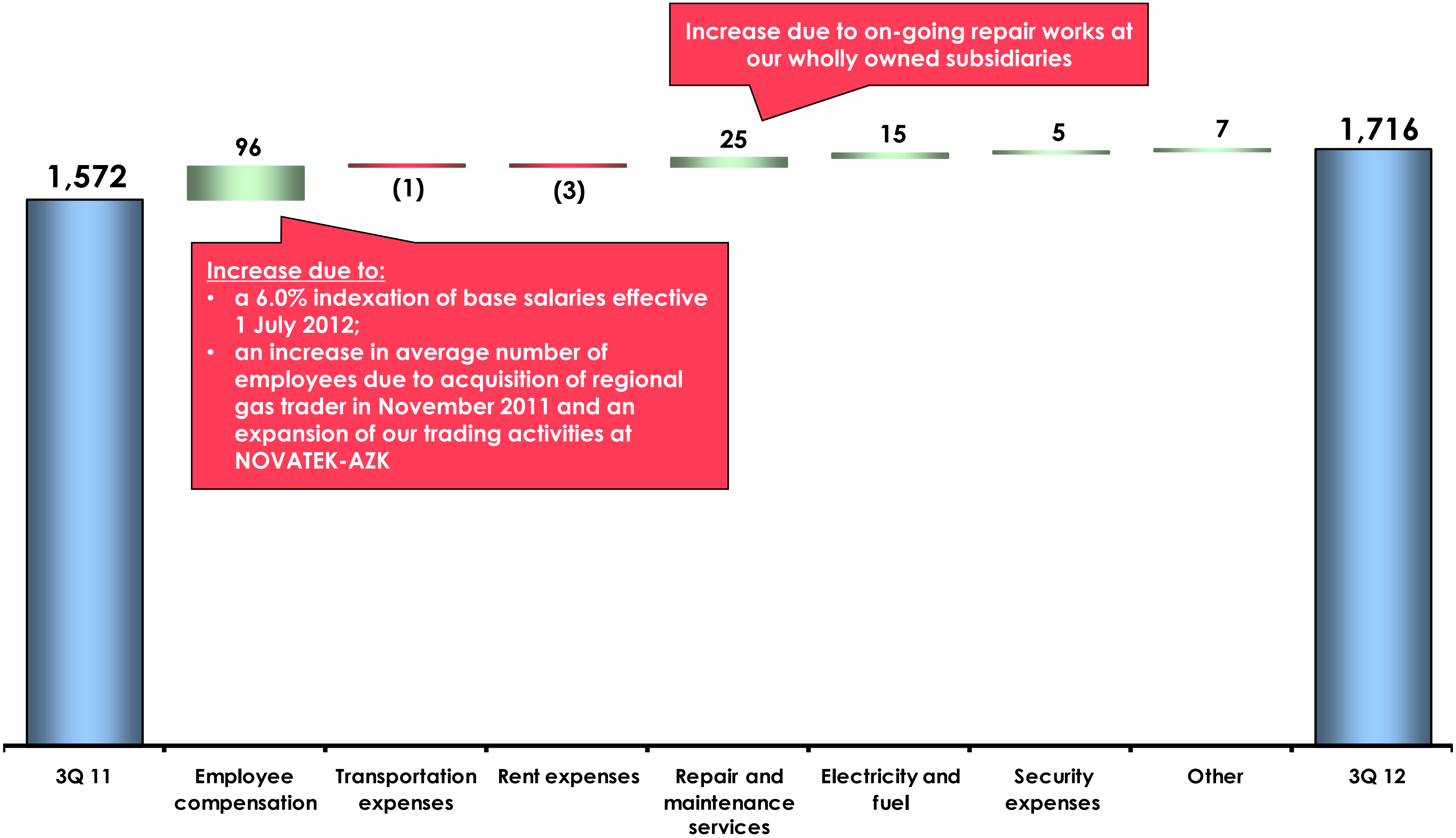
Materials, Services and Other Expenses (RR million)



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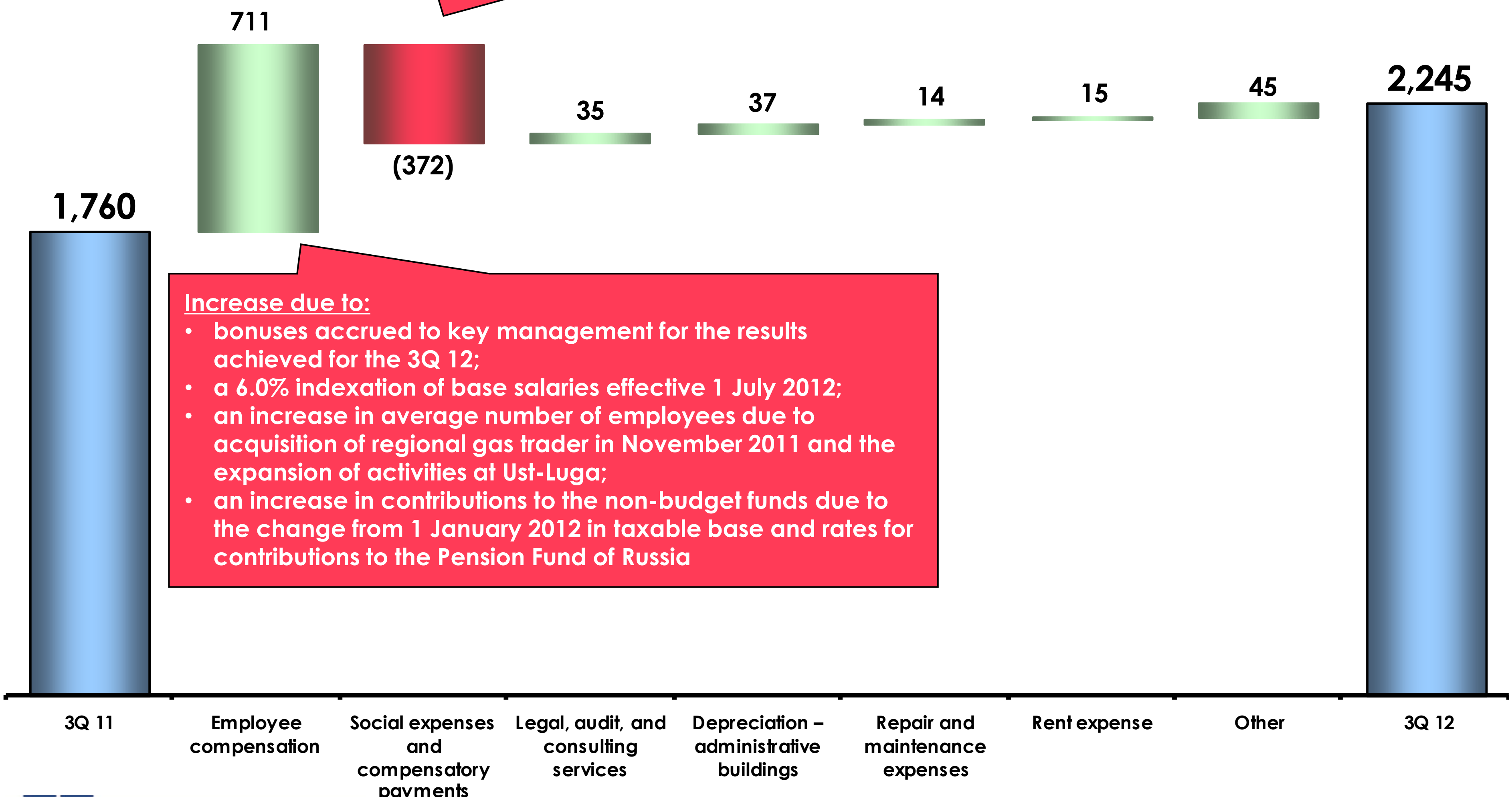
General and Administrative Expenses (RR million)

Decrease due to termination of direct payments to the YNAO government to undertake social programs related to the Yamal LNG project



Increase due to:

- bonuses accrued to key management for the results achieved for the 3Q 12;
- a 6.0% indexation of base salaries effective 1 July 2012;
- an increase in average number of employees due to acquisition of regional gas trader in November 2011 and the expansion of activities at Ust-Luga;
- an increase in contributions to the non-budget funds due to the change from 1 January 2012 in taxable base and rates for contributions to the Pension Fund of Russia

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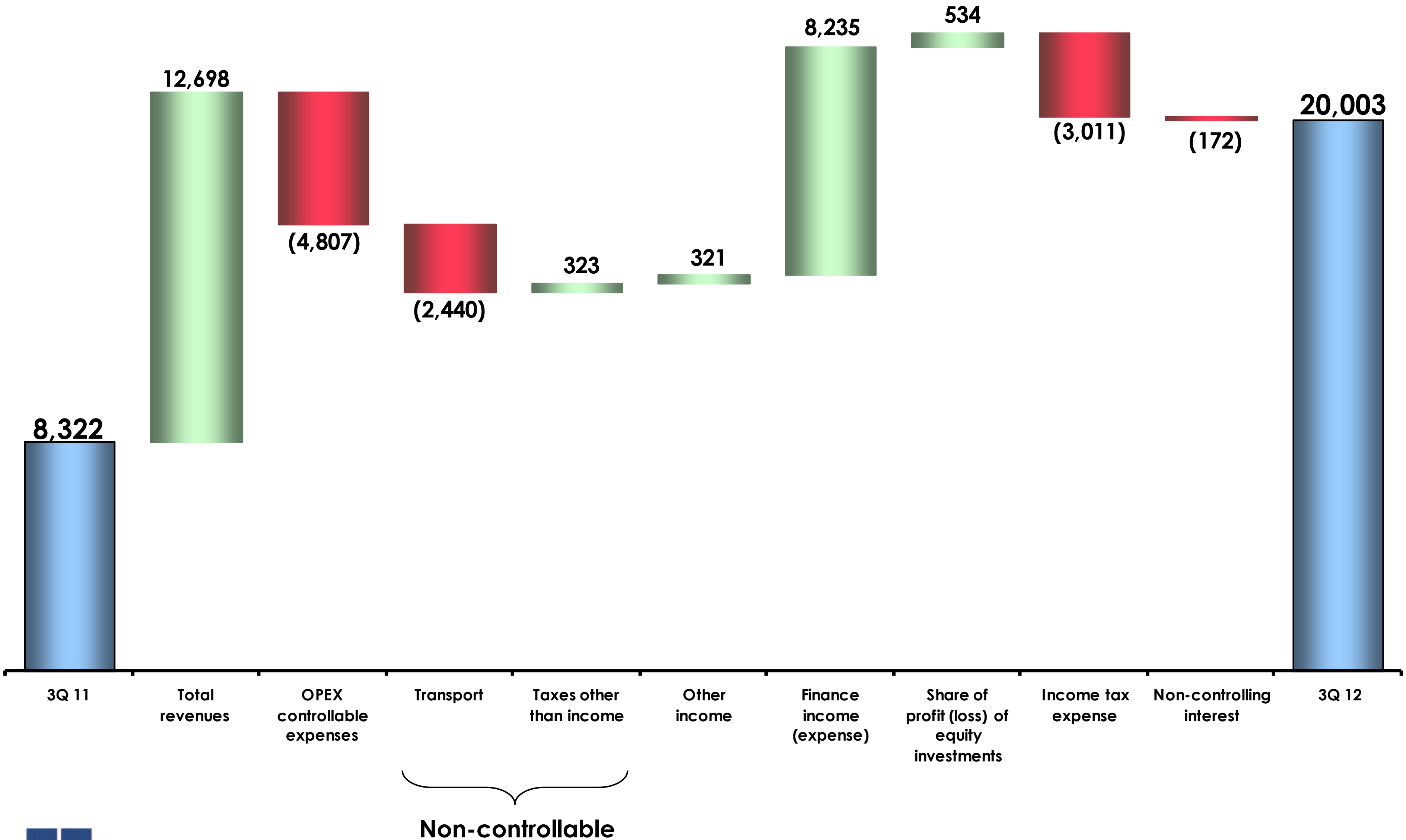
Profit Attributable to NOVATEK Shareholders (RR million)



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Financial Overview – 3Q 12 vs. 2Q 12

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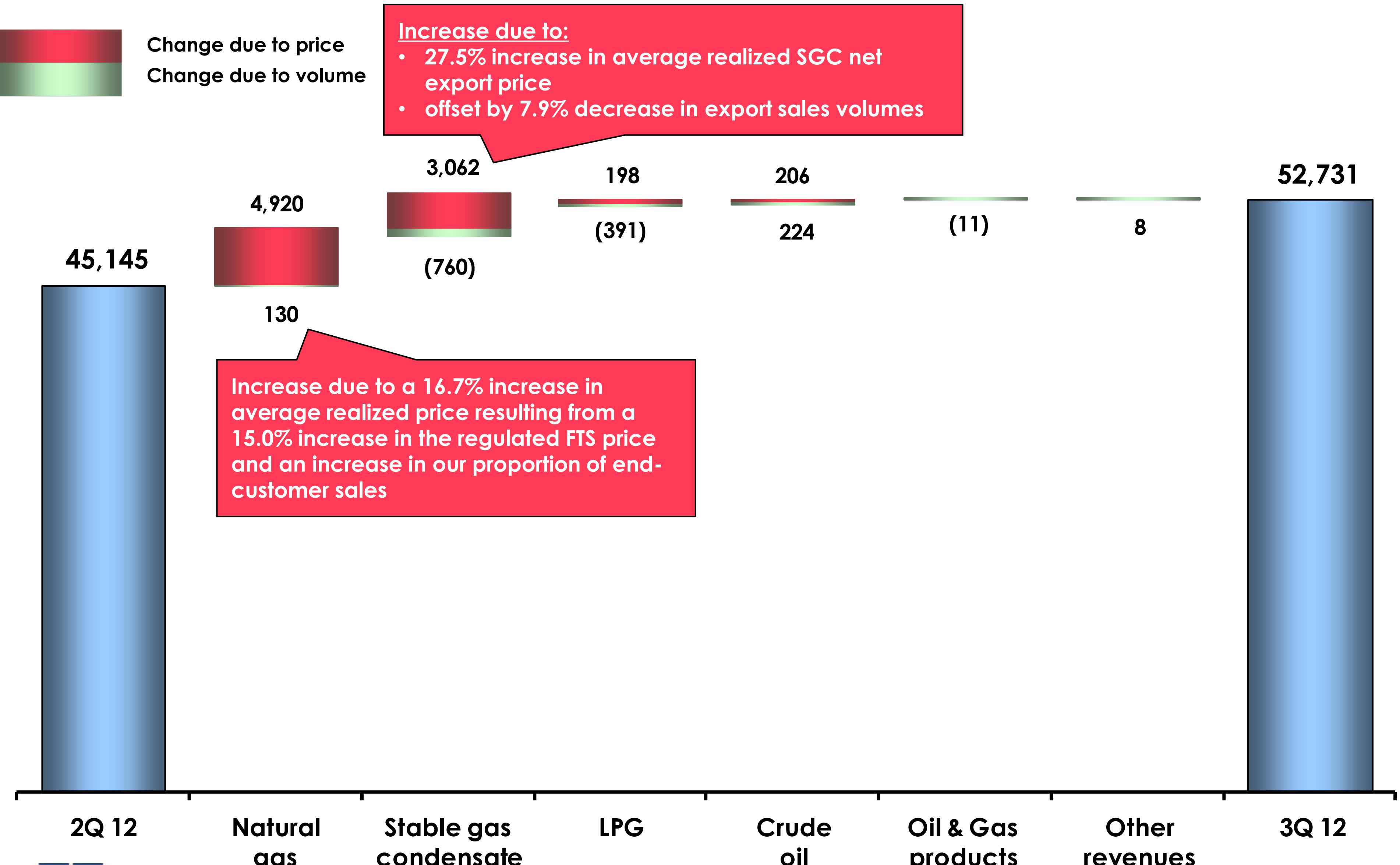
Total Revenues (RR million)



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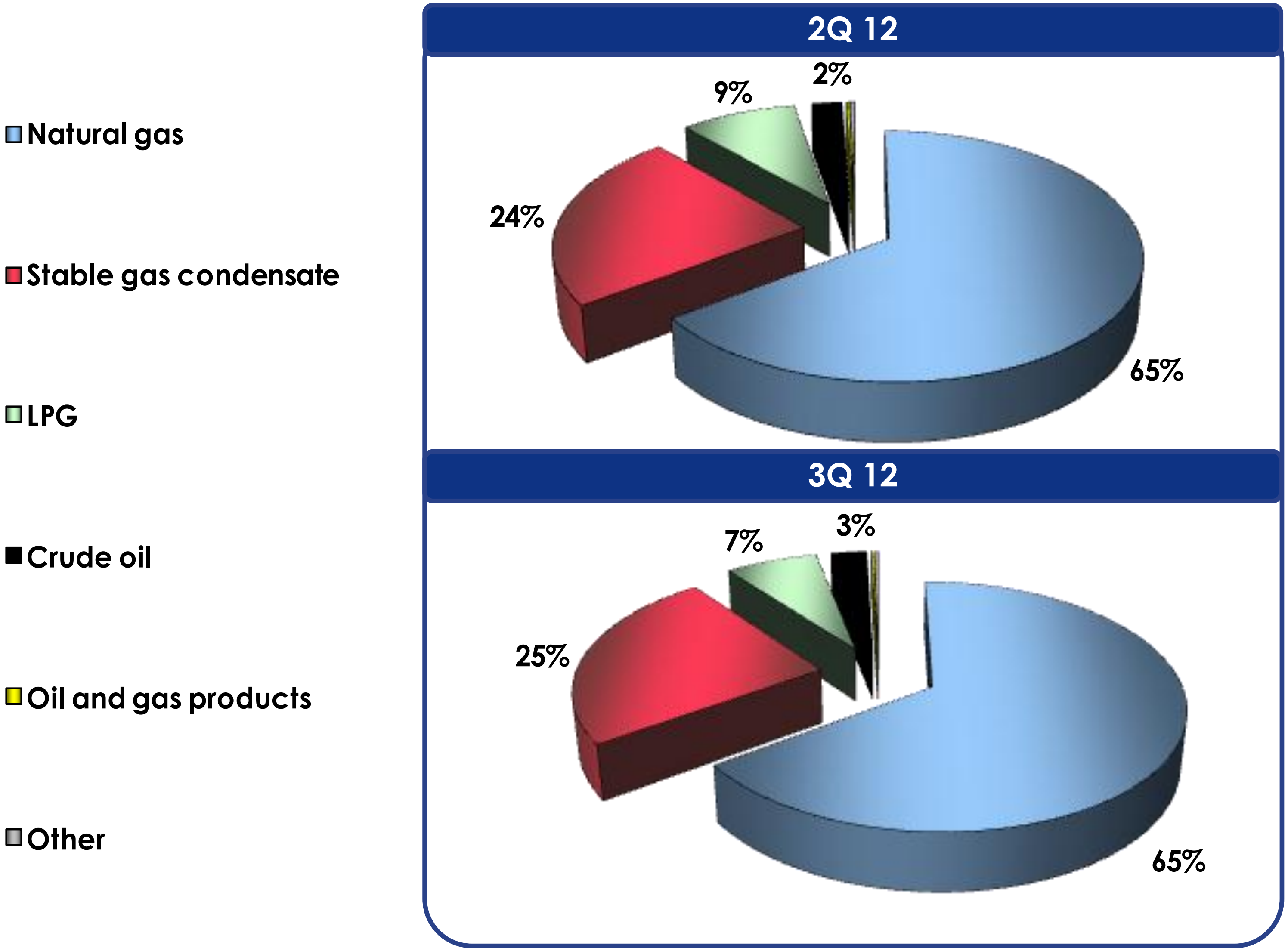
Total Revenues Breakdown



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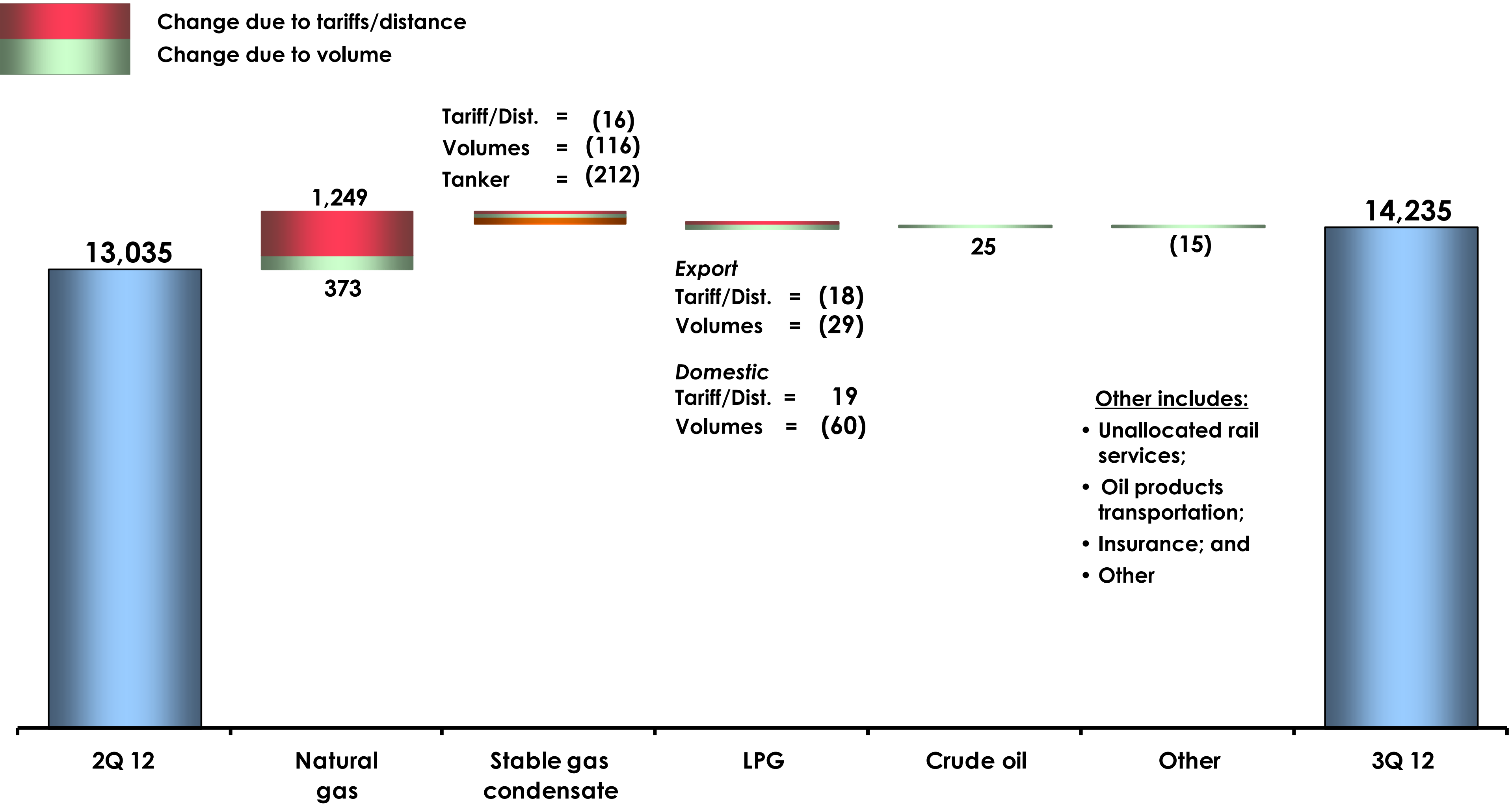
Transportation Expenses (RR million)



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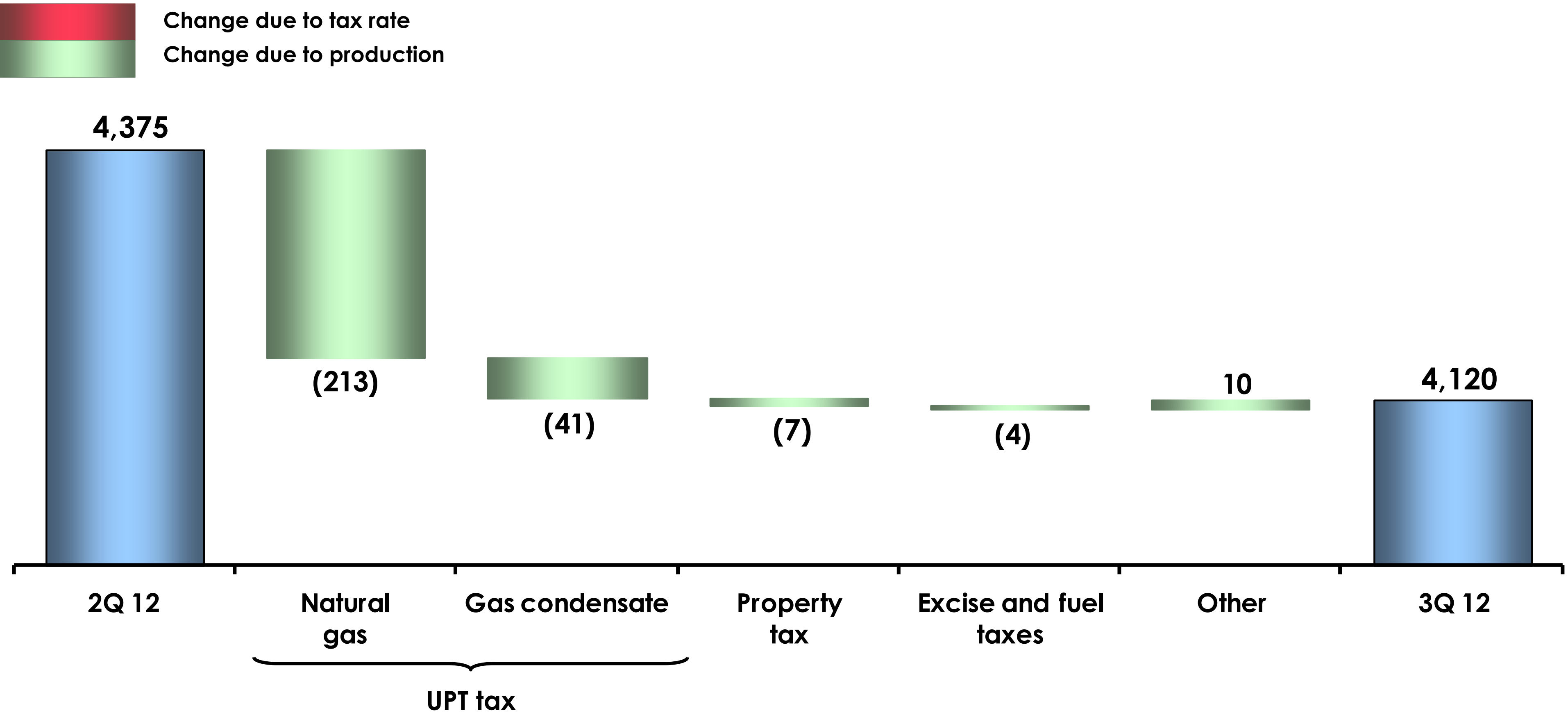
Taxes Other Than Income Tax Expense (RR million)



- The decrease in UPT expense for natural gas and gas condensate was primarily due to a decrease in production volumes by 6.8% and 8.1% respectively

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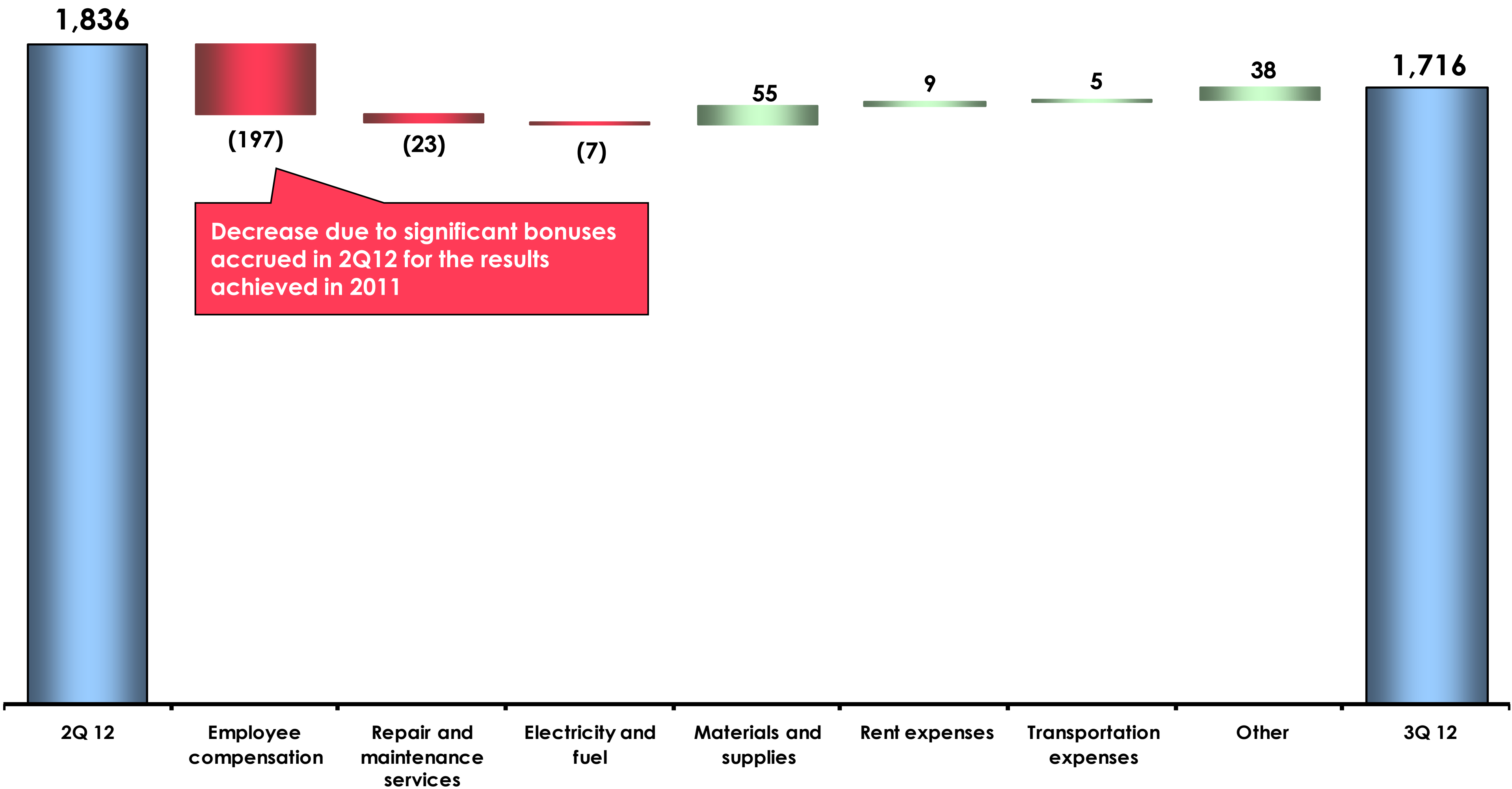
Materials, Services and Other Expenses (RR million)



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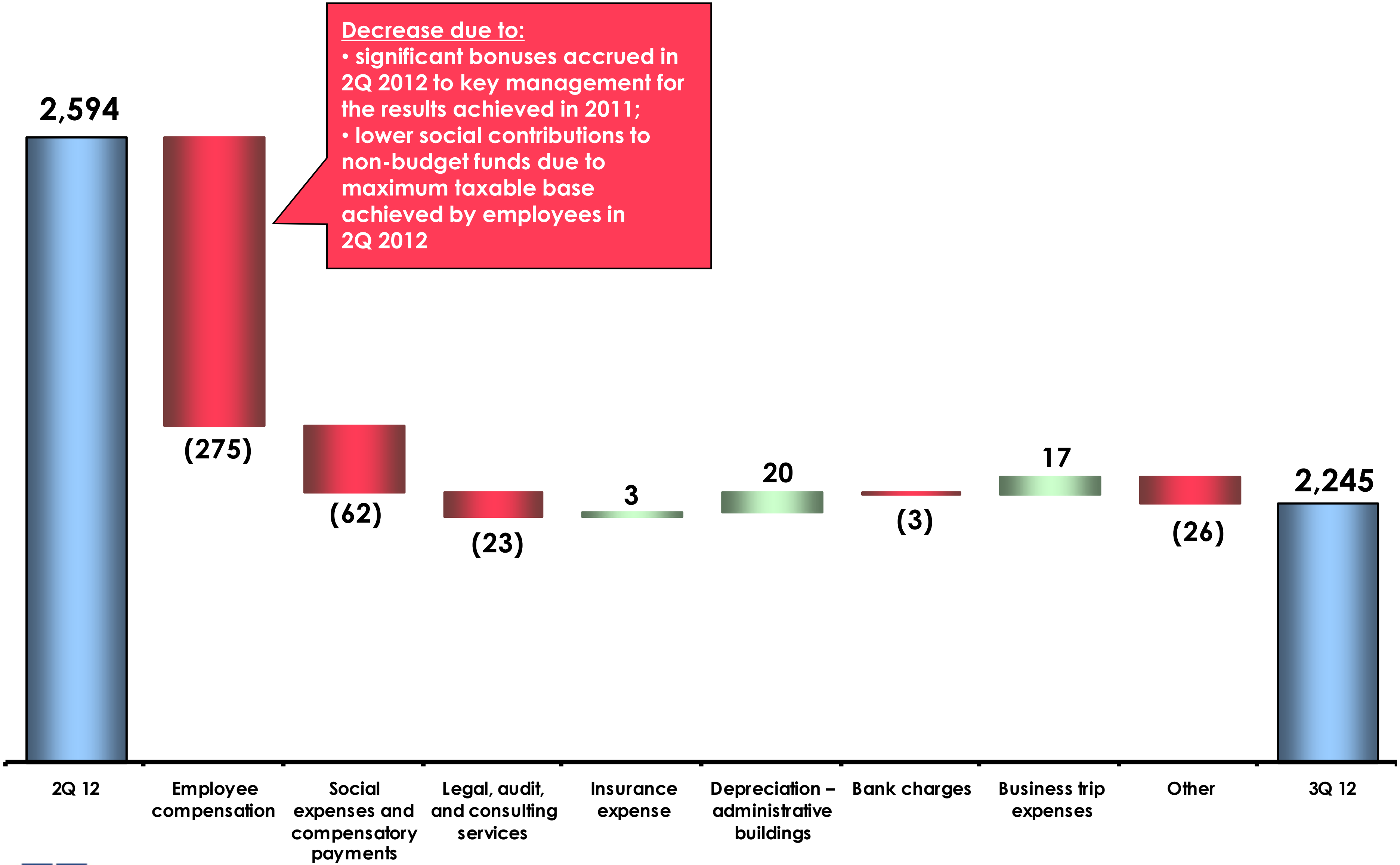
General and Administrative Expenses (RR million)



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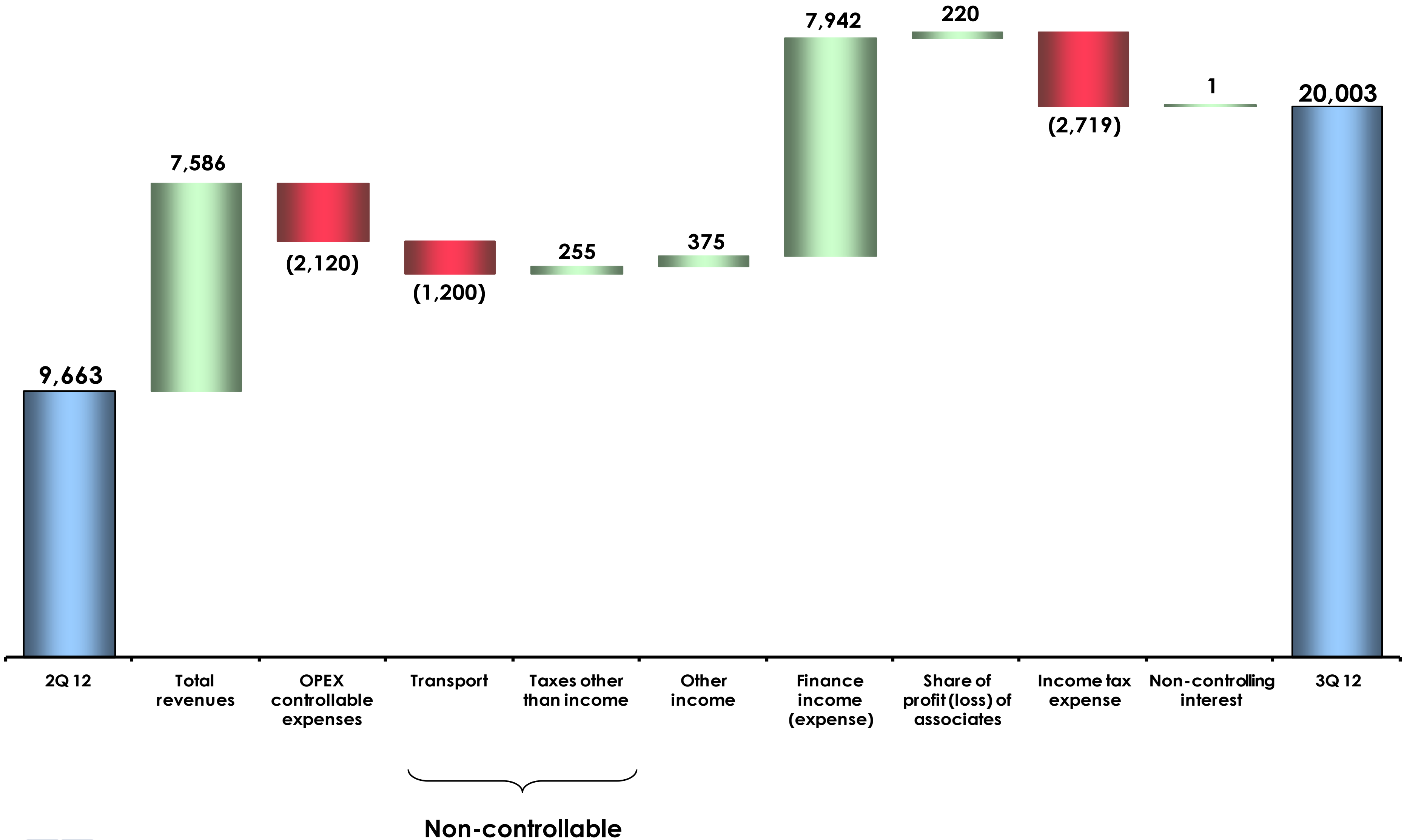
Profit Attributable to NOVATEK Shareholders (RR million)



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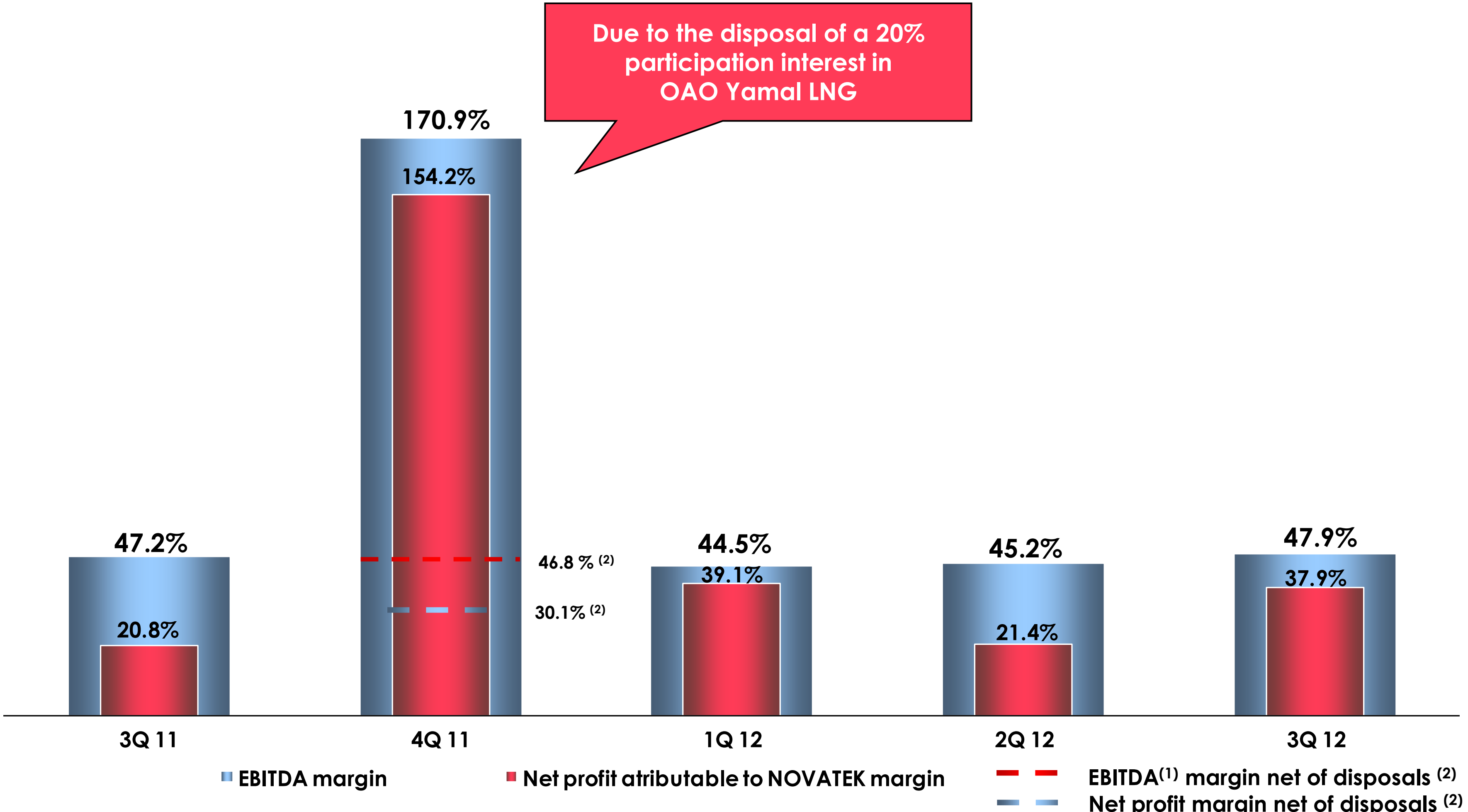
Appendices

Maintaining Margins (% of total revenues)

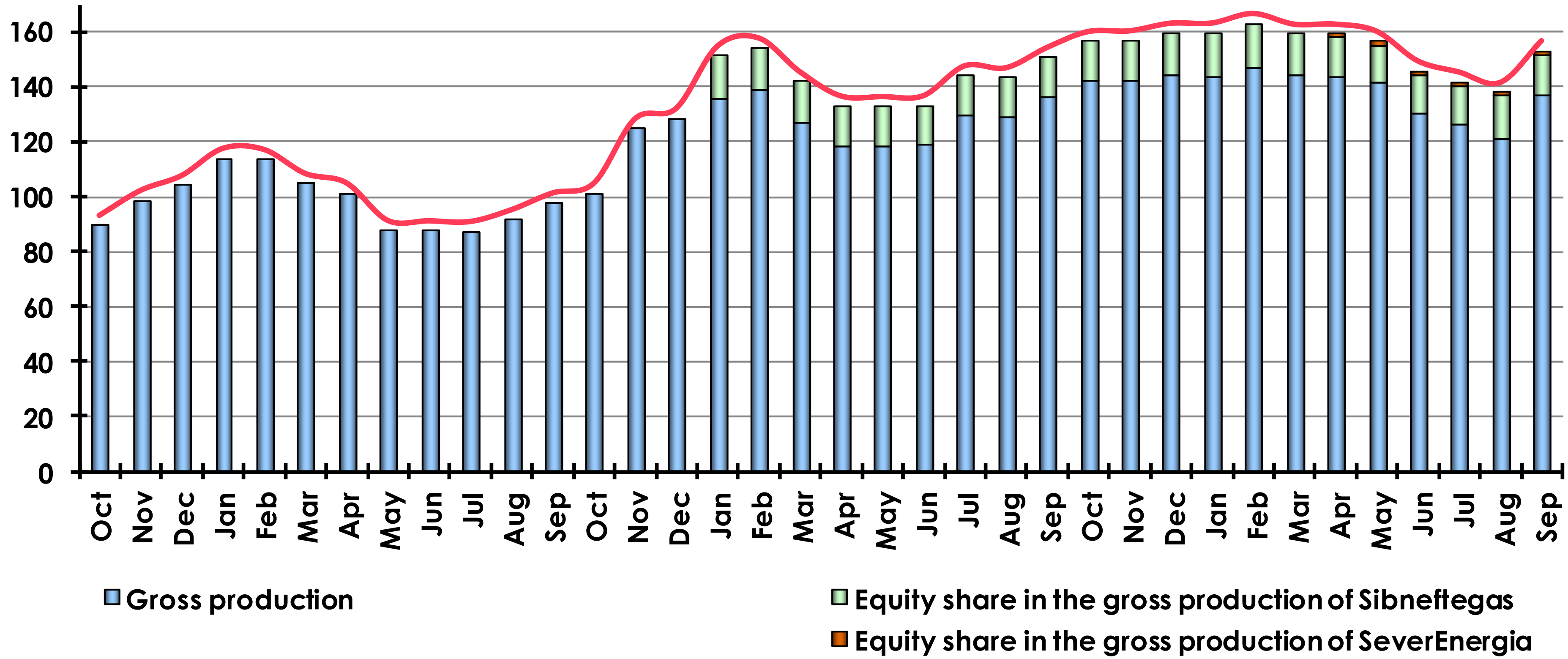


Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of net impairment expenses (reversals), income tax expense, finance income (expense) and income (loss) from changes in fair value of derivative financial instruments from the Consolidated Statement of Income, and depreciation, depletion and amortization from the Consolidated Statement of Cash Flows
2. Adjusted net profit attributable to NOVATEK margin and adjusted EBITDA margin exclude net gain on disposal of subsidiaries

NOVATEK

Increasing Natural Gas Production (mmcm per day)



2009	2010	2011	2012
2009 Avg. 90 mmcm/day 3,171 bcf/day	2010 Avg. 103 mmcm/day 3,655 bcf/day	2011 Avg. 147 mmcm/day 5,180 bcf/day	3Q 12 Avg. 144 mmcm/day 5,102 bcf/day
			9M 12 Avg. 153 mmcm/day 5,409 bcf/day

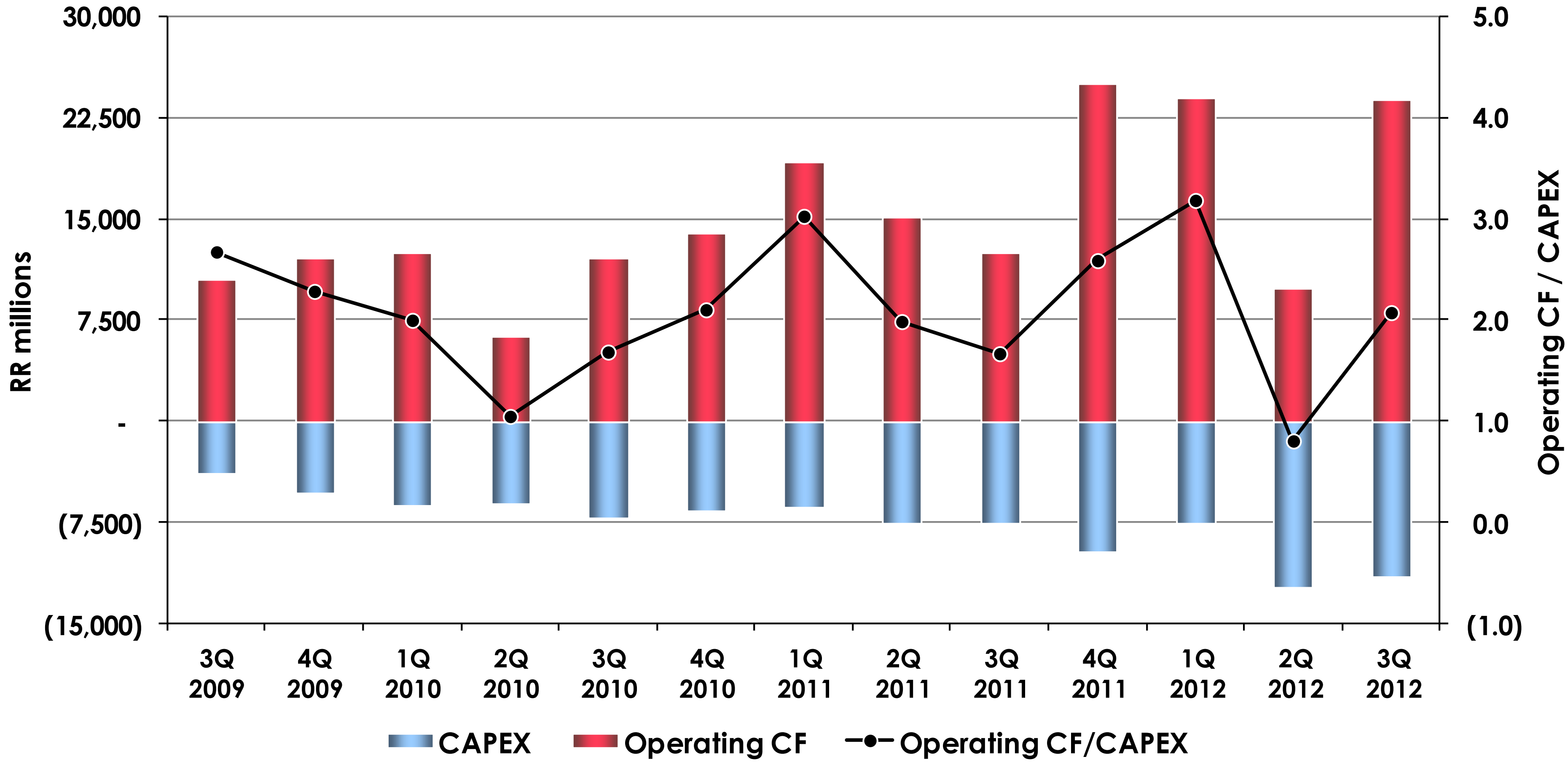
NOVATEK

Condensed Balance Sheet (RR million)

	30 September 2012	31 December 2011	+/(-)	+/(-)%
Total current assets	**48,702**	**58,316**	**(9,614)**	**-16.5%**
Incl. Cash and cash equivalents	*17,472*	*23,831*	*(6,359)*	*-26.7%*
Total non-current assets	**350,521**	**325,116**	**25,405**	**7.8%**
Incl. Net PP&E	*190,032*	*166,784*	*23,248*	*13.9%*
Total assets	**399,223**	**383,432**	**15,791**	**4.1%**
Total current liabilities	**33,869**	**50,114**	**(16,245)**	**-32.4%**
Incl. ST debt and current portion of LT debt	*18,938*	*20,298*	*(1,360)*	*-6.7%*
Total non-current liabilities	**83,120**	**91,636**	**(8,516)**	**-9.3%**
Incl. Deferred income tax liability	*13,933*	*12,805*	*1,128*	*8.8%*
Incl. LT debt	*65,721*	*75,180*	*(9,459)*	*-12.6%*
Total liabilities	**116,989**	**141,750**	**(24,761)**	**-17.5%**
Total equity	**282,234**	**241,682**	**40,552**	**16.8%**
Total liabilities & equity	**399,223**	**383,432**	**15,791**	**4.1%**

NOVATEK

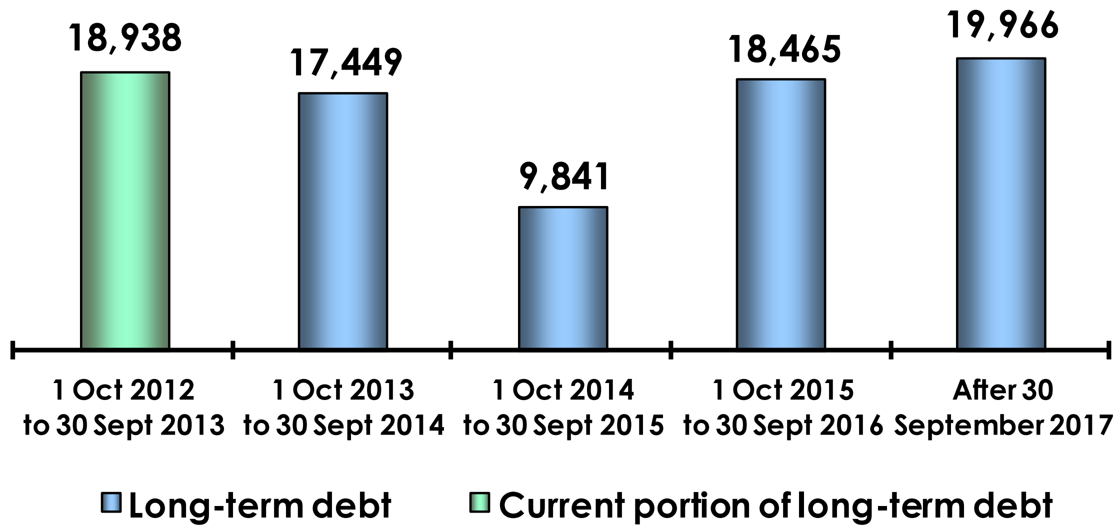
Internally Funded Investment Program



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

NOVATEK

Total Debt Maturity Profile (RR million)



- ✓ In October 2012, the Group repaid the final tranche of loan from ZAO UniCredit Bank aggregating USD 20 million as scheduled
- ✓ In October 2012, the Group placed on the MICEX Stock Exchange the Russian rouble Bonds of RR 20 billion

Debt repayment schedule:

Up to 30 September 2013 – ZAO UniCredit Bank, RR denominated bonds, OAO Nordea Bank credit lines, Sumitomo Mitsui Banking Corporation Europe Limited

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

Up to 30 September 2015 – Sberbank loan

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

After 30 September 2017 – 1 tranches of Eurobonds Ten-Year

Note: Current debt maturity profile as of 30 September 2012 with repayments in the 12 months 30 September 2013, 2014, 2015, 2016 and after 30 September 2017

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Questions and Answers

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