NOVATEK

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

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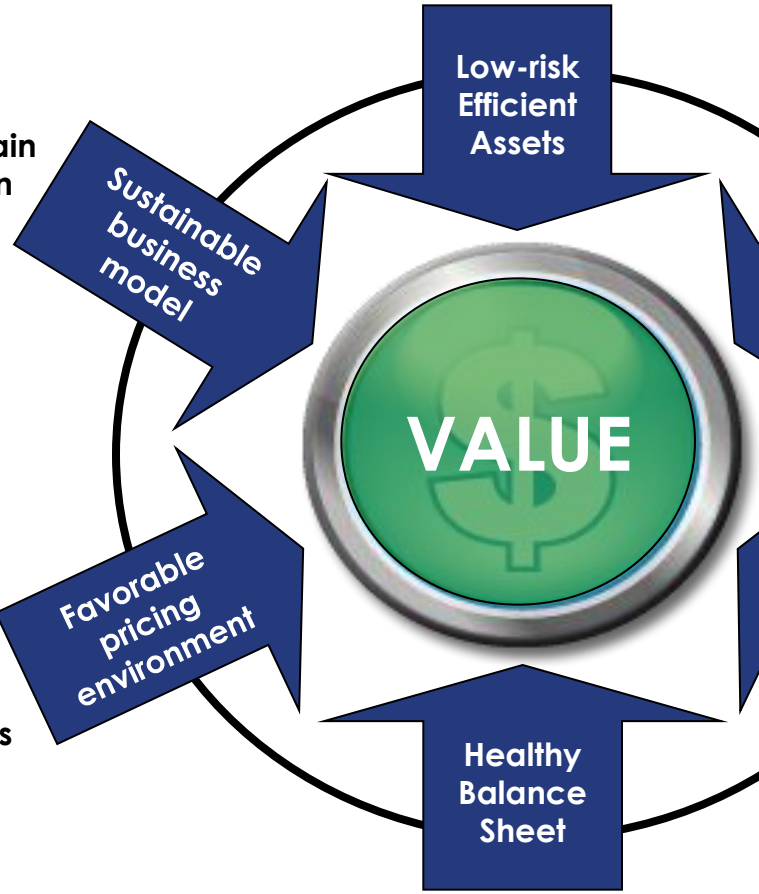
Value Formula

25 year R/P life (P1), 41 year R/P life (P1+P2)
1,321 bcm P1 Gas reserves
~50% Total Proved Developed Reserves



Natural gas will remain the fuel of choice in the 21st century

~5.4 tcm of natural gas[2]
~717 mmt of liquids[2]
~41.6 billion boe[2]

Domestic gas price continues to increase, volatility to liquid prices

Focus on developing core natural gas and gas condensate assets

Sufficient cash reserves, strong liquidity ratios

Notes :
1. $(C_1 + C_2)$ & $(D_1 + D_2)$ Russian reserve classifications
2. Based on 2010 figures

Leading Industry Reserve Efficiency

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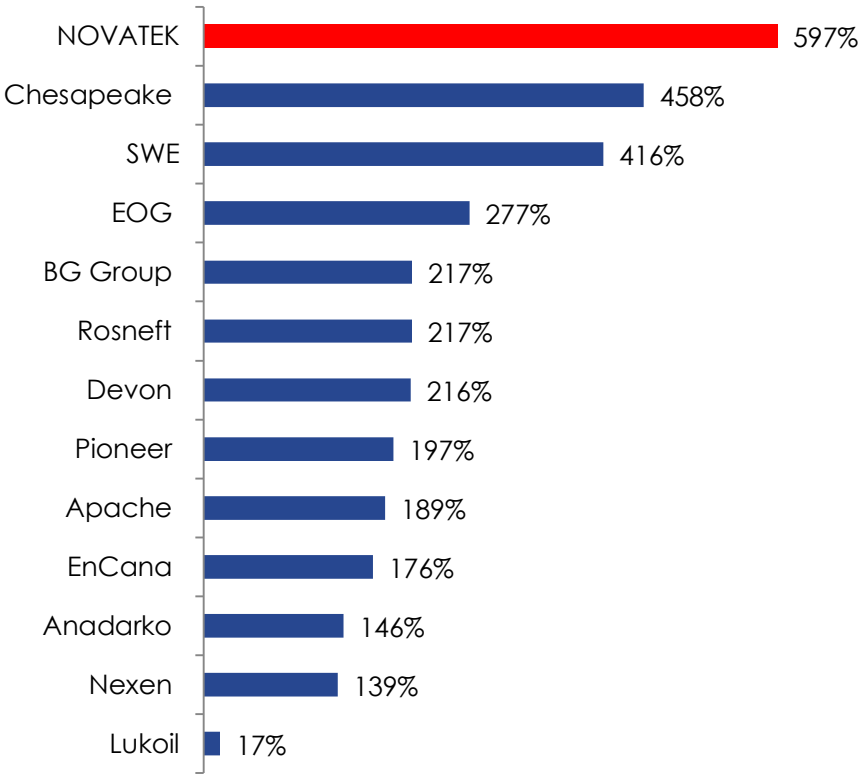
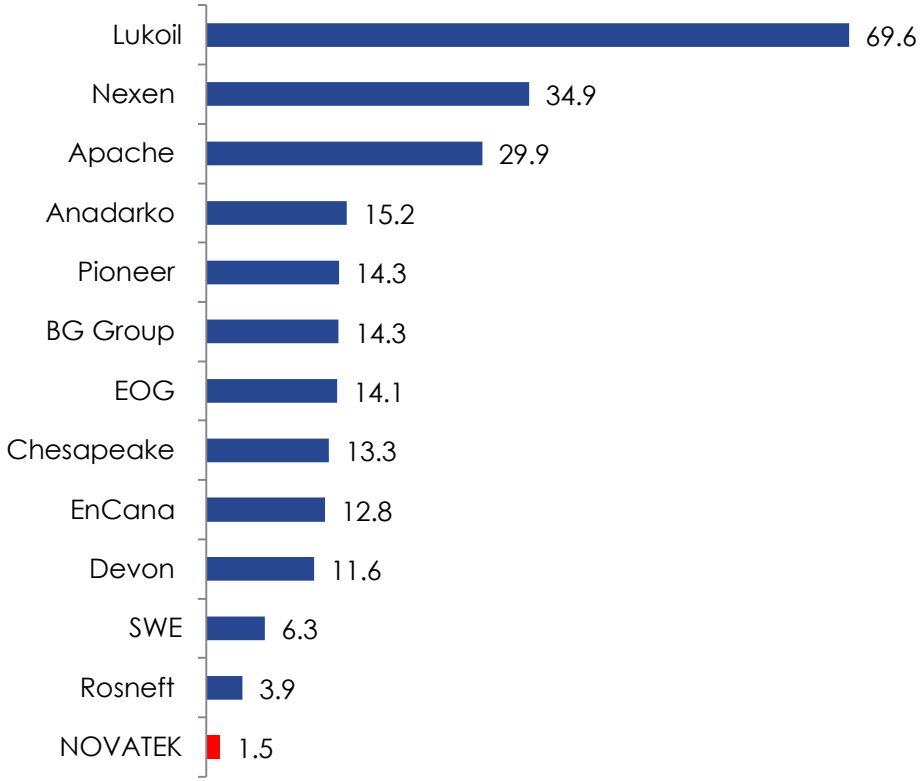
3-YR avg. reserve replacement rate, %



3-YR avg. F&D costs per boe



Best in class resource base, efficient M&A and prudent use of modern technology allow us to demonstrate industry-leading reserve replacement rates and lowest F&D costs

Sources: Company data, IHS Herold Upstream Reviews, 2006 – 2011, SEC reserves

Reserve Growth, mm boe

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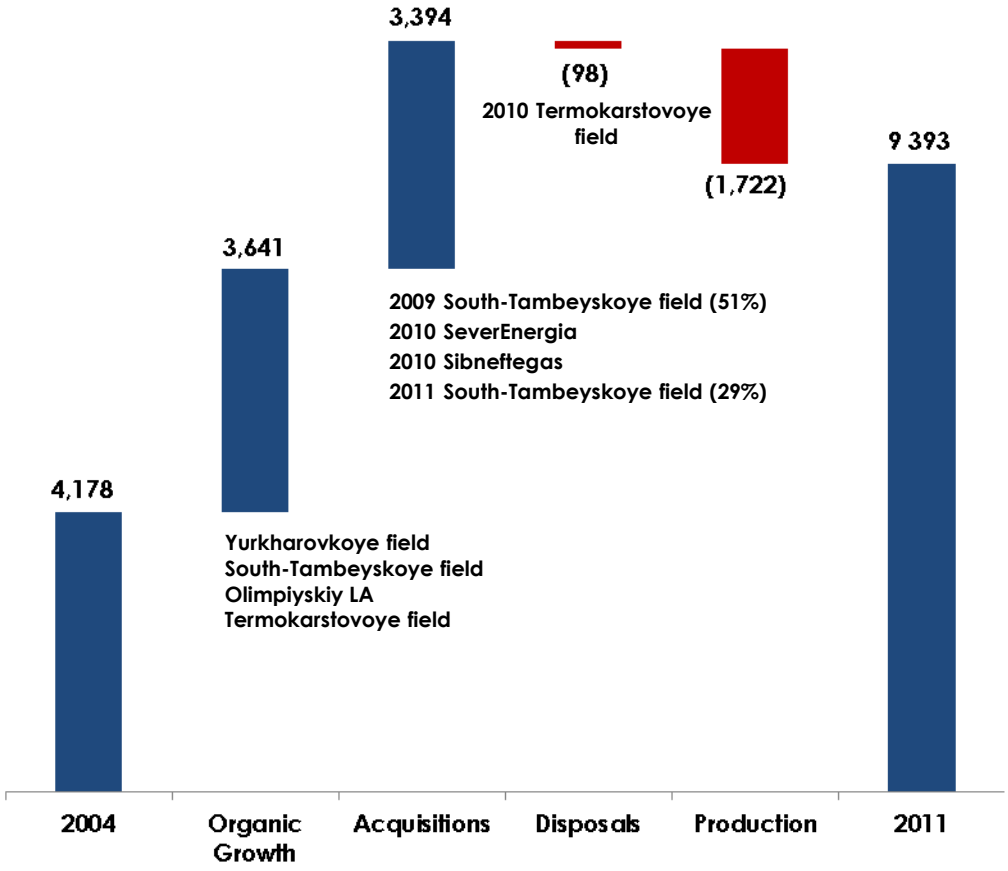
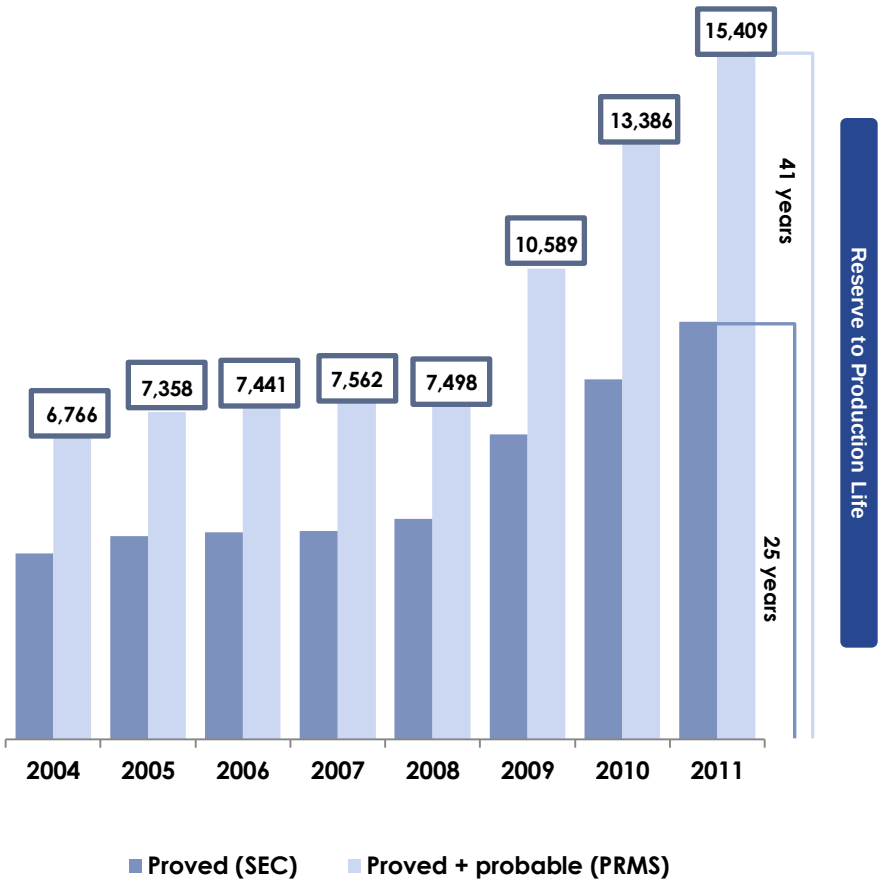
Proved Reserve Changes (SEC)

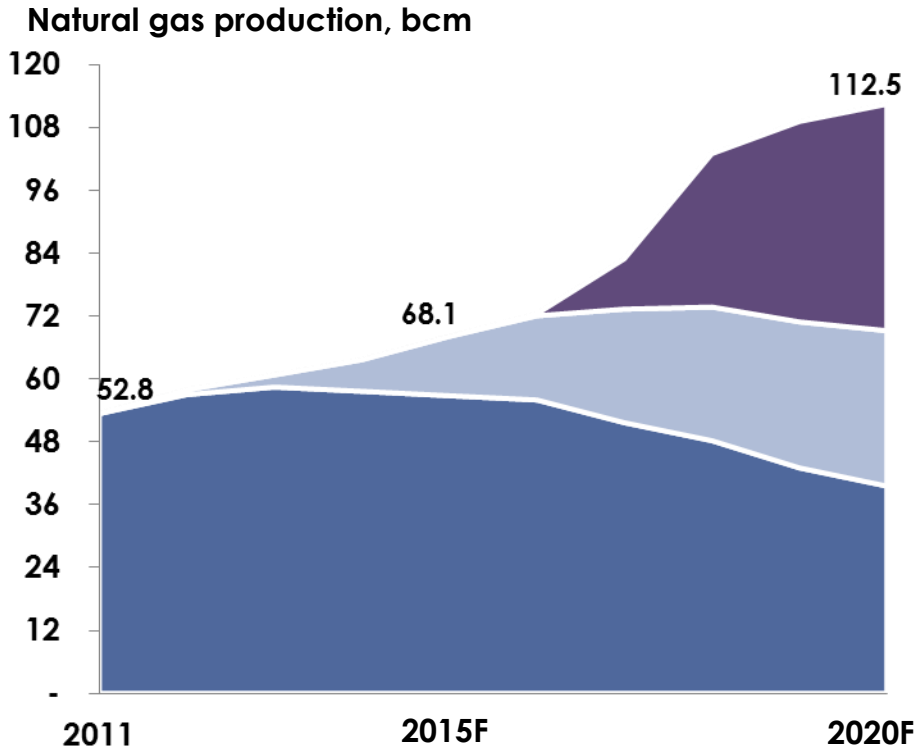


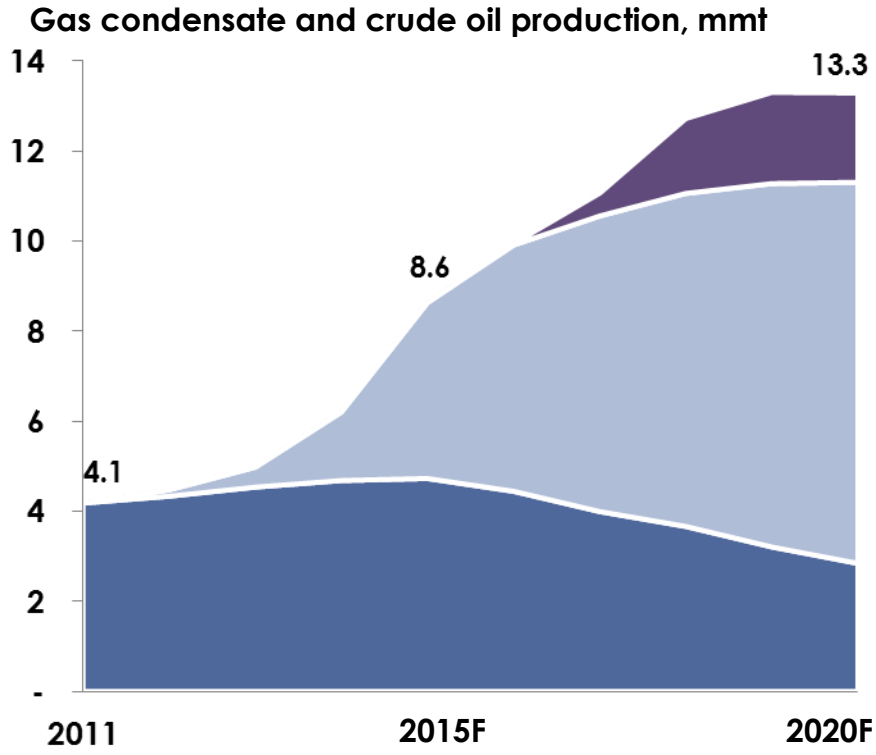
Total reserves by category



Organic growth accounted for ~ 52% of total reserve growth

Production – All Fields[1]





Current Production Center | New Production Center | New Production Center Yamal

NOVATEK plans to more than double gas production and triple liquids production by 2020

Note 1: NOVATEK's net interest in all fields

Yurkharovskoye field production growth

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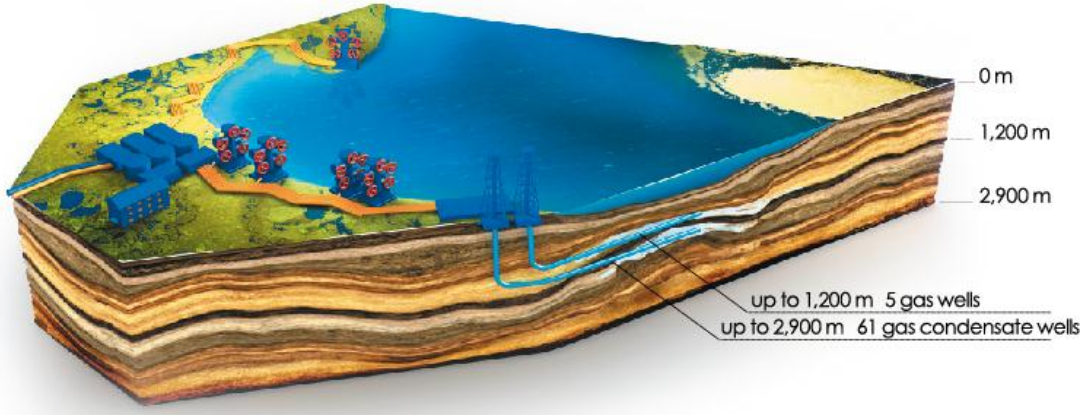
Yurkharovskoye field infrastructure



gas pipeline

gas condensate pipeline

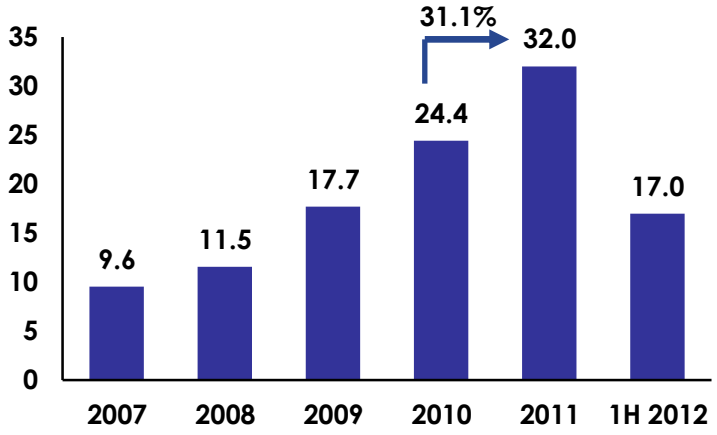
gas preparation unit

housing facilities

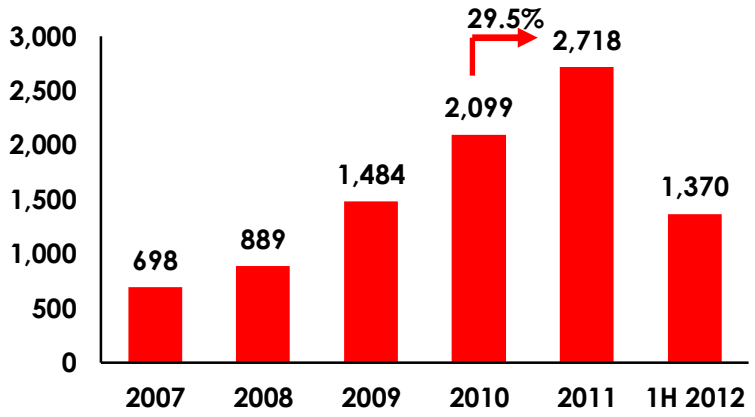
gas and gas condensate wells

The central and eastern parts of the field are situated on the shelf of the Tazov Bay are being developed from onshore locations using horizontal wells

Field's natural gas production, bcm



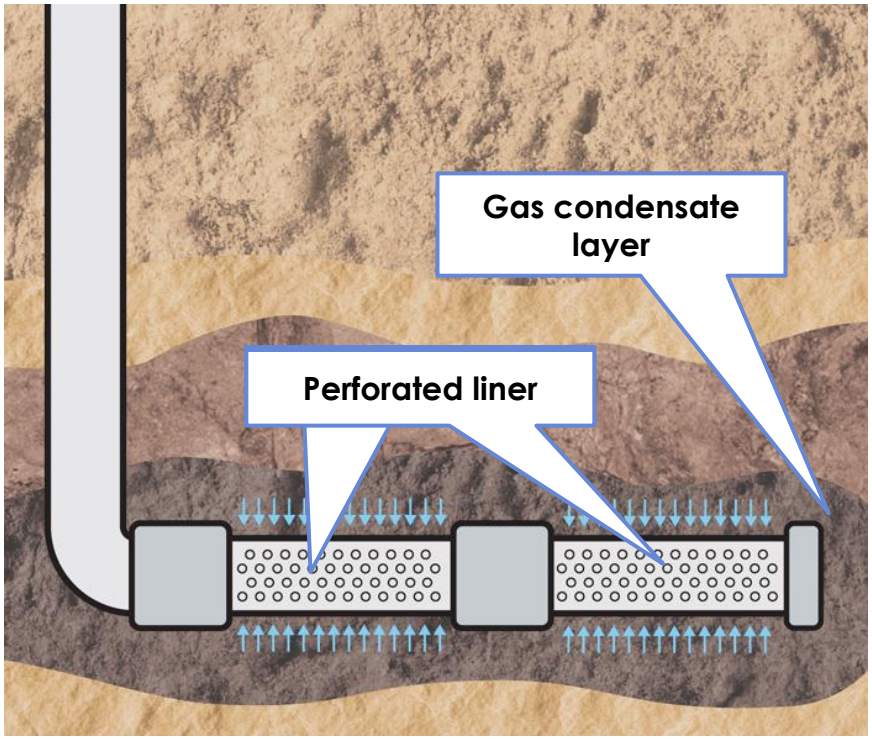
Field's gas condensate production, mt

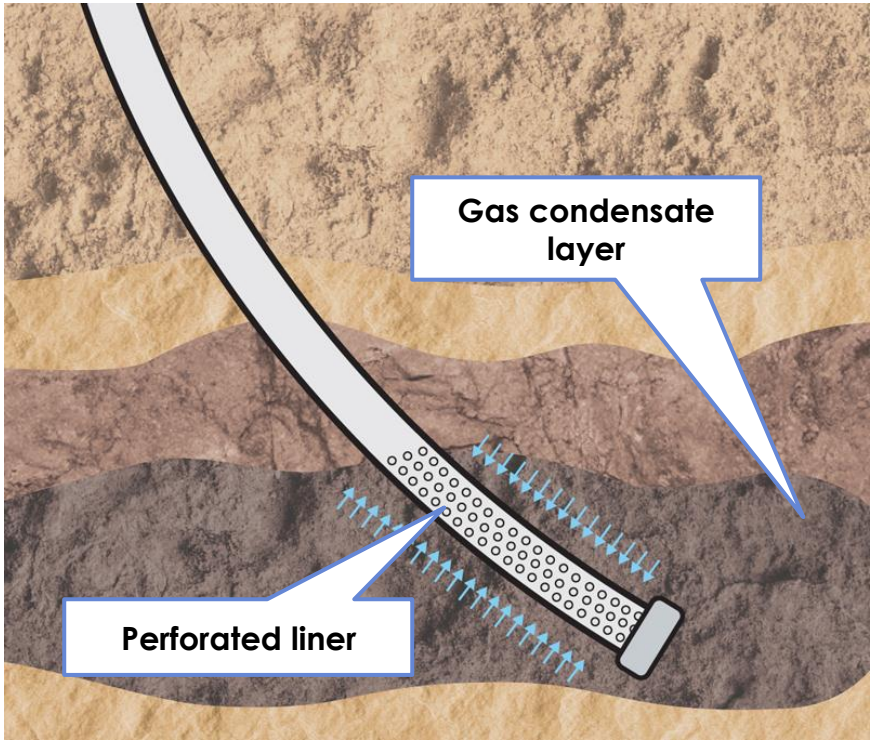


Yurkharovskoye field drilling program

New Yurkharovskoye drilling program
- Horizontal wells with long perforated liners
- Big diameter wells
- Record well flow, low decline rates

Old Yurkharovskoye drilling program
- Directional wells with short perforated liners
- Average diameter wells
- Average well flow, higher decline rates

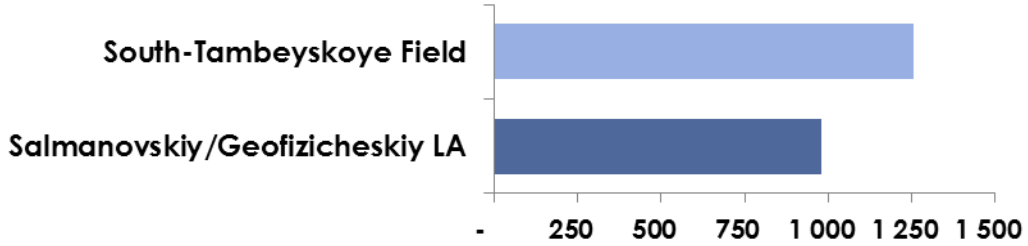




Horizontal Drilling Technology allows to maximize flow rates and reserve recovery

Yamal & Gydan Peninsula Resources

Russian Reserve Classification ABC1+C2 – Natural gas, bcm



Russian Reserve/Resource Appraisal of New Licenses

		As at 31 December 2011		
License area	Category	Natural Gas bcm	Liquid hydrocarbons, mmt	Total mm boe
Salmanovskiy (Utrenniy)	C1+C2	767	34	5,300
Geofizicheskiy	C1+C2	212	12	1,484
Total	**C1+C2**	**979**	**46**	**6,785**
North-Obskiy	D1	1,164	187	9,178
East-Tambeyskiy	D1	598	34	4,206
Total	**D1**	**1,763**	**221**	**13,383**

Utrenneye & Geofizicheskoye Fields[1]

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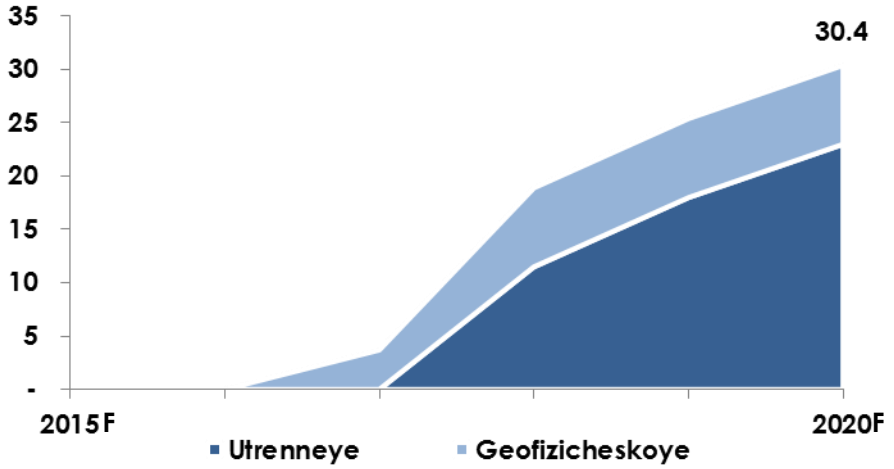
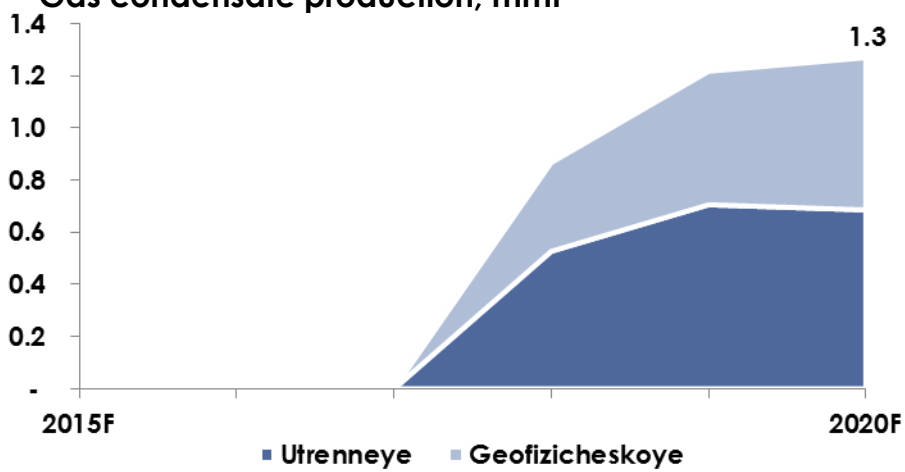
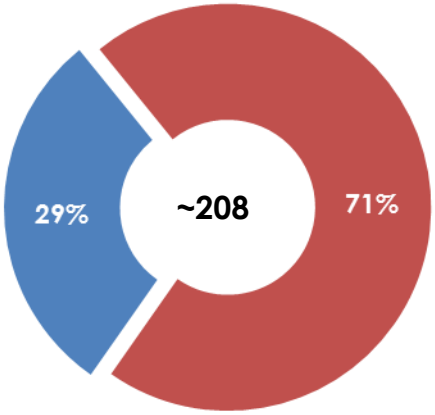
Gas production, bcm



Gas condensate production, mmt



Capital expenditures[2], RR billion



Preliminary Development Plans[3]

- Flexible development options, pipeline (UGSS) or LNG
  - Gas/gas condensate wells to be drilled in 2015-2020 – 150
    - Utrenneye – 104 wells
    - Geofizicheskoye – 46 wells
  - Current development plan assumes pipeline connection to the UGSS
    - Unstable gas condensate: pipeline from the Geofizicheskoye field to the Utrenneye field (~150 km) for de-ethanization, stabilization and tanker loading for transport to export markets
    - Natural gas: pipeline from the Utrenneye field to the Geofizicheskoye field (~125 km), pipeline from the Geofizicheskoye field to the Yamburg Compressor station & UGSS (~260 km)

Notes:
1. 100% of field production volumes and capital expenditures
2. Capital expenditures (net of VAT)
3. Final decision on development plan will be made at a later date based on market conditions

Yamal LNG

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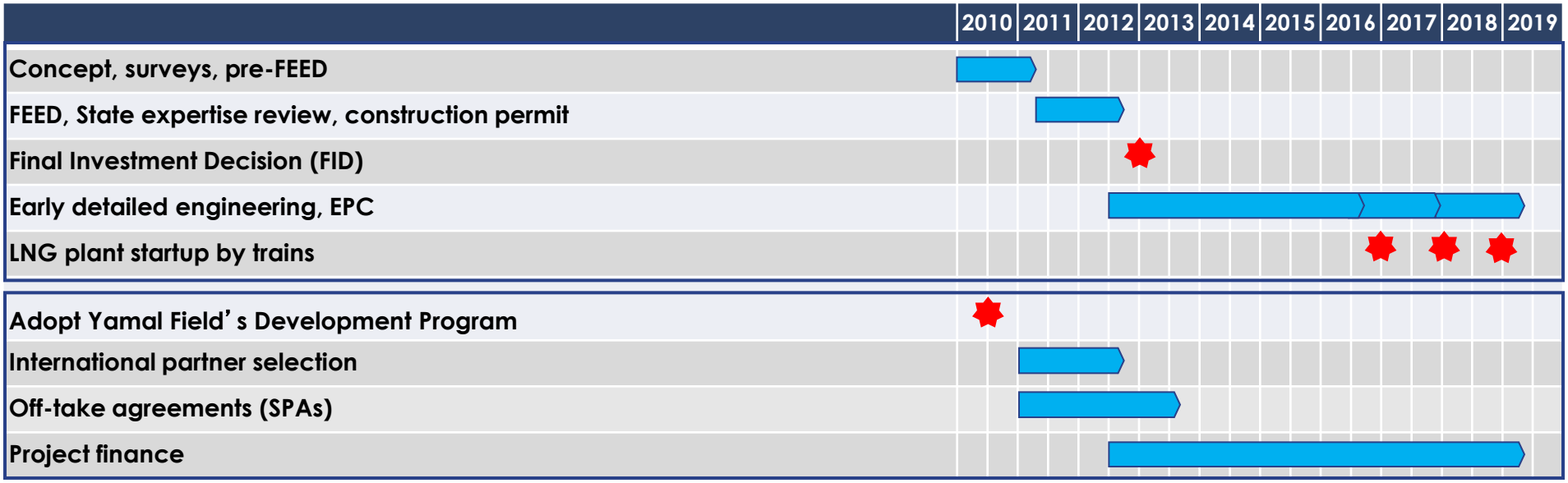

Target FID in 4Q 2012

2011 Results

Exploration & Development
- Drilling and testing of 3 exploration wells
- Subsurface modeling
- Reserves appraisal (increased 2P reserves by 10%)
- Field development optimization

Design
- Conceptual design in place
- FEED/Design – 60%/10%

Sea Port - ongoing

Governmental Support
- Tax concessions approved
- Port and channel construction costs included in the RF budget

Infrastructure
- Construction of the settlement and field infrastructure

Partners
- Total acquired 20% in Yamal LNG
- Joint management bodies in place (BoD, committees, management)
- Negotiations with other potential partners ongoing

2012 Goals

Exploration & Development
- 3D seismic - 250 square km (Northern dome)
- Subsurface and hydrodynamic modeling
- Update reserves appraisal

Design
- Completion of FEED/Design
- Environment and technical expert reviews

LNG plant (EPC)
- EPC tender (contract award following FID)
- Long lead items (LLI) contracts awarded

Sea Port
- Commencement of preconstruction stage

Infrastructure
- Commissioning of Phase 1 infrastructure facilities

Shipping & Marketing
- Approve marketing and shipping strategy
- Conclude competitive tender among ship-owners
- Contract over 50% of LNG (target pre-FID)

Partners
- Involvement of new international partner (15-20%)

Project Finance (PF)
- Societe Generale CIB, Gazprombank, Sberbank
- Prepare PF bankability report

Yamal LNG Production Facility

Integrated facility at Sabetta

- Gas treatment and liquefaction facility
  - Onshore LNG plant: three production trains of 5.0 mmt per annum each
  - 1 mmt per annum stable gas condensate production capacity
  - Single site – integrated utilities and infrastructure
  - LNG tanks 4 x160 mcm
- Jetty with two berths
- Planned launch of first train in 4Q 2016
- Planned capital expenditures for field development and LNG facilities $US18 – 20 billion[1]

Production → **Liquefaction** → **Transportation** → **Marketing**

Construction and operation of LNG shipping fleet will be carried out by a third party. Yamal LNG will sign long-term charters with the operator

Note 1: Based on the results of the pre FEED study (net of VAT)

Onshore LNG plant infrastructure

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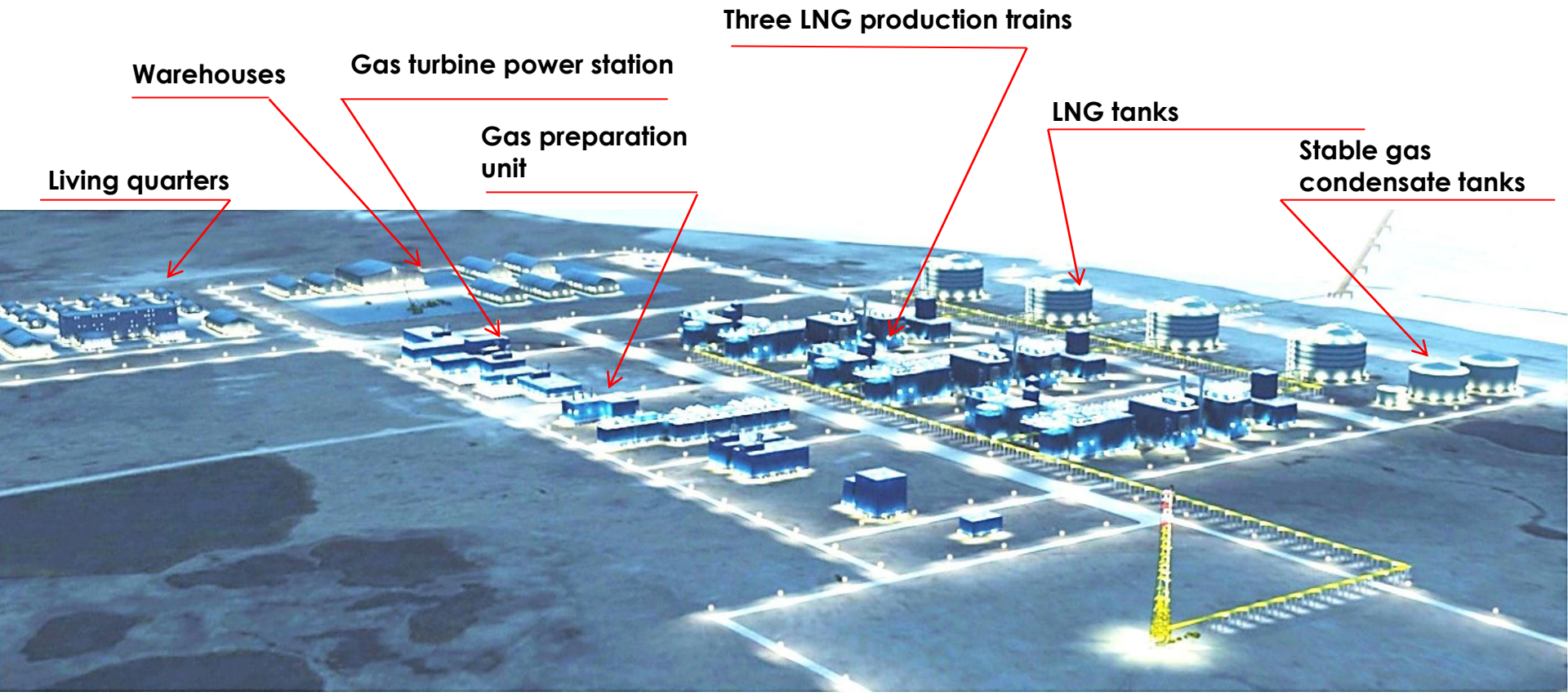
- Technological preparation complex and liquefaction of natural gas
- Modular design and construction of LNG plant
- Construction of onshore facilities in permafrost using pile foundations



Port of Sabetta Construction Plan

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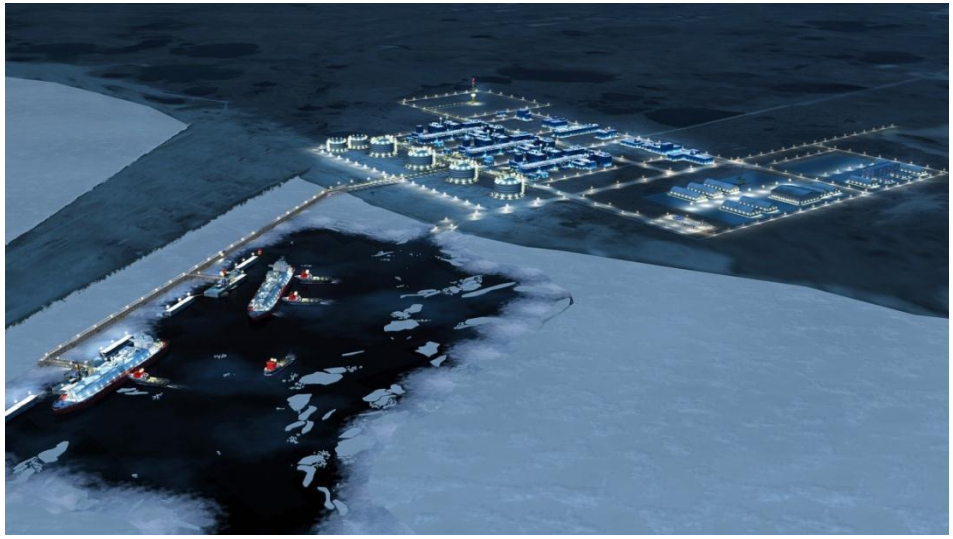
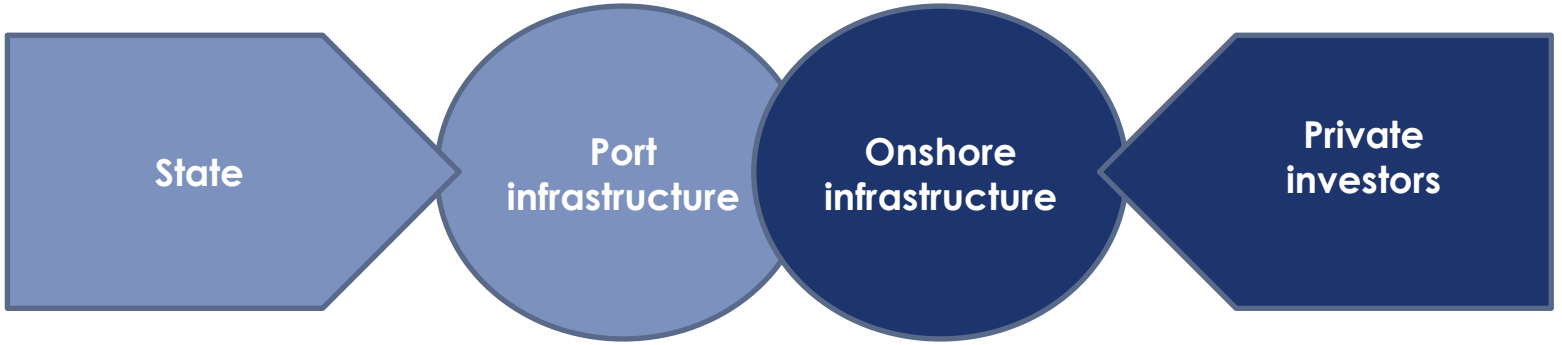
A key strategic facility for receiving goods and exporting products

- **Start of construction** of the port facilities commencing July 2012
- **First stage:** constructing piers for the acceptance of large LNG process modules
- **Second stage:** constructing berths for LNG and gas condensate. The first LNG shipment is planned for 2016 and by 2018, the port will have capacity of ~18 mln tons
- **Third phase (2020-2025):** potential expansion of port capacity to 50 mln tons subject to additional projects



Port Construction built on the principles of public-private partnership



Port of Sabetta Infrastructure Diagram

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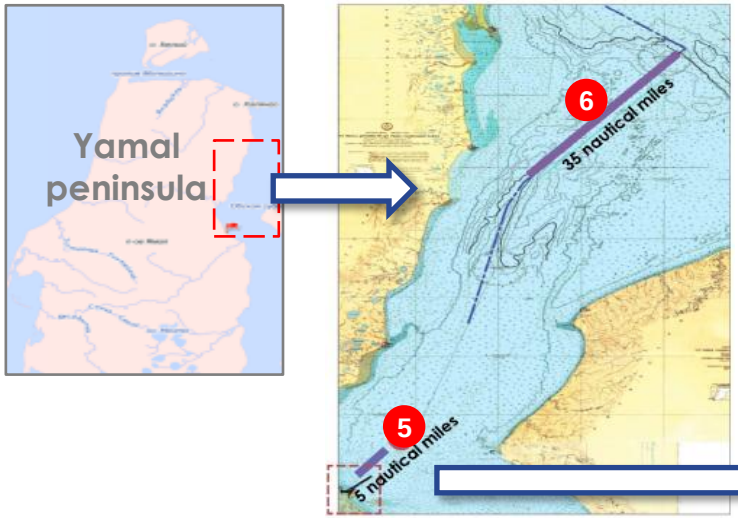
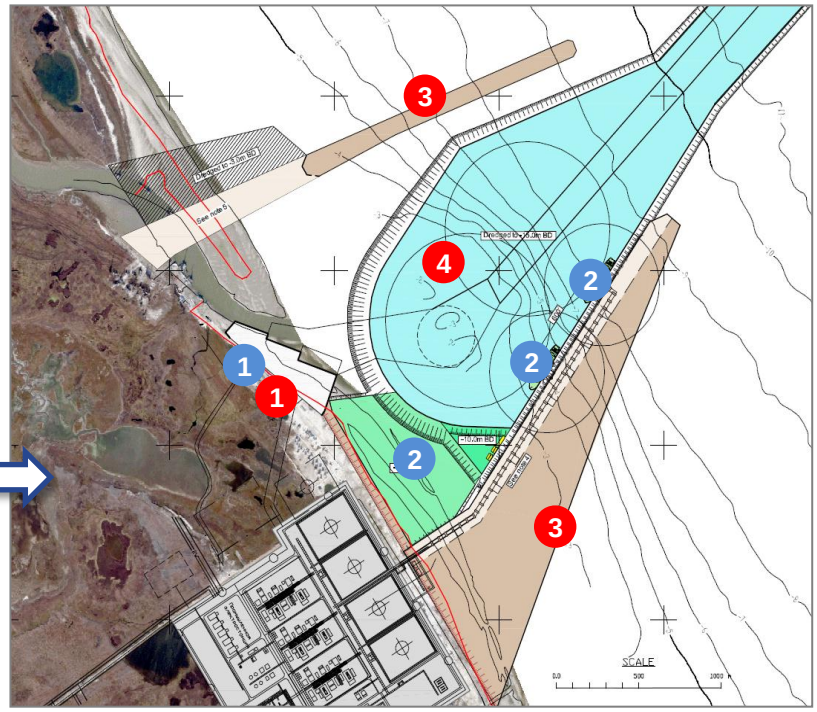
Seaway and approach channels



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

Port facilities

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

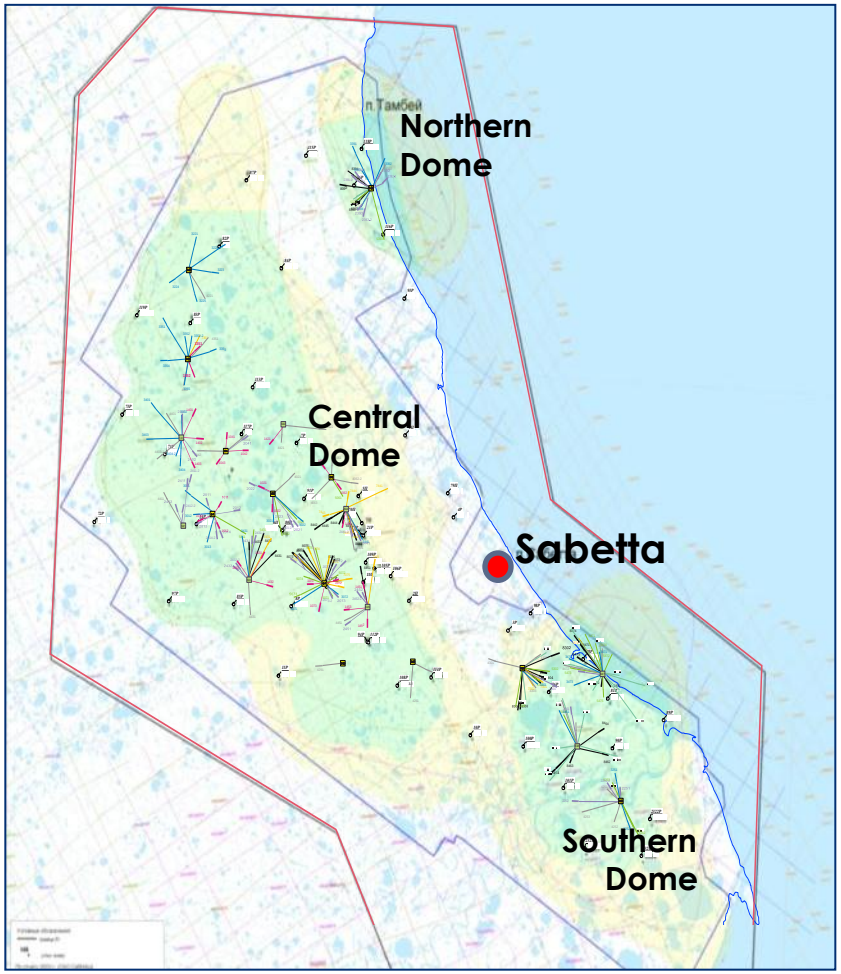
Channels

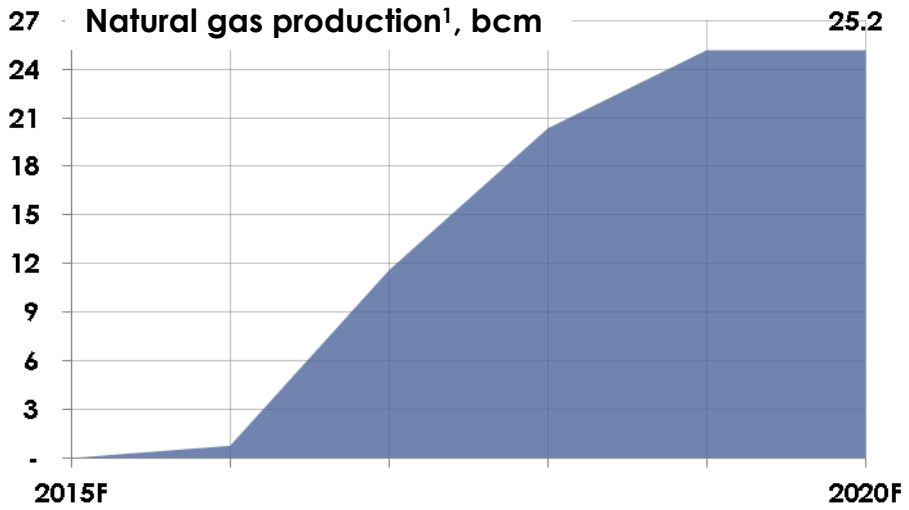
Dredging is required for the passage of LNG tankers with a capacity of 170,000 m^3 and with a draft of 11.7 m:

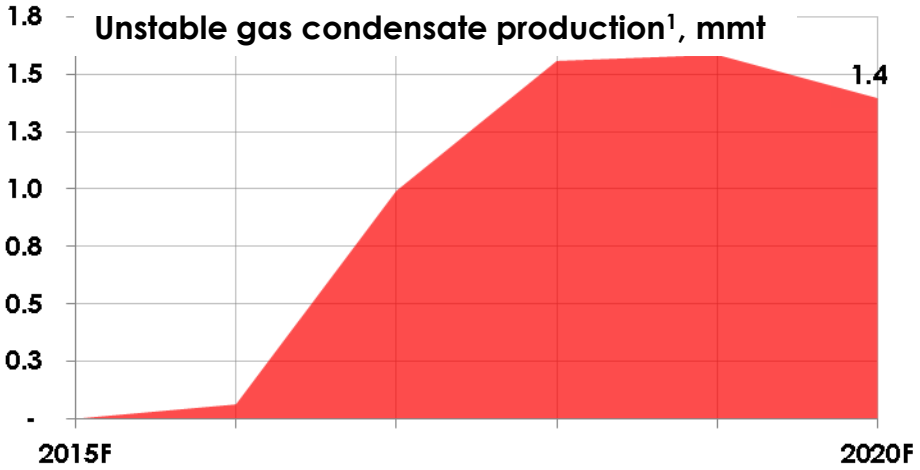
- Approach channel - 5 nautical miles
- Seaway channel - 35 nautical miles

Port and approach channels financed through the federal budget in accordance with an agreement with Rosmorport

South-Tambeyskoye Field







Capital expenditures[2] of ~ RR 100 billion, comprising 53% for drilling and 47% for production infrastructure

Note 1: 100% of South-Tambeyskoye field production volumes
Note 2: 100% of planned capital expenditures (net of VAT) for field development only (excluding LNG and processing facilities)

Field Development

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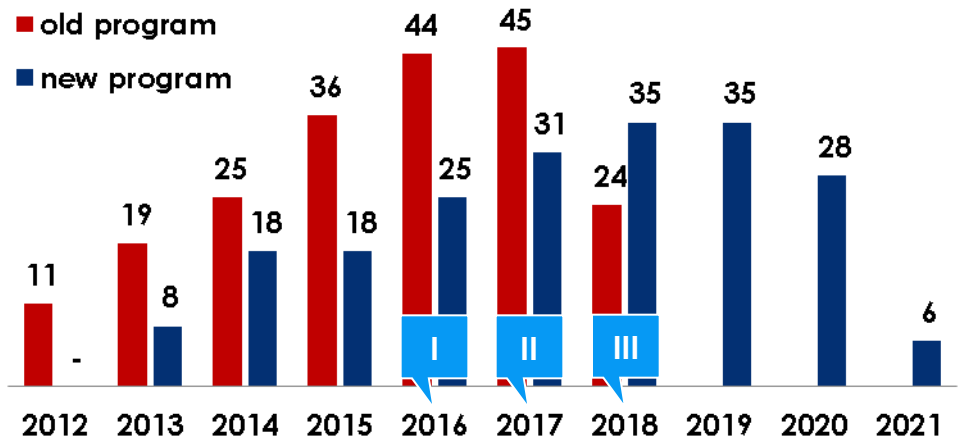
Development parameters

- Production of 25.2 bcm per annum (at plateau);
- ~ 204 producing wells;
- Directional wells (avg. horizontal displacement - ~ 500m);
- Field development sequence: priority is given to reservoirs with optimal condensate flow rate and simultaneous supply of required natural gas volumes to the LNG Plant;
- 2012 – mobilization of 2 rigs to start drilling by April 2013.

Field infrastructure

- 20 well pads
- 288 km – gas gathering lines (2 flow lines with different pressure ratings, lay methanol line and optic fiber cables)
- 121/143 km – roads/high voltage lines

Optimize drilling phasing (No. of wells)

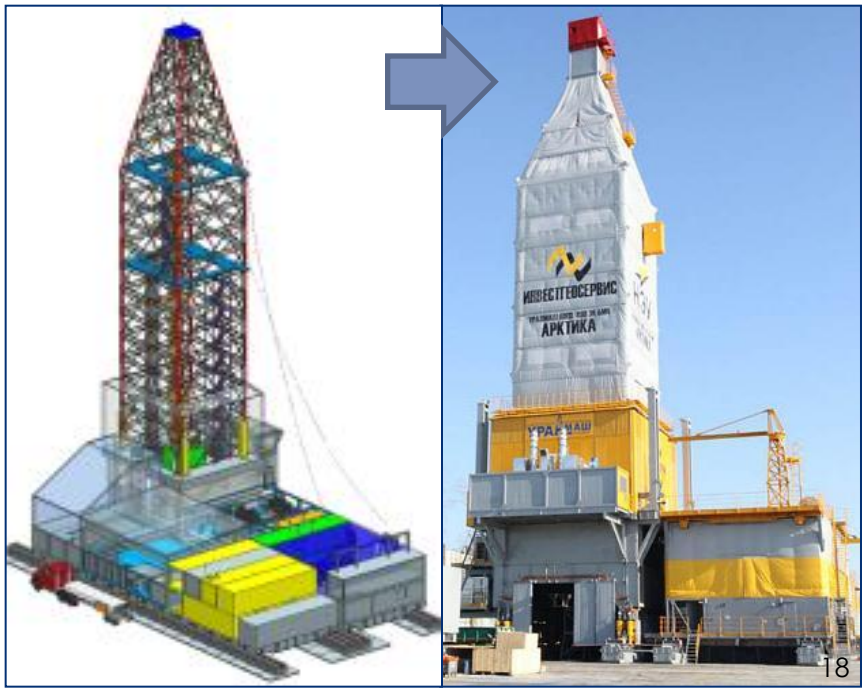


Optimize drilling and surface facilities

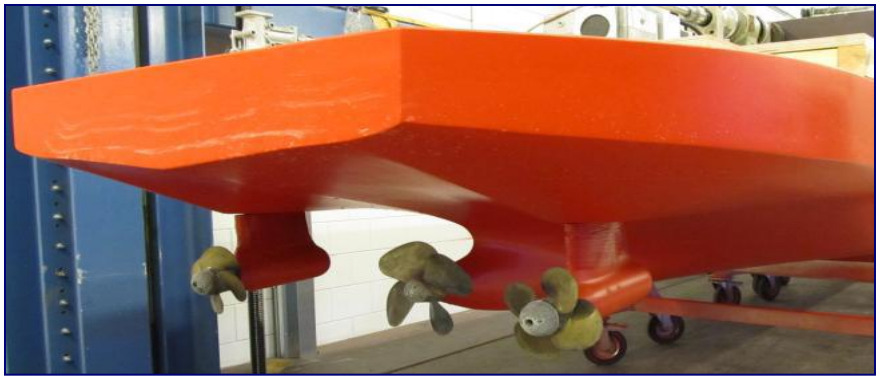
	Old	New
No. of drilling rigs	**8**	**5**
No. of well pads	**35**	**20**
Gas gathering lines	**350 km**	**288 km**

Drilling rig "Arctic"

- **First rigging up – 60 days**
- **Rig move within the field - 30 days**
- **Rig move within the pad – 1.5 days**



Yamal LNG Carrier Concept



Based on operational experience from ice class tankers at Lukoil's Varandey project (Barents Sea) and Norilsk Nickel's arctic operations

Main concept - Double Acting Ship (DAS):

- Bow – forward movement in open water and thin ice
- Astern – reverse movement through thick ice and ice ridges
- Three shaft propulsion system (two AZIPOD's and one center shaft)

Ice model tests have validated the Arc-7 170,000 m^3 LNG Carrier basic design

- Ice going capabilities: 2.3-2.4 meters (even ice)
- Confirmed speed: 19.5 knots in open water and 5.5 knots in even ice of 1.5 meters

NOVATEK LNG Strategy Implementation

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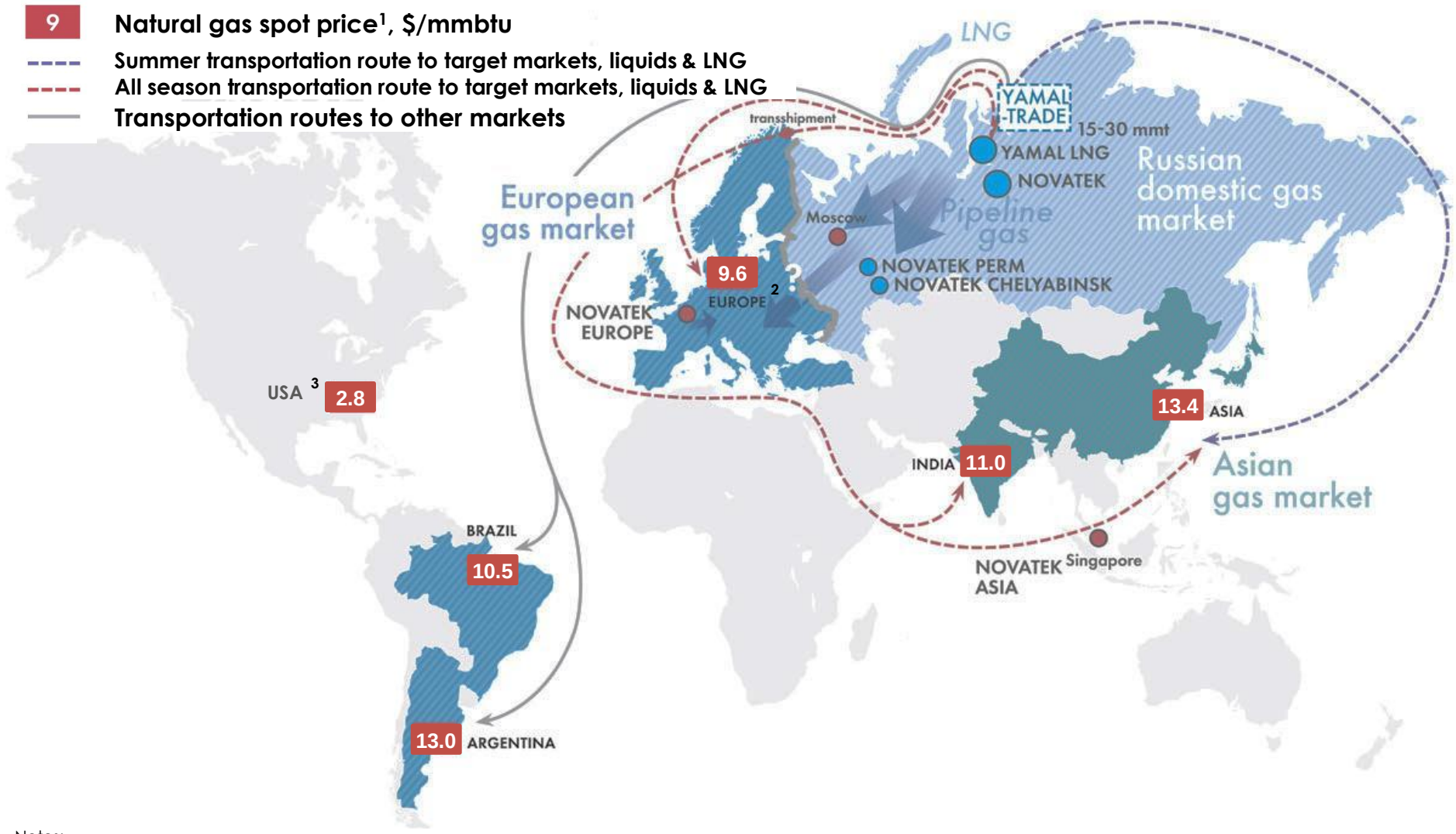
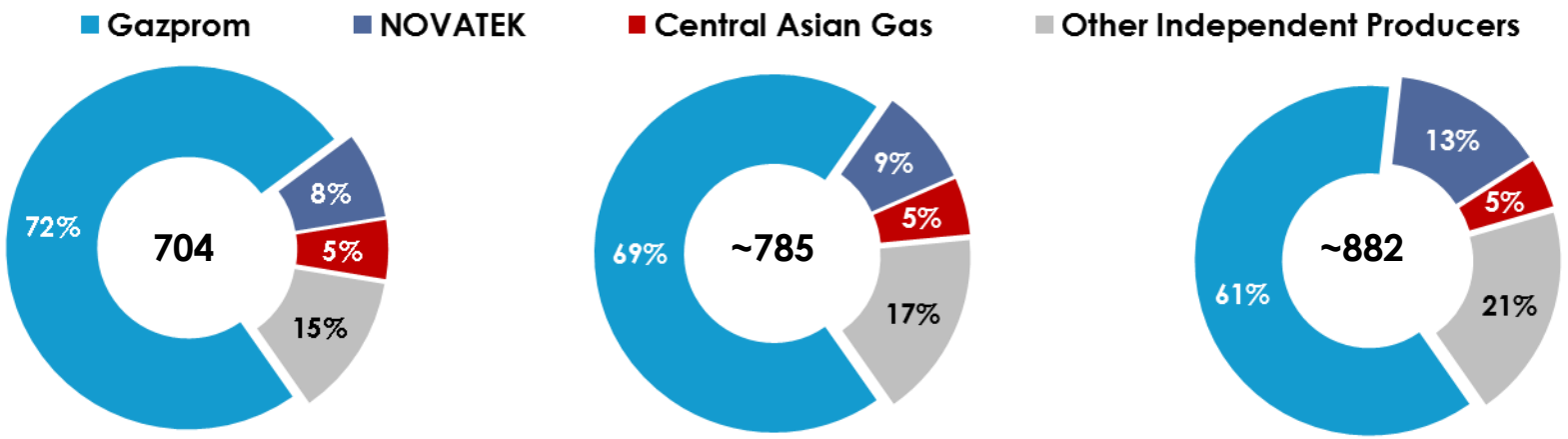


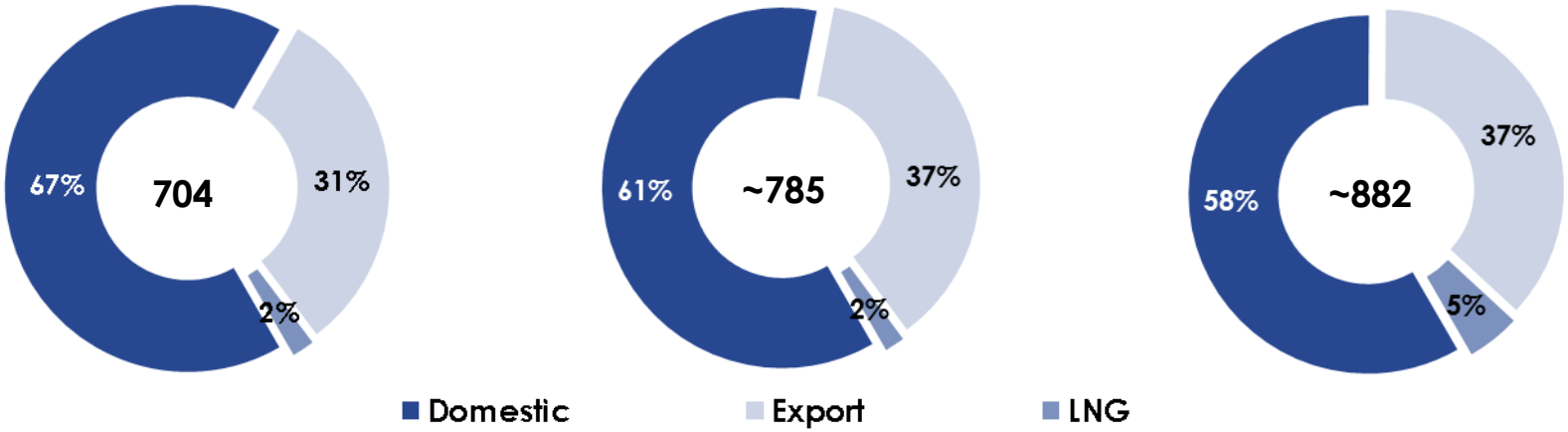
Notes:
1. Based on average actual prices in August 2012 from Argus Global LNG
2. Average of: Title Transfer Facility (TTF) spot price (Netherlands) and National Balancing Point (NBP) spot price (UK)
3. Henry Hub

Russian Natural Gas – Supply & Demand

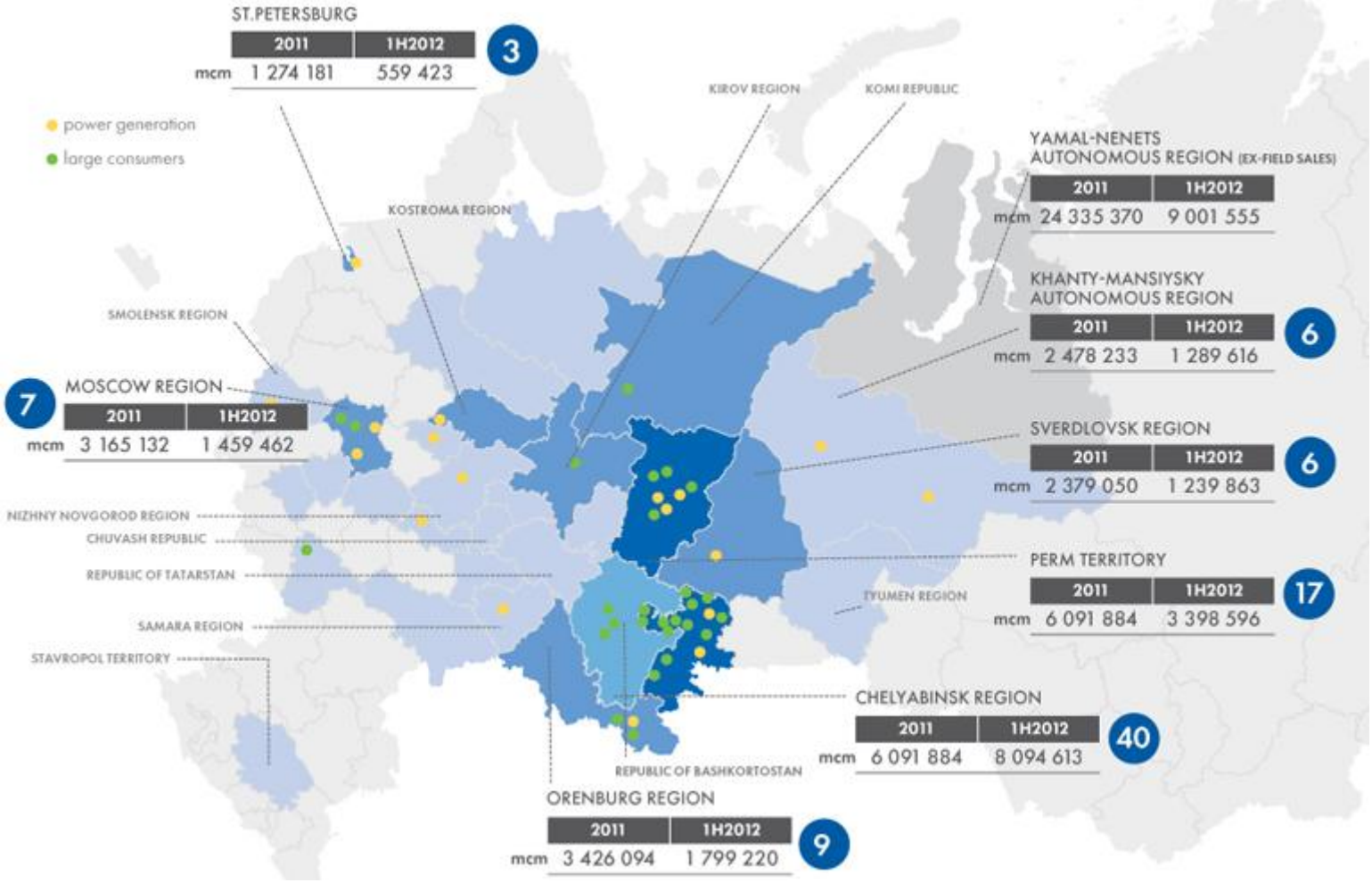
Russian Natural Gas Supply, bcm



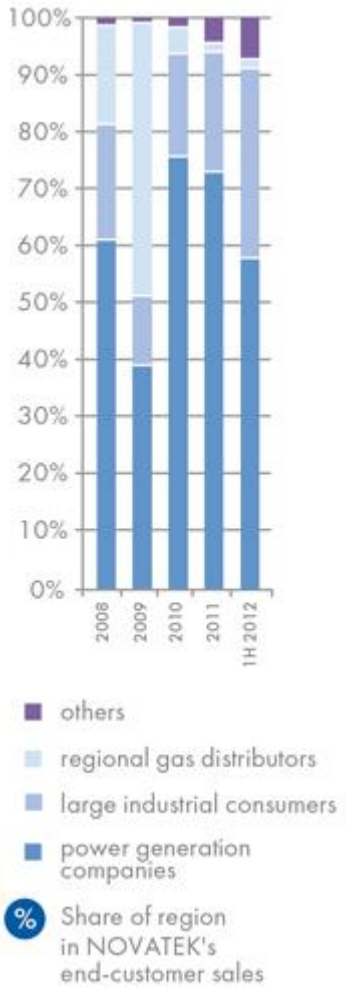
Russian Natural Gas Demand, bcm



Domestic Natural Gas Sales



End-Customer Sales Breakdown



Market Presence
(Forecast for Primary Regions)

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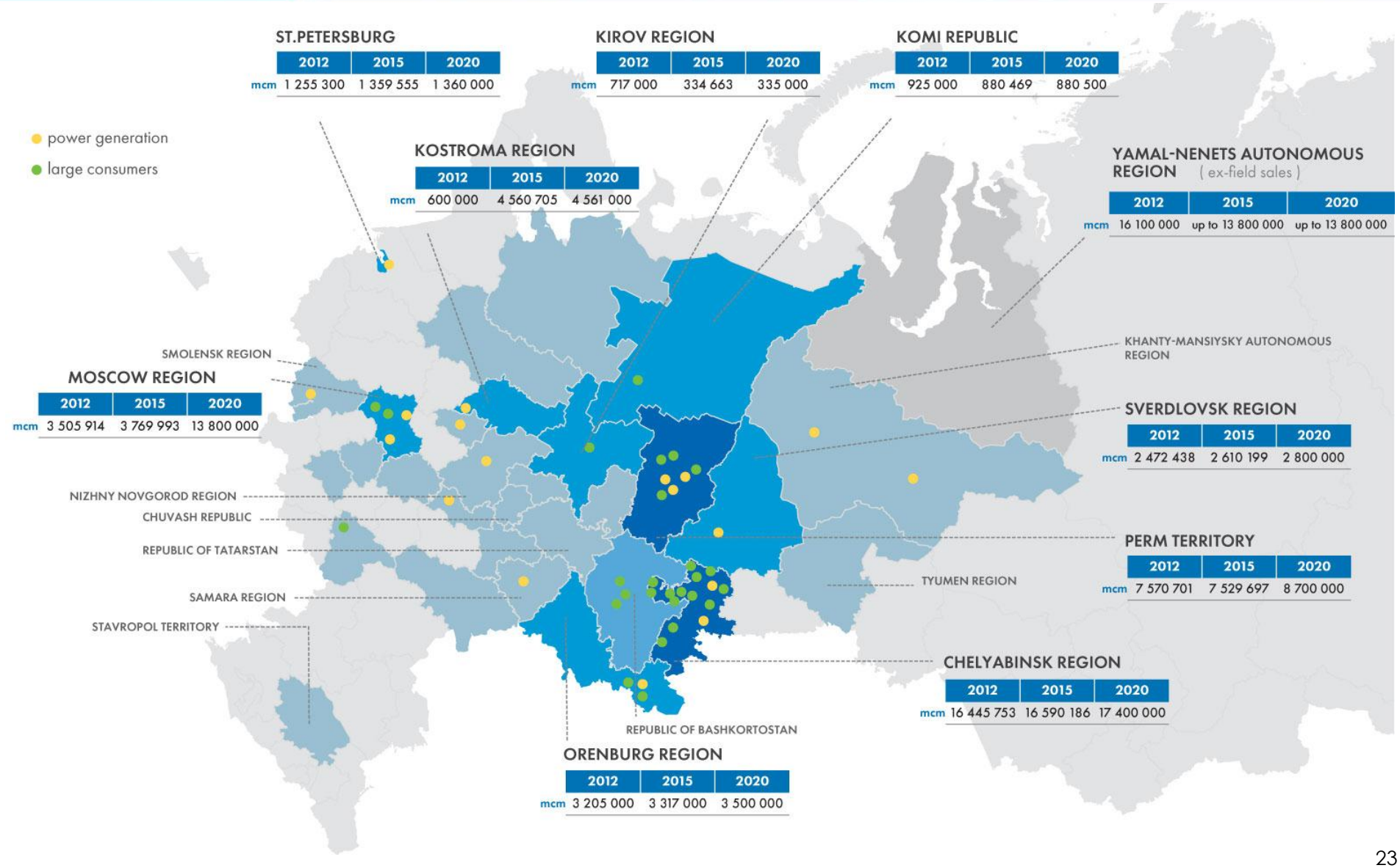
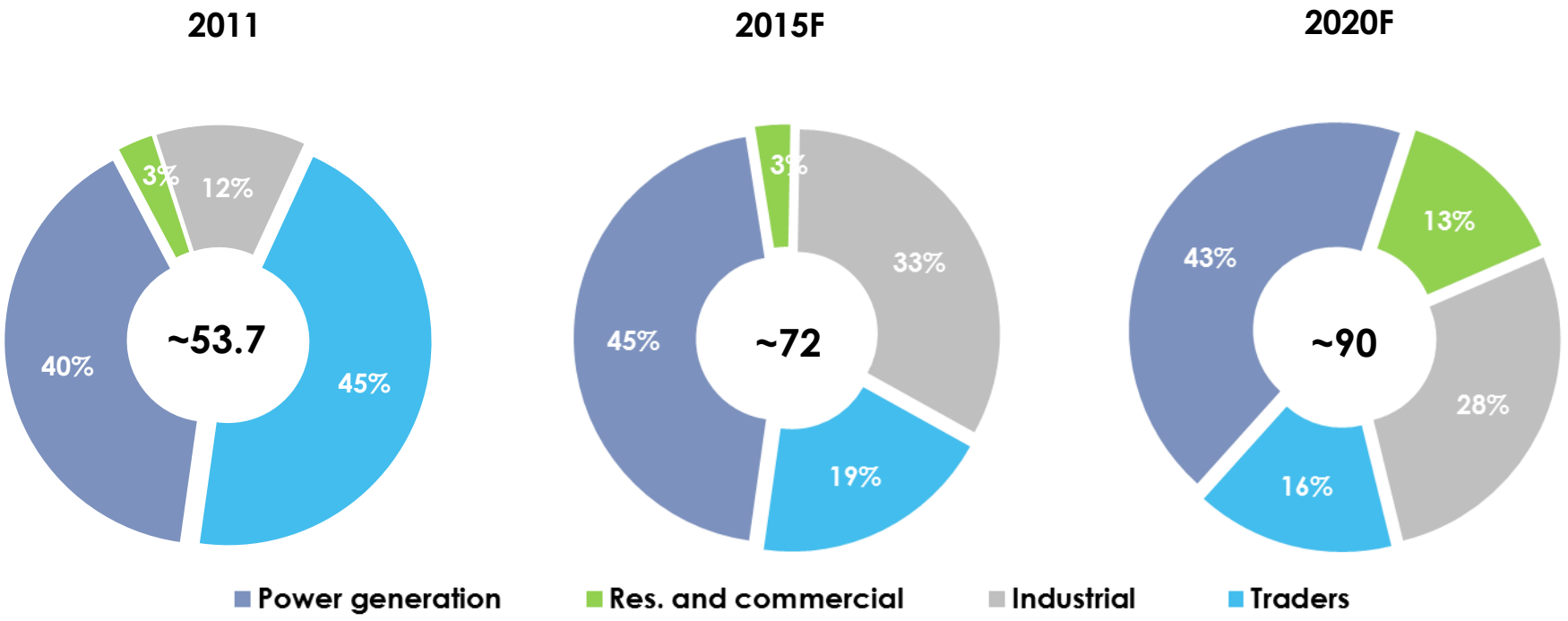


NOVATEK's Domestic Gas Deliveries, bcm

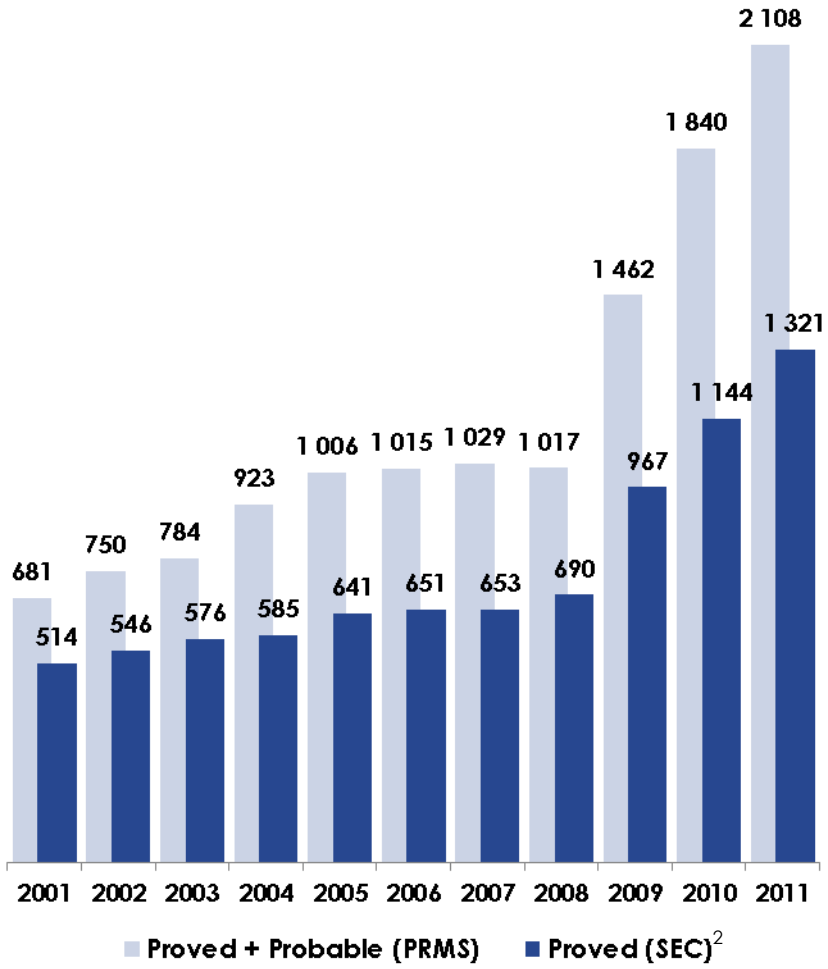


Appendix: Financial and Operational Results

NOVATEK's Hydrocarbon Reserves

Independent Reserve Appraisal[1], 31.12.2011		SEC	PRMS		
			Proved	Probable	Proved+ Probable
Natural gas	bcm	1 321	1 585	523	2 108
	tcf	47	56	18	74
Liquids	mmt	91	118	81	199
	mmbbl	752	970	652	1 622
Total	**mmboe**	**9 393**	**11 337**	**4 072**	**15 409**

Historical natural gas reserve[1] growth

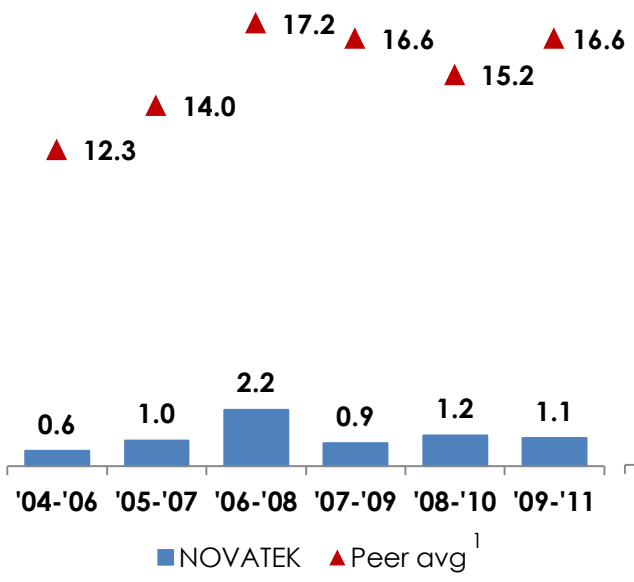


Notes:
1.Proved reserves fully appraised by DeGolyer & MacNaughton using the SEC's and Petroleum Resource Management System (PRMS) reserve methodology
2.PRMS standards introduced in 2007, prior periods reserves were appraised using the Society of Petroleum Engineers (SPE) reserve methodology

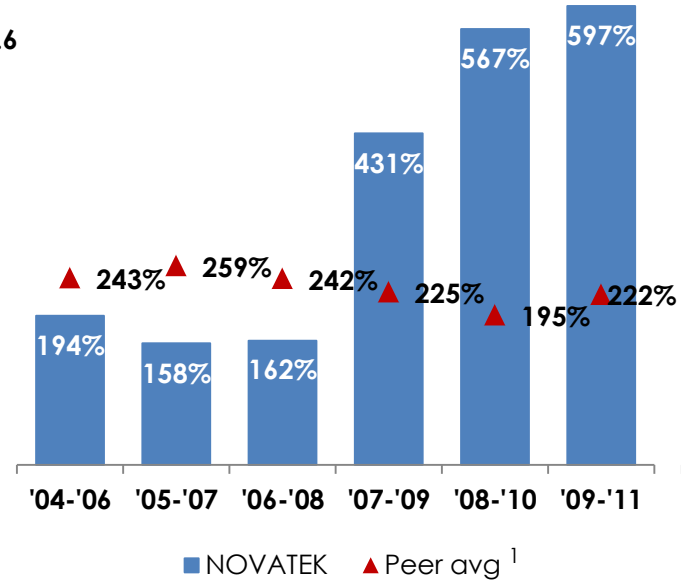
World Class Reserve Metrics

NOVATEK

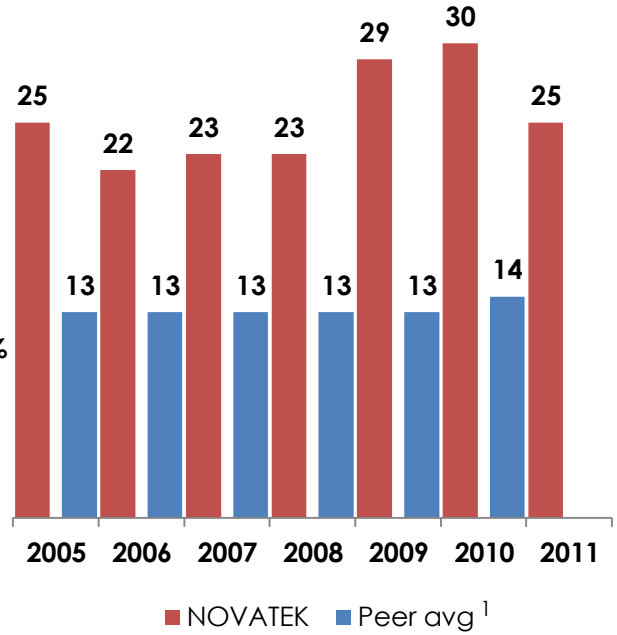
Reserve Replacement Costs (3-year average),$/boe



Reserve Replacement Rate (3-year average), %



Reserve Life, years



One of the lowest cost, most efficient and longest life producers in the global oil and gas industry

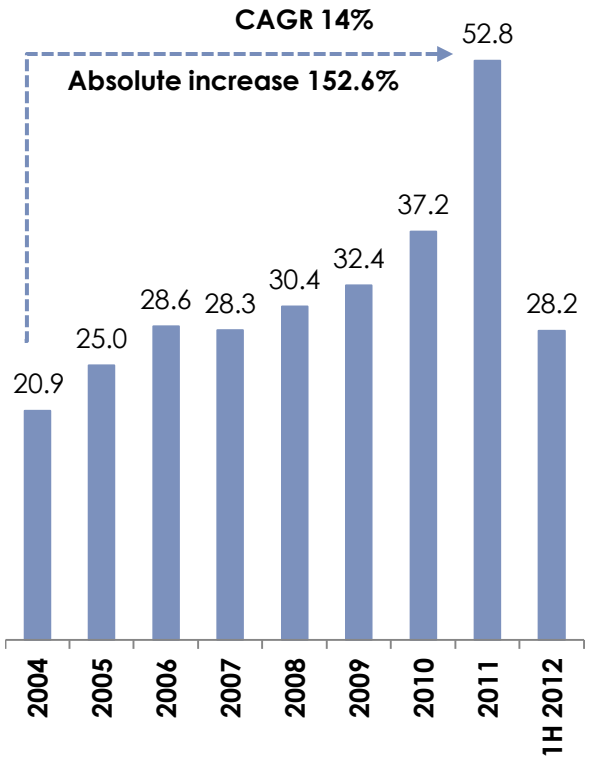
Sources: Company data, IHS Herold Upstream Reviews, 2006 – 2011, SEC reserves

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

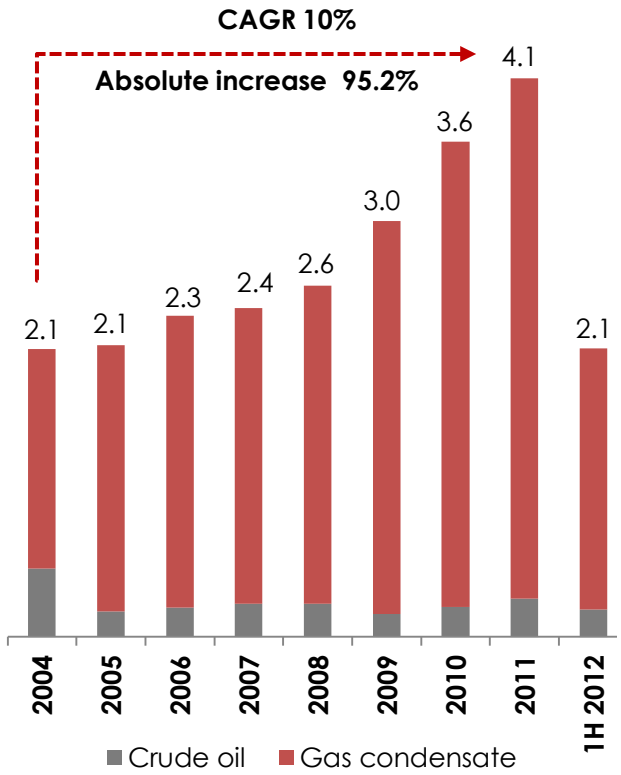
Ramping Up Hydrocarbon Production

NOVATEK

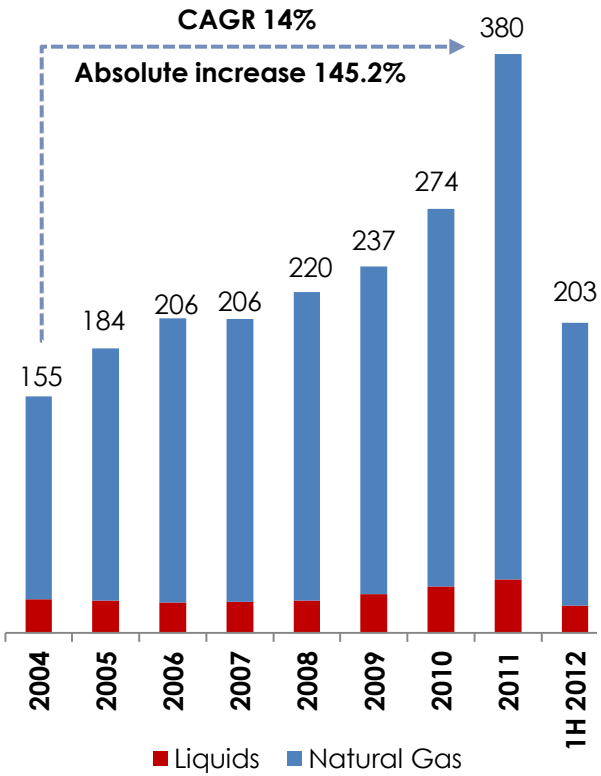
Natural Gas Sales Production, bcm



Liquids Sales Production, mmt



Total Hydrocarbon Production, mmboe

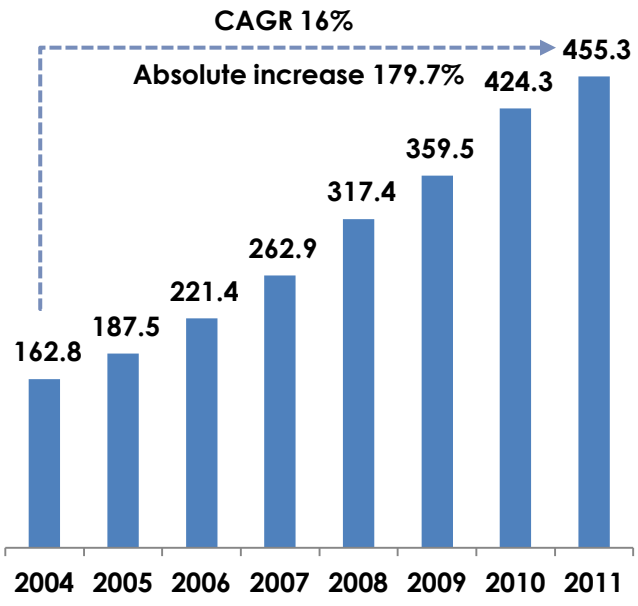


Sustainable production growth

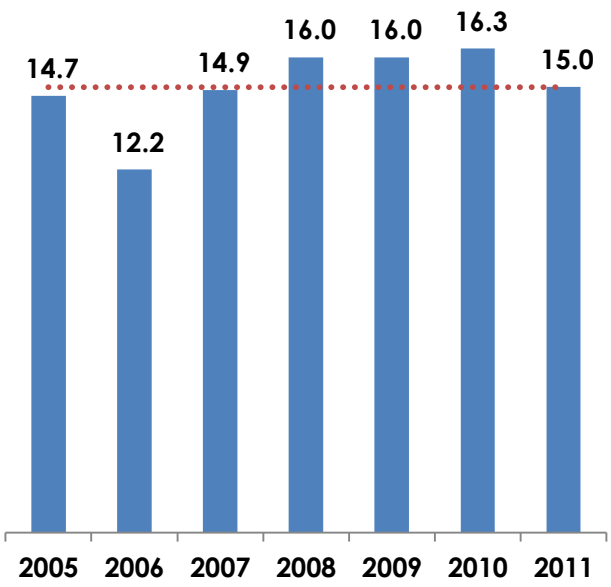
Oil and Gas Results, RR/boe

NOVATEK

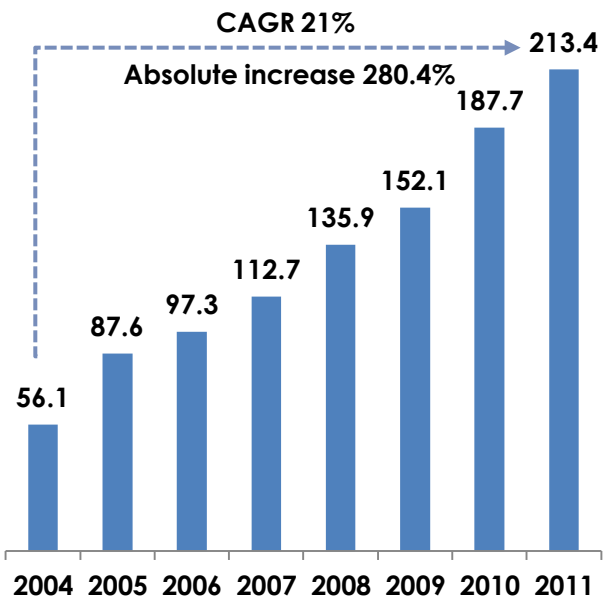
Oil &Gas Revenues



Lifting Costs



Oil &Gas Cash Flow[1]



Higher prices and cost control has contributed to an almost four-fold (3.8x) increase in cash flow per boe

Sources: Company MD&A and Unaudited Supplementary Oil and Gas Disclosures from annual IFRS financial statements

Note 1: Cash flow is calculated as results of operations for oil and gas producing activities less depreciation, depletion and amortization

2011 Results – Another Record Year (RR million)

	2011	2010	+/(-)	+/(-)%
Oil and gas sales	175 602	115 162	60 440	52.5%
Total revenues	176 064	117 024	59 040	50.5%
Operating expenses	(97 665)	(68 518)	(29 147)	42.5%
EBITDA[1]	148 349	57 506	90 843	158.0%
EBITDA margin	84.3%	49.1%		
Normalized EBITDA[2]	85 401	56 177	29 224	52.0%
Normalized EBITDA margin	*48.5%*	*48.0%*		
Effective income tax rate[3]	11.7%	21.2%		
Profit attributable to NOVATEK	119 655	40 533	79 122	195.2%
Profit margin	68.0%	34.6%		
Earnings per share	39.45	13.37	26.08	195.1%
Normalized profit attributable to NOVATEK[4]	56 707	39 204	17 503	44.6%
Normalized profit margin	32.2%	33.5%		
Normalized Earnings per share [5]	*18.69*	*12.93*	*5.76*	*44.6%*
CAPEX	31 143	26 030	5 113	19.6%
Net debt[6]	71 647	61 988	9 659	15.6%

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 Consolidated Statement of Income, and depreciation, depletion and amortization and share-based compensation from the Consolidated Statement of Cash Flows
2. Normalized EBITDA excludes net gain on disposal of interest in subsidiaries
3. Our effective income tax rate, excluding the effect of the net gain on disposal of Yamal LNG, was 21.7% in 2011
4. Normalized Profit attributable to NOVATEK represents profit attributable to shareholders of OAO NOVATEK, excluding net gain on disposal
5. Normalized Earnings per share represents Earnings per share adjusted for net gain on disposal of interest in subsidiaries
6. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Quarterly Results (RR million)

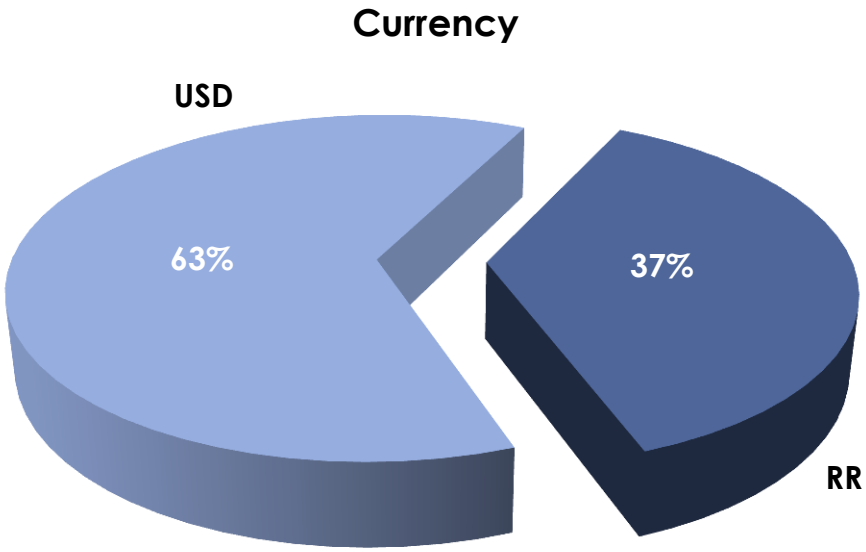
	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	40,551	39,888	50,544	54,152	44,984	-16.9%	10.9%
Total revenues	40,626	40,033	50,718	54,373	45,145	-17.0%	11.1%
Operating expenses	(22,474)	(22,920)	(28,980)	(31,851)	(26,780)	-15.9%	19.2%
EBITDA [1]	19,759	18,877	86,692	24,217	20,414	-15.7%	3.3%
EBITDA margin	48.6%	47.2%	170.9%	44.5%	45.2%		
Normalized EBITDA [2]	*19,759*	*18,877*	*23,744*	*24,217*	*20,414*	*-15.7%*	*3.3%*
Normalized EBITDA margin	*48.6%*	*47.2%*	*46.8%*	*44.5%*	*45.2%*		
Effective income tax rate	21.3%	21.7%	5.7%	21.9%	20.9%		
Profit attributable to NOVATEK	14,336	8,322	78,227	21,245	9,663	-54.5%	-32.6%
Profit margin	35.3%	20.8%	154.2%	39.1%	21.4%		
Normalized earnings per share	*4.73*	*2.74*	*5.04*	*7.00*	*3.18*	*-54.6%*	*-32.8%*
CAPEX [3]	7,611	7,527	9,663	7,519	12,270	63.2%	61.2%
Net debt [4]	75,109	78,903	71,647	48,045	77,818	62.0%	3.6%

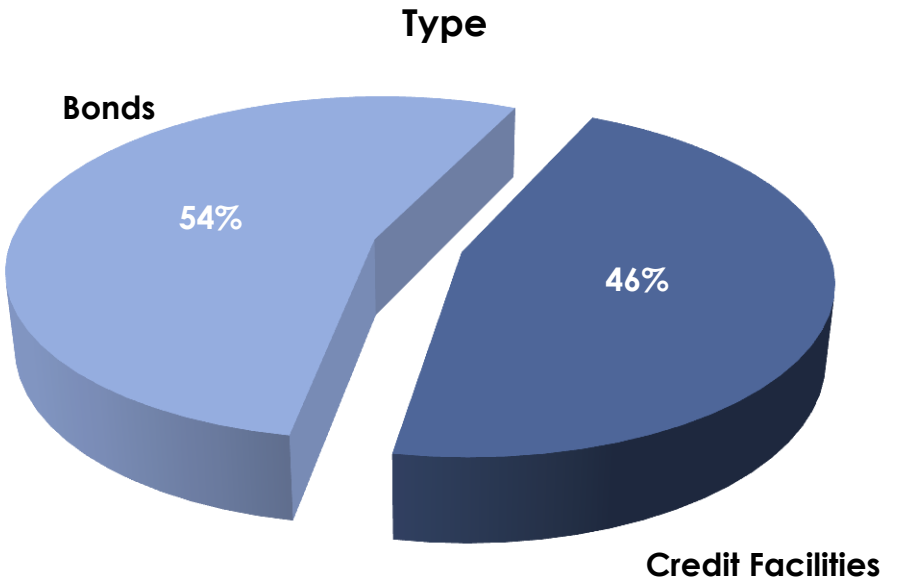
Notes:

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 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

Debt Composition and Financial Policies

Debt Composition as at 30 June 2012 – Total Debt = RR 93.7 billion



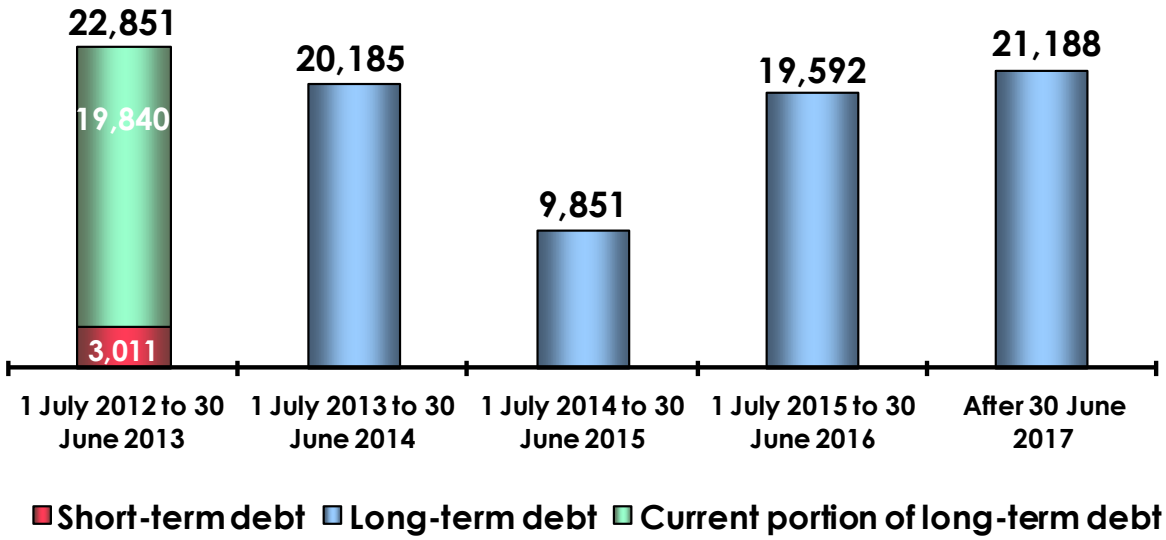


Established track record of adhering to creditor friendly financial policies

Metric	Policy Target	2008	2009	2010	2011[1]	1H 2012[1]
Debt/EBITDA[1], (x)	~1.0x	0.7	1.0	1.3	1.1	1.1
Net debt/EBITDA, (x)	<1.0x	0.7	0.9	1.1	0.8	0.9
Cash Balance, million $	$100 - $150	442	332	337	740	483
Lines of credit, million $	$300 - $500	250	823	695	1,787	1,530
Dividend: % of Net Income	30%	52.93	42.85	38.9	33.2	42.8

Note 1: Debt/EBITDA for 2011 and 1H2012 is calculated using normalized EBITDA (excludes net gain on disposal of interest in subsidiaries)

Total Debt Maturity Profile (RR million)



- ✓ In July 2012, the Group repaid bank overdrafts (RR 3,011 million as of 30 June 2012)
- ✓ In July and August 2012, the Group repaid two tranches of loan from ZAO UniCredit Bank aggregating USD 40 million as scheduled

Debt repayment schedule:

- Up to 30 June 2013 – ZAO UniCredit Bank , RR denominated bonds, OAO Nordea Bank credit lines, Sumitomo Mitsui Banking Corporation Europe Limited
- Up to 30 June 2014 – Sumitomo Mitsui Banking Corporation Europe Limited, OAO Nordea Bank credit lines and Sberbank loan
- Up to 30 June 2015 – Sberbank loan
- Up to 30 June 2016 – 1 tranches of Eurobonds Five-Year
- After 30 June 2017 – 1 tranches of Eurobonds Ten-Year

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

Questions and Answers

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