

The image features the Novatek logo on the left, consisting of a dark blue vertical bar and three horizontal blue bars of varying lengths. The background is a faded industrial scene with several large storage tanks and metal scaffolding under a blue sky with some white smoke or steam rising from the tanks. The word "NOVATEK" is written in large, bold, blue capital letters across the middle of the image.

NOVATEK

Focus on Growth

Corporate Strategy Day Presentation
London Stock Exchange
London, UK
9 December 2011

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Presentation Team

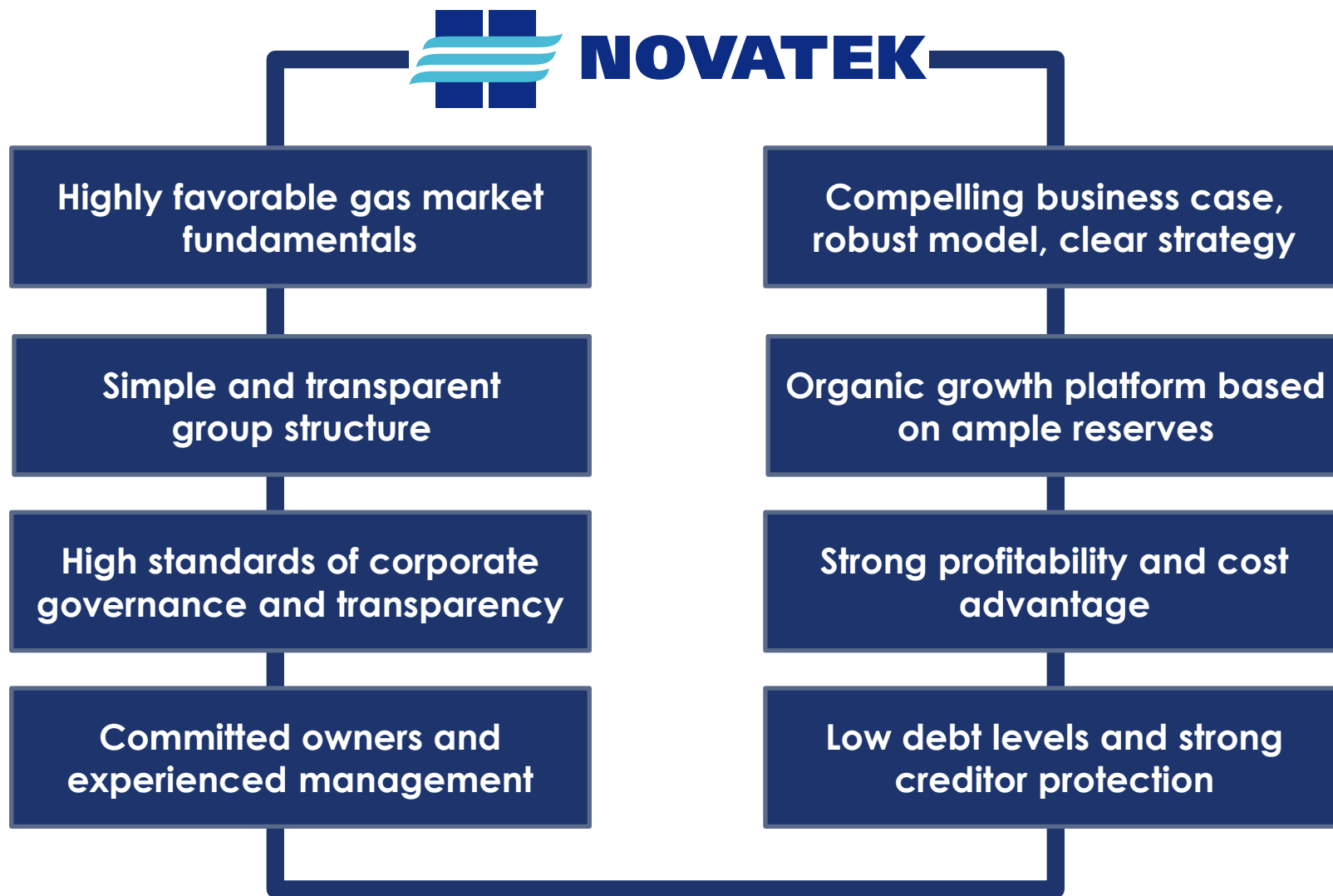


Presenter	Title
Leonid V. Mikhelson	Chairman of the Management Committee
Mark A. Gyetvay	Chief Financial Officer

Agenda

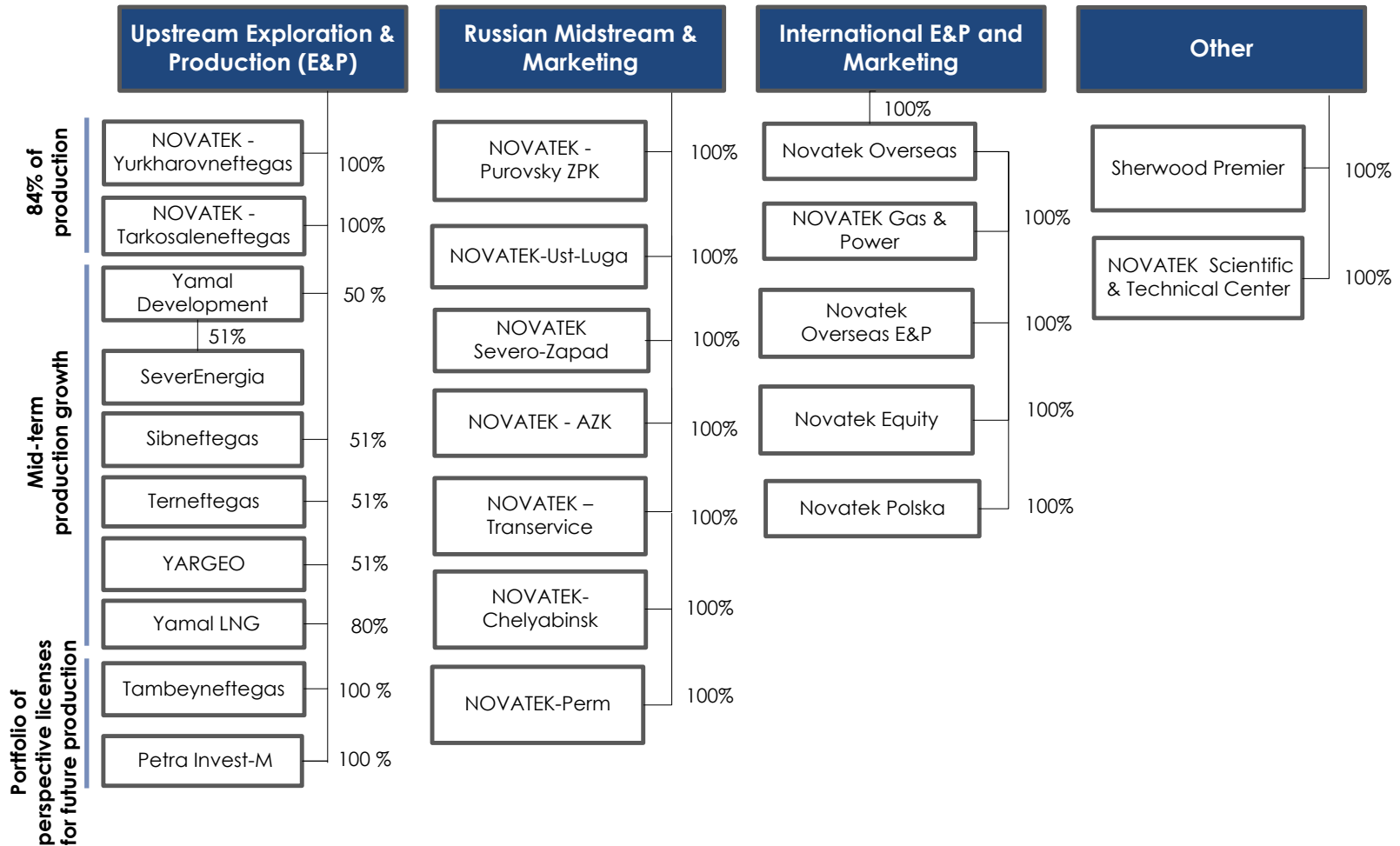
	Topic	Time
1.	Introduction	5 min.
2.	Strategy	90 min.
3.	Q&A	60 min.
4.	Reception	

Leveraging Our Core Business Strengths

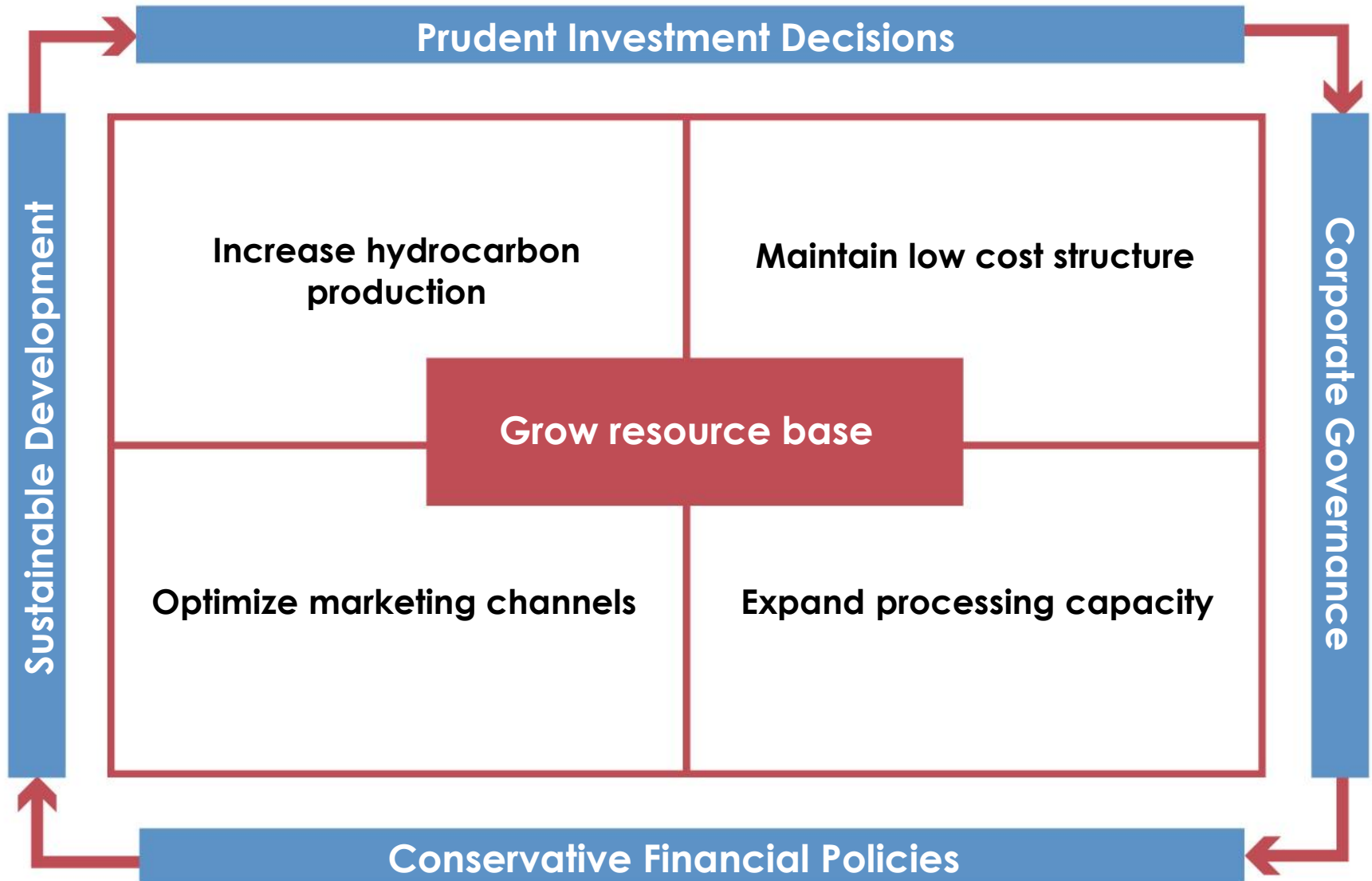


Clear and Transparent Structure

ОАО NOVATEK



Core Strategy



Delivering on Core Strategy



Strategic Goals

Increased Resource Base

Increased Production

Maintained Low Cost Structure

Maximized Margins

Created Shareholder Value

Results: 2005 – 2011

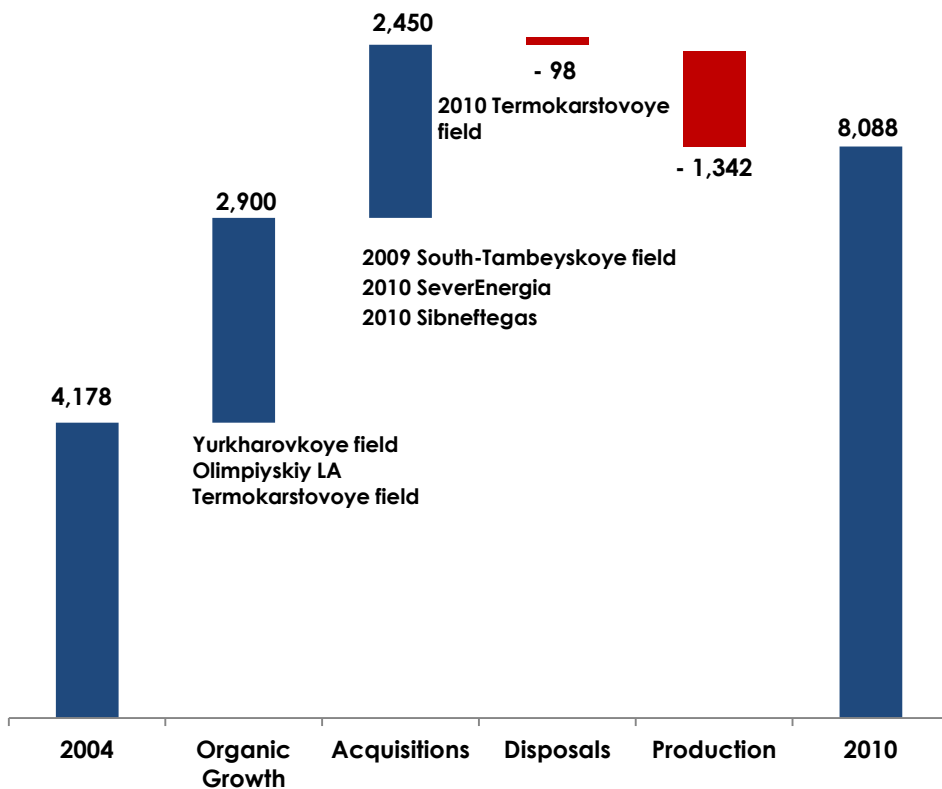
- Total P1 reserves increased approximately 2x
- Organic growth at the Yurkharovskoye field
- Strategic acquisition of Yamal LNG, SeverEnergiya and Sibneftegas as well as licenses in the Gydan peninsula
- Increased # of Licenses from 13 to 38
- Increased gas production capacity more than 2x to 54 bcm
- Expanded processing capacity to 5 mmt
- Completed 1st & 2nd development stages at Yurkharovskoye field
- Acquisition of producing asset – Sibneftegas
- One of the lowest cost producers in the Oil & Gas industry
- Lifting costs per boe averaged approximately \$0.50
- Optimized cost structure through infrastructure investments
- Geographically expanded liquid sales
- Established subsidiaries in key gas consuming regions
- Launched and expanded the Purovsky Plant
- Divested non-core low margin business
- Net income CAGR¹ 37.5%
- Dividend CAGR¹ 34.8%
- Share price increased² by 821%

Notes:

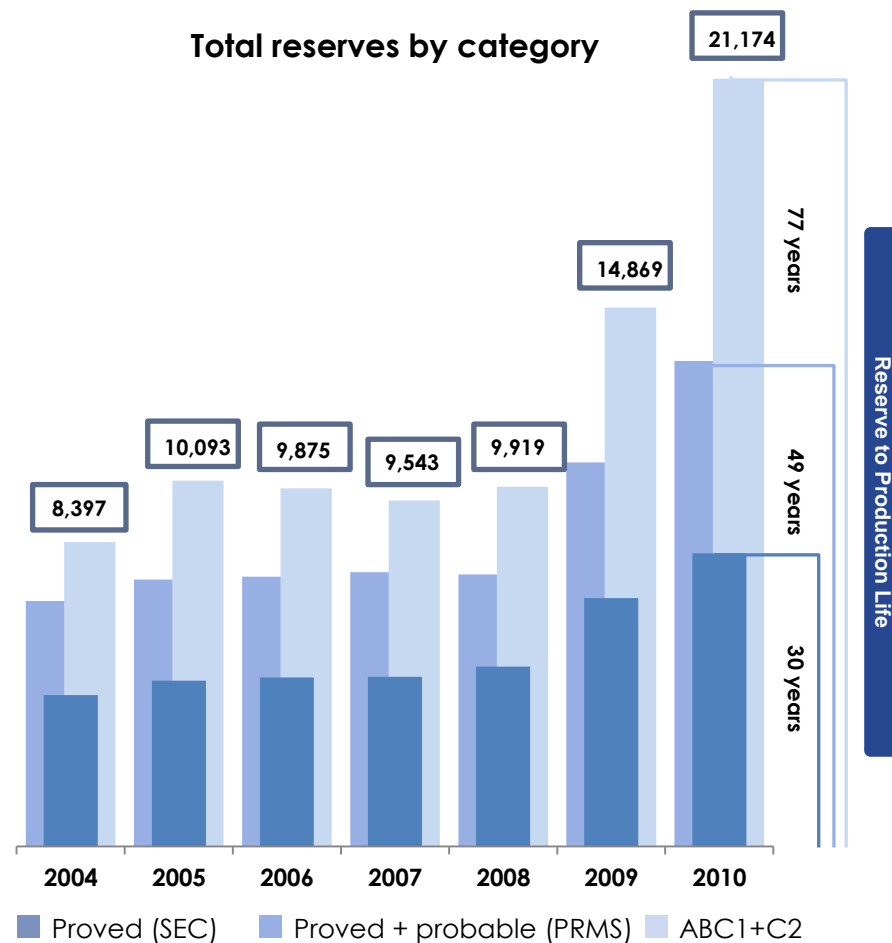
1. Compound Annual Growth Rate (CAGR) 2005 – 2010
2. Increase as of 1 December 2011 compared to IPO price

Reserve Growth, mm boe

Proved Reserve Changes (SEC)



Total reserves by category

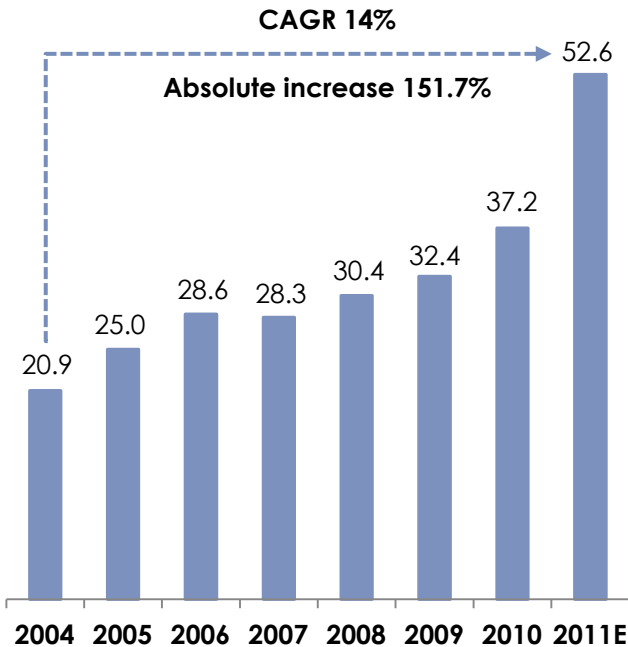


Organic growth accounted for 55% of total reserve growth

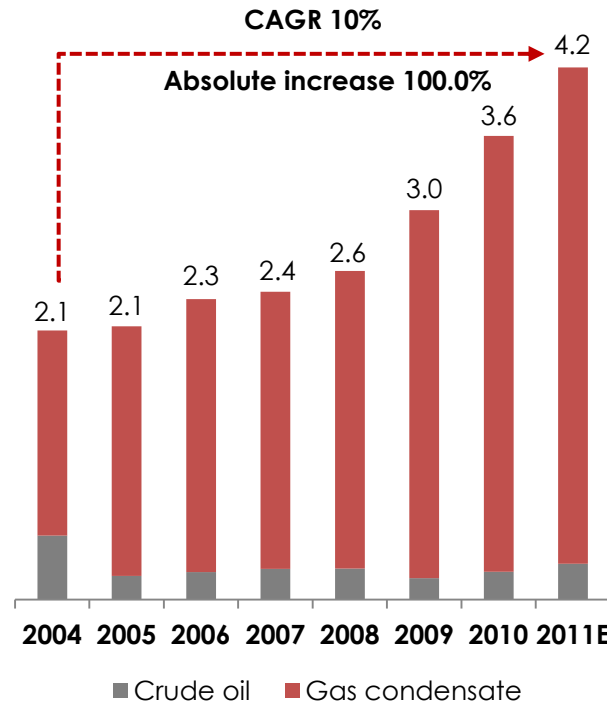
Sales Production Growth



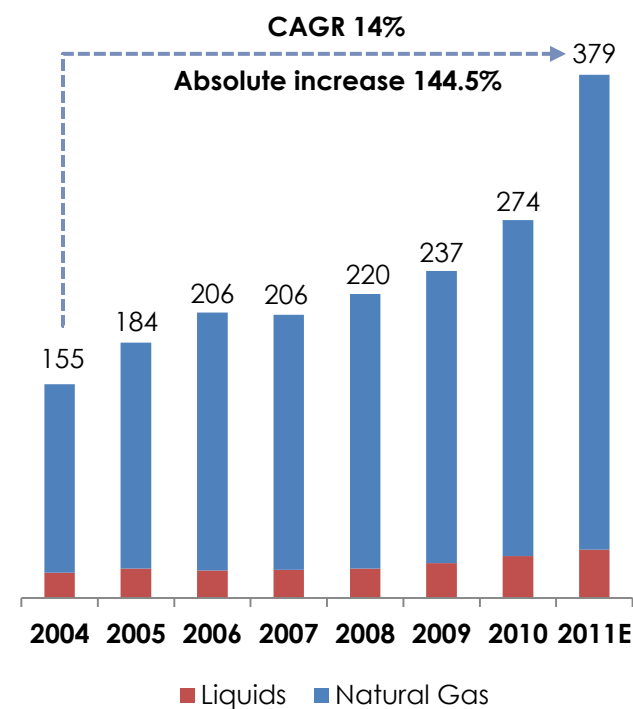
Natural Gas Sales Production, bcm



Liquids Sales Production, mmt



Total Hydrocarbon Production, mmboe

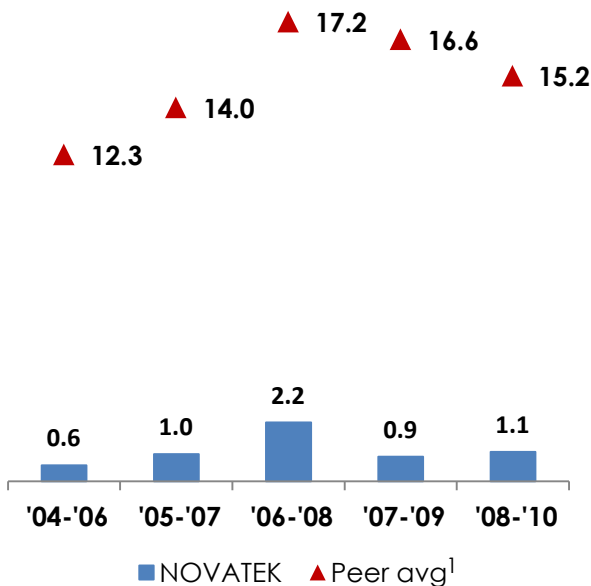


Growing production to meet market demand

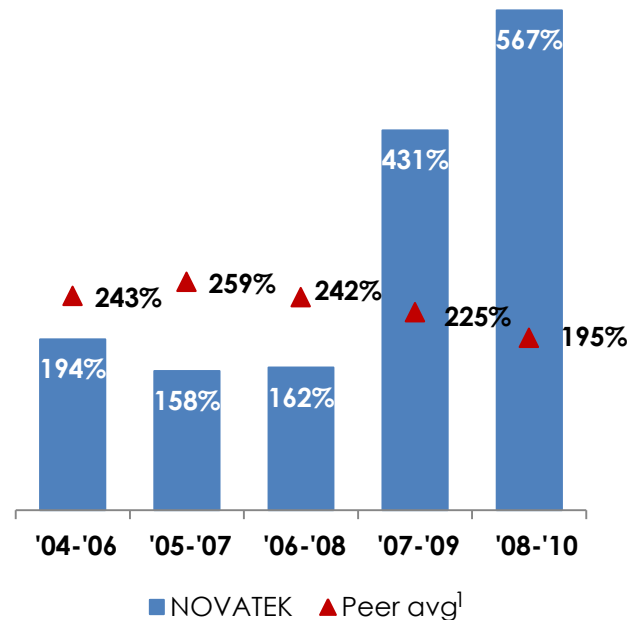
World Class Reserve Metrics



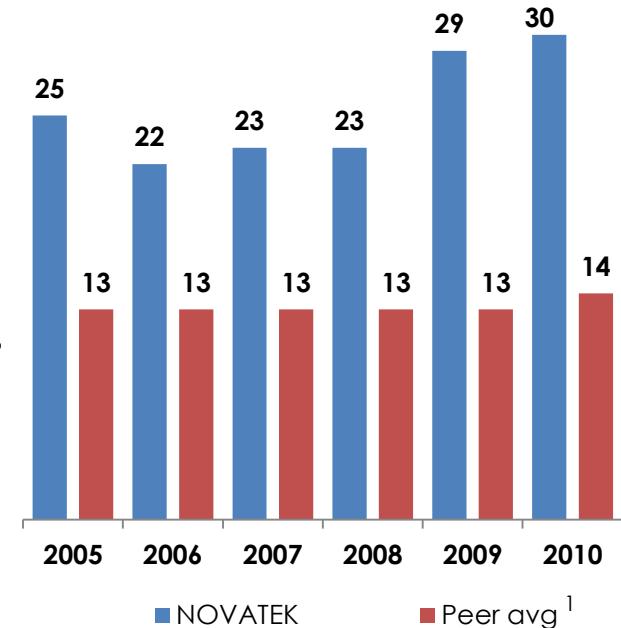
**Reserve Replacement Costs
(3-year average), \$/boe**



**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

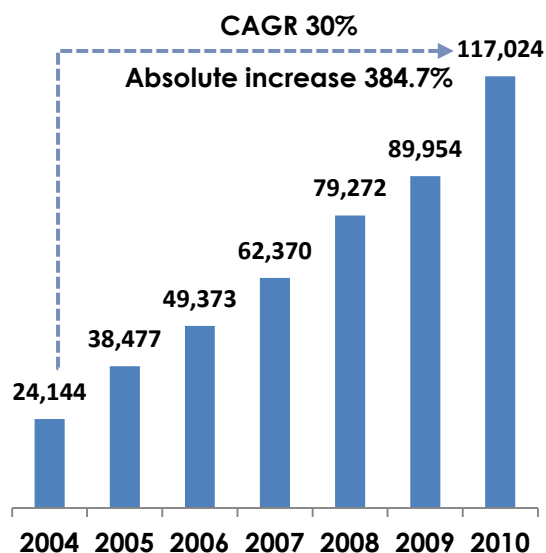
Sources: Company data, IHS Herold Upstream Reviews, 2006 – 2010, SEC reserves

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

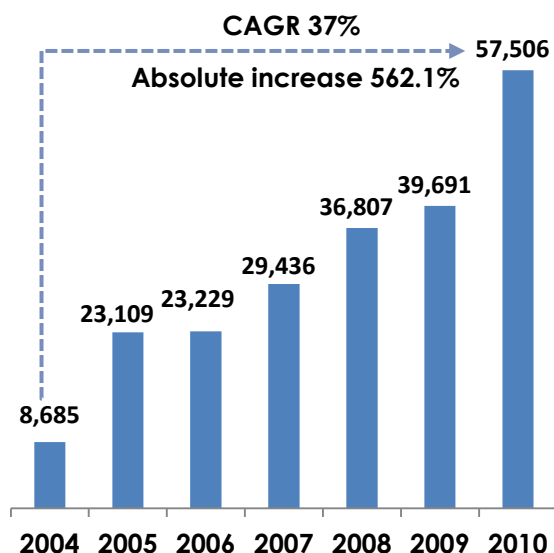
Financial Results – Double Digit Growth



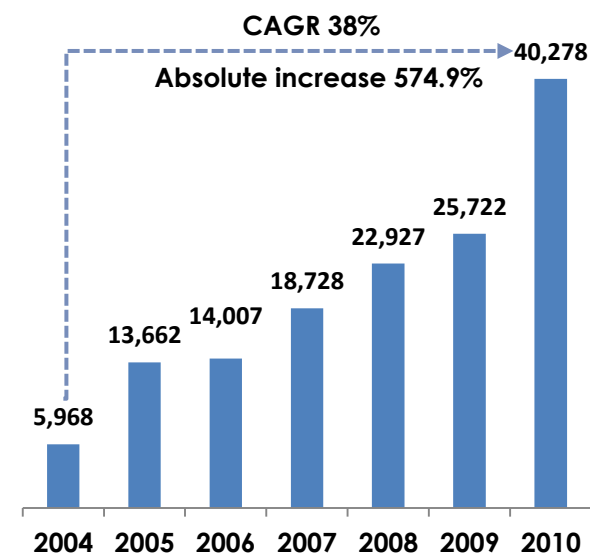
Total Revenues, RR mln



EBITDA, RR mln



Net Income, RR mln

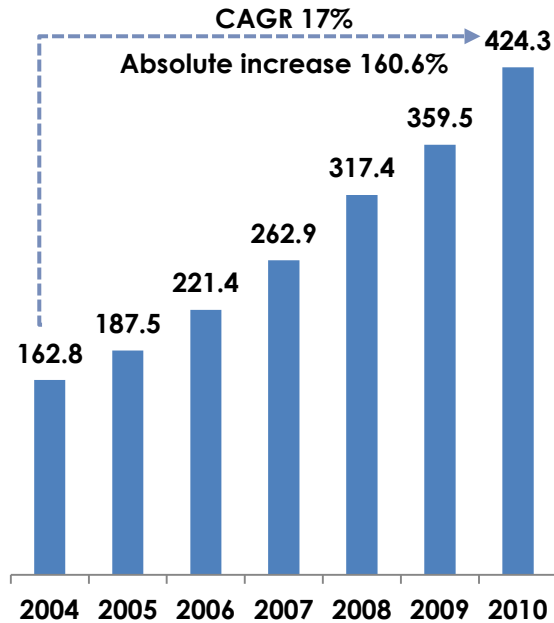


Steady increase in our financial results

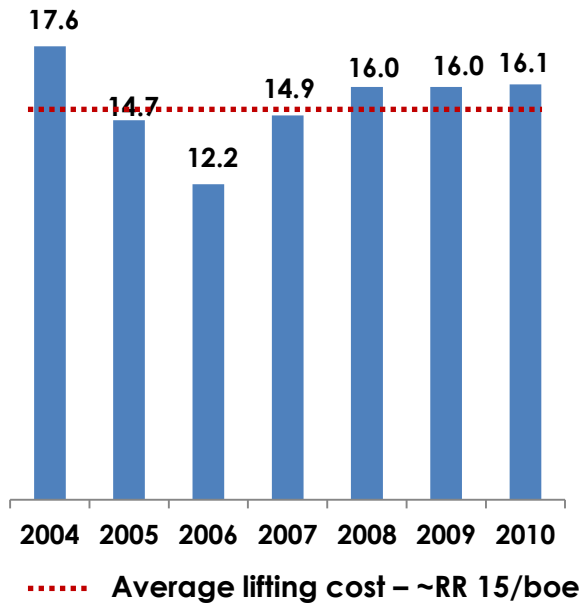
Oil and Gas Results, RR/boe



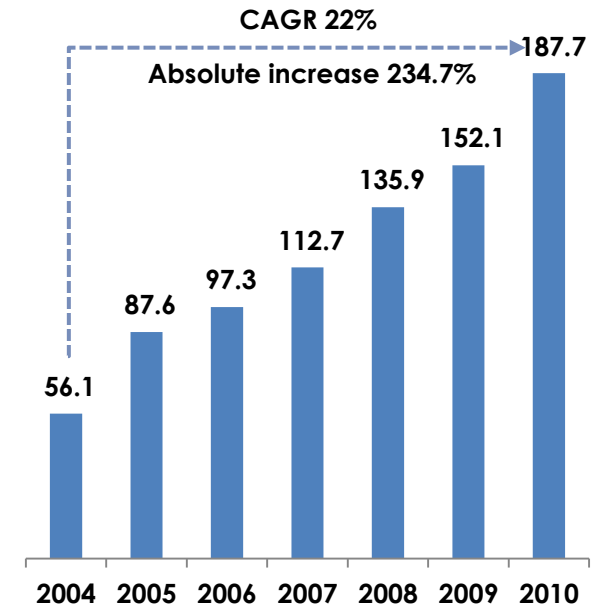
Oil & Gas Revenues



Lifting Costs



Oil & Gas Cash Flow¹



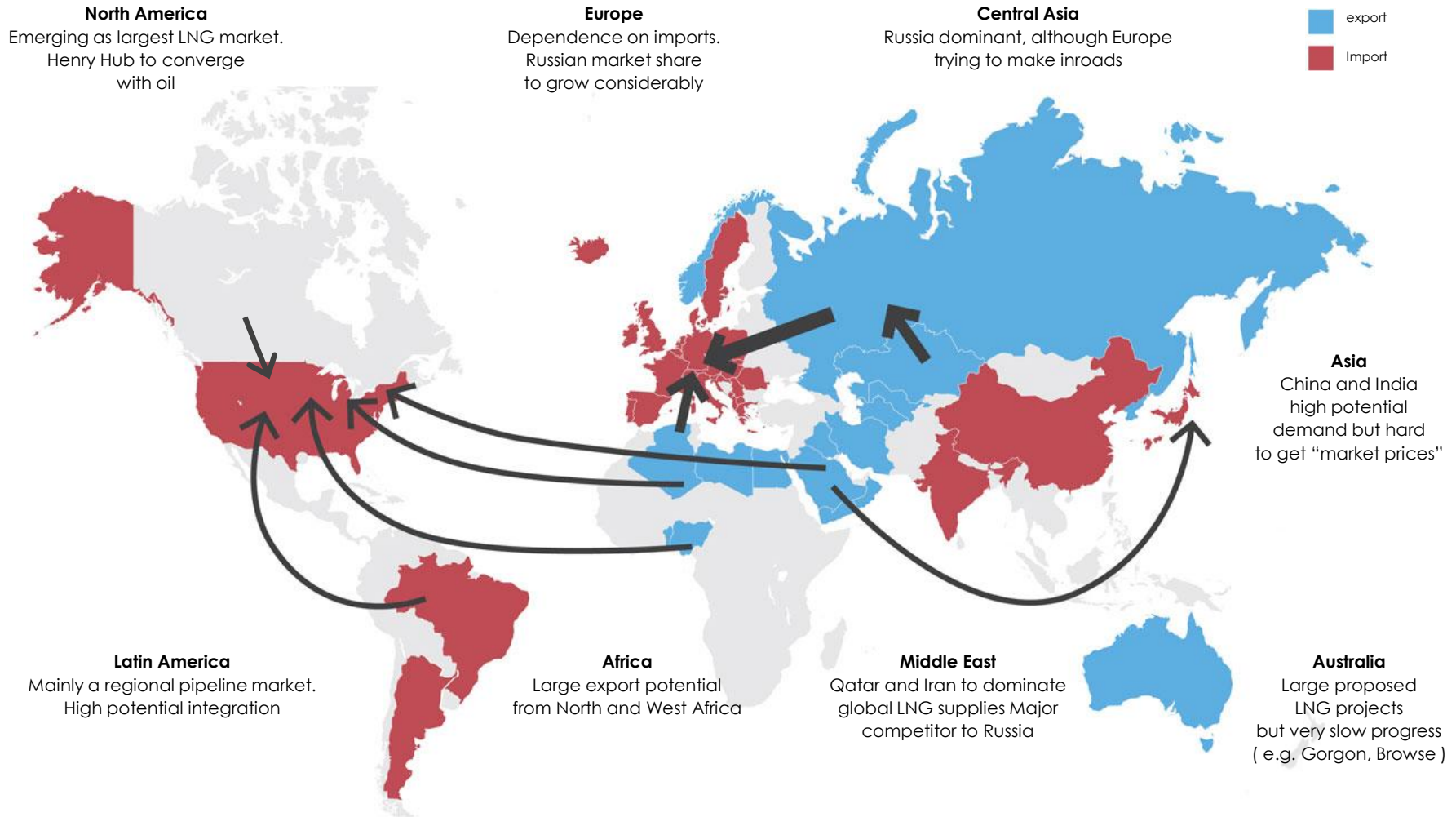
Higher prices and cost control has contributed to a more than three-fold increase in cash flow per boe

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

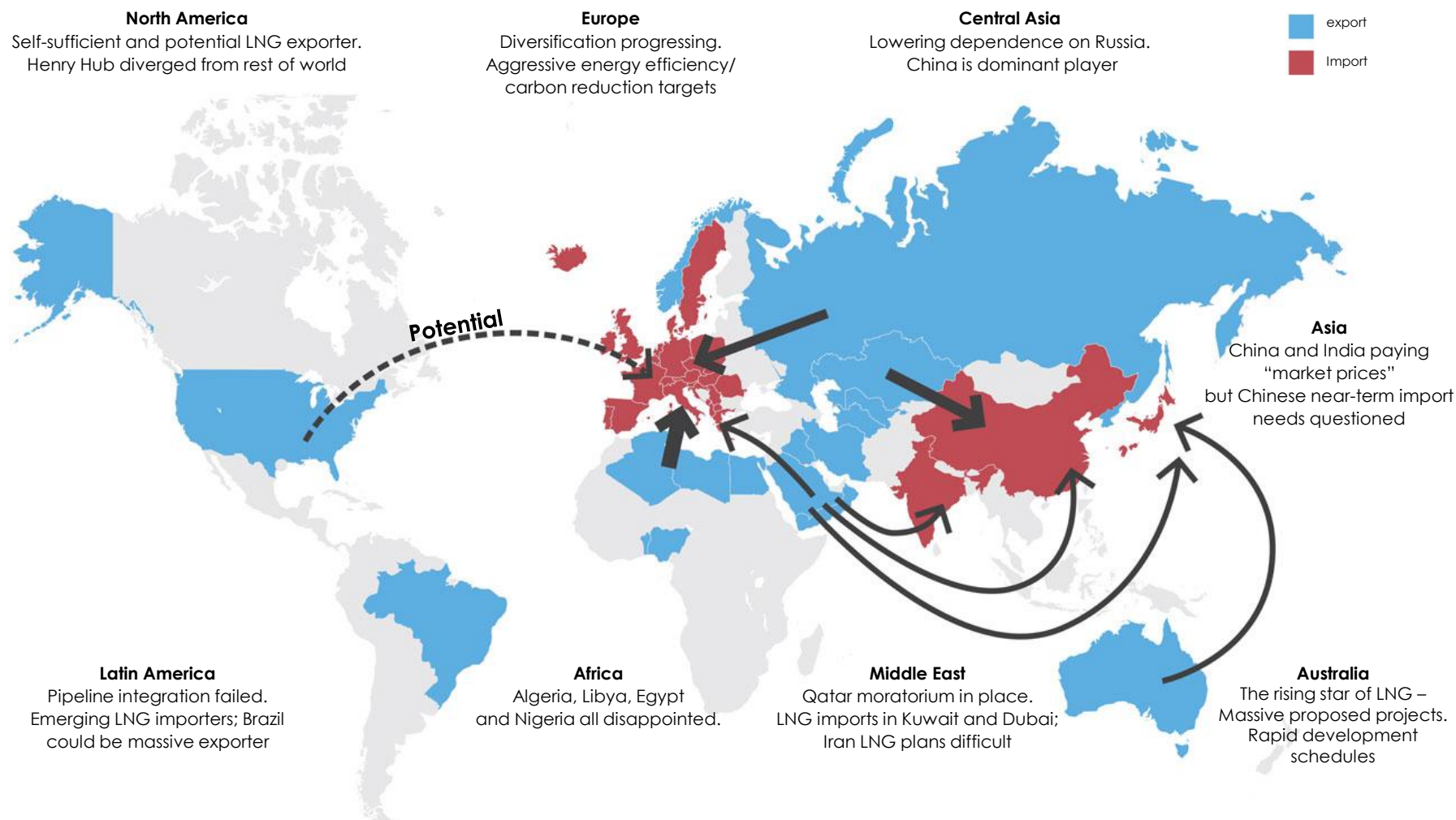
Note 1: Cash flow is calculated as results of operations for oil and gas producing activities less depreciation, depletion and amortization

Global & Russian Energy Market Outlook

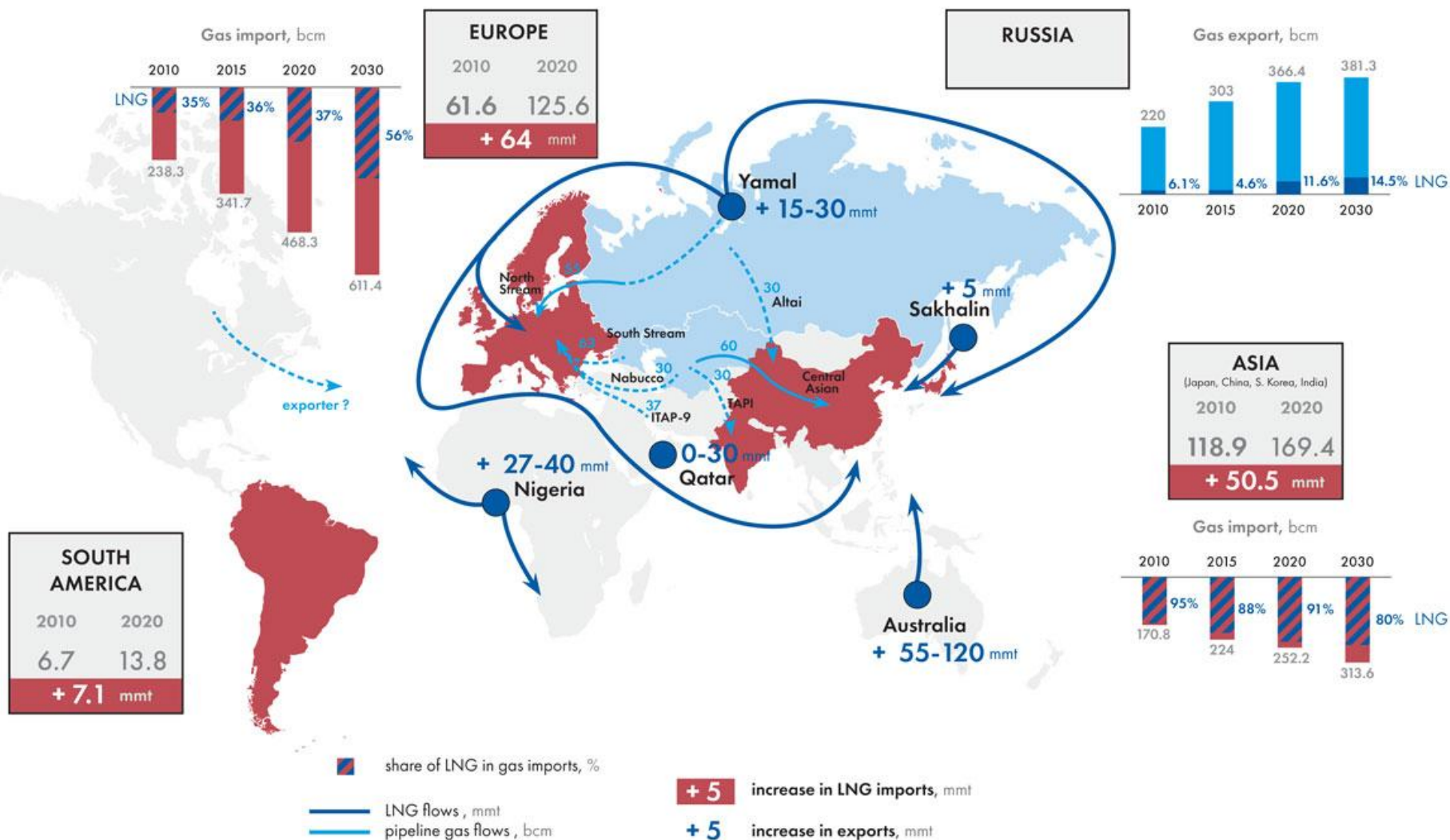
2005 Forecast of Global Gas Market in 2010



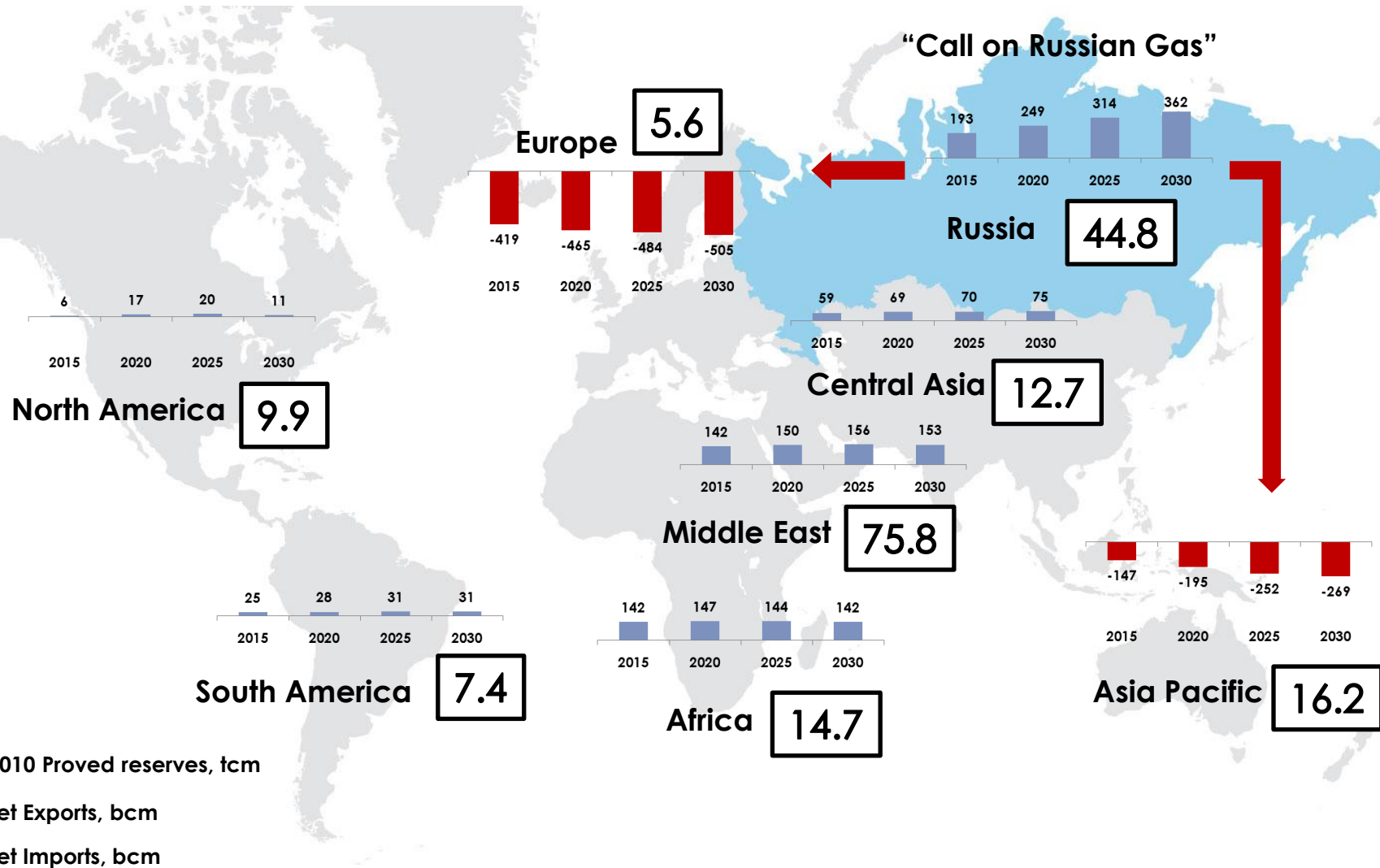
2010 – Global Gas Market Forecast Changes



Global Gas Market in 2020E

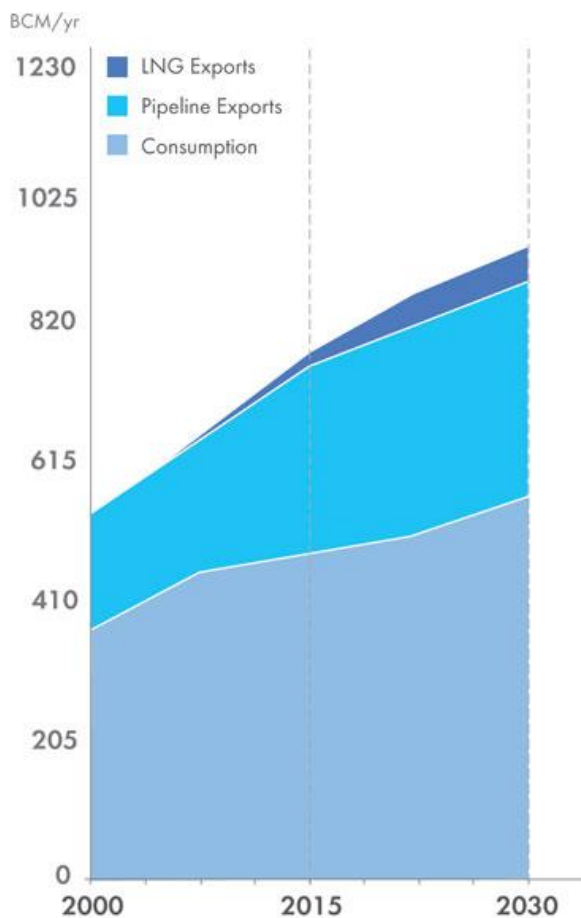


Global Gas Balance – Long vs. Short Gas

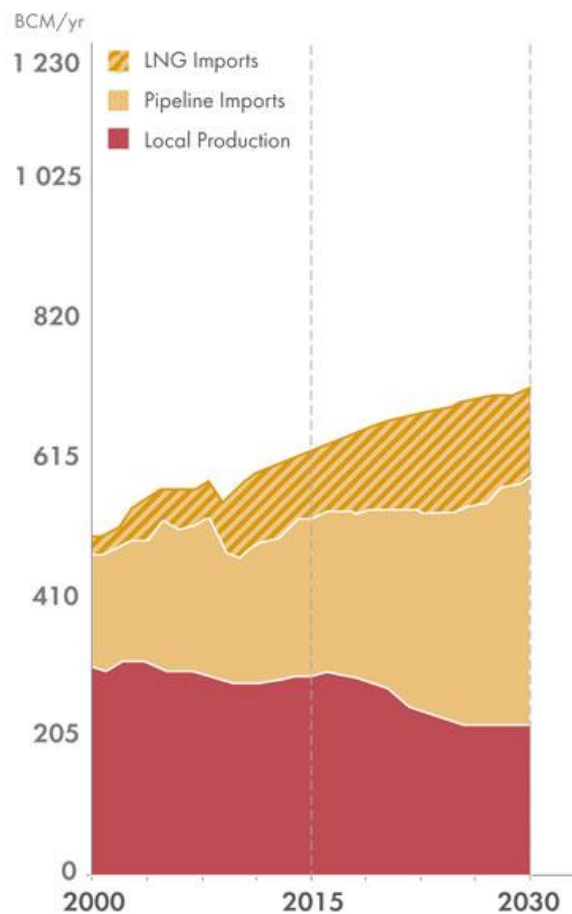


Gas Supply To Grow and Diversify

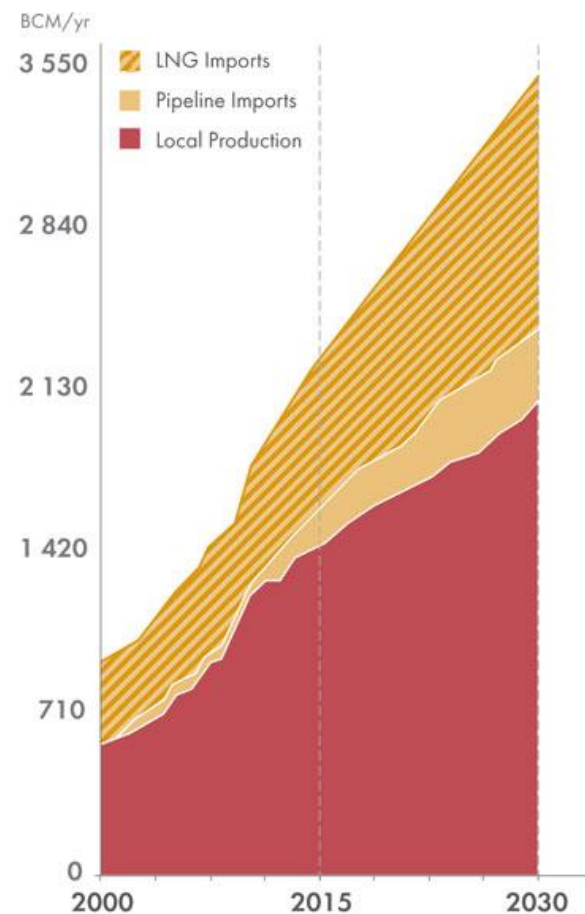
RUSSIA



EUROPE



ASIA PACIFIC



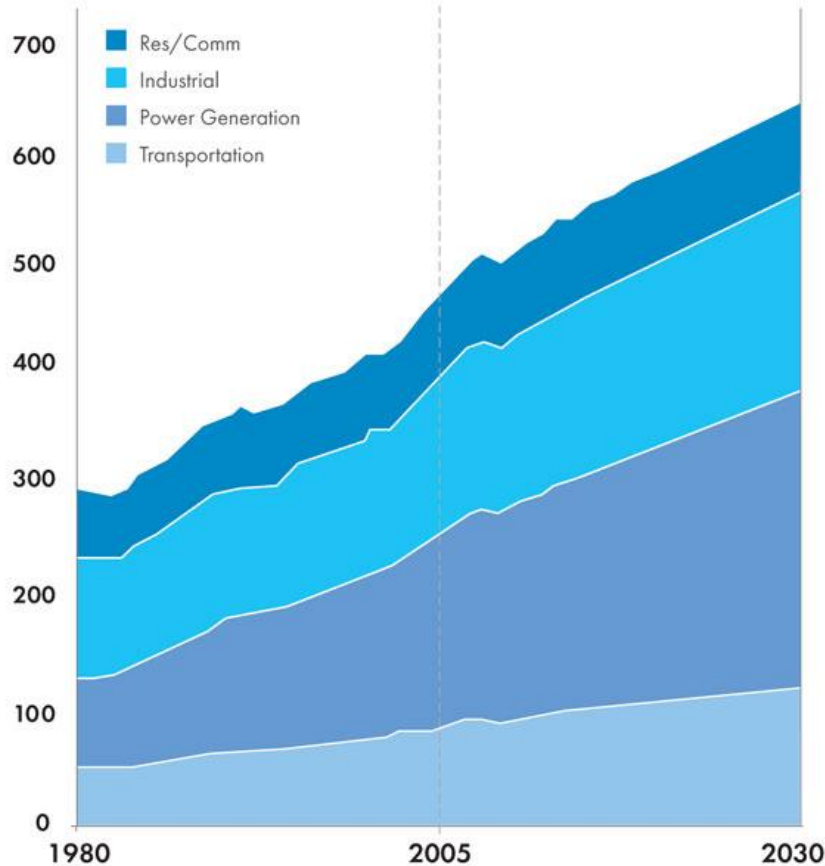
Russia is uniquely positioned to supply demand growth for both piped gas and LNG to global markets

Growing Global Demand



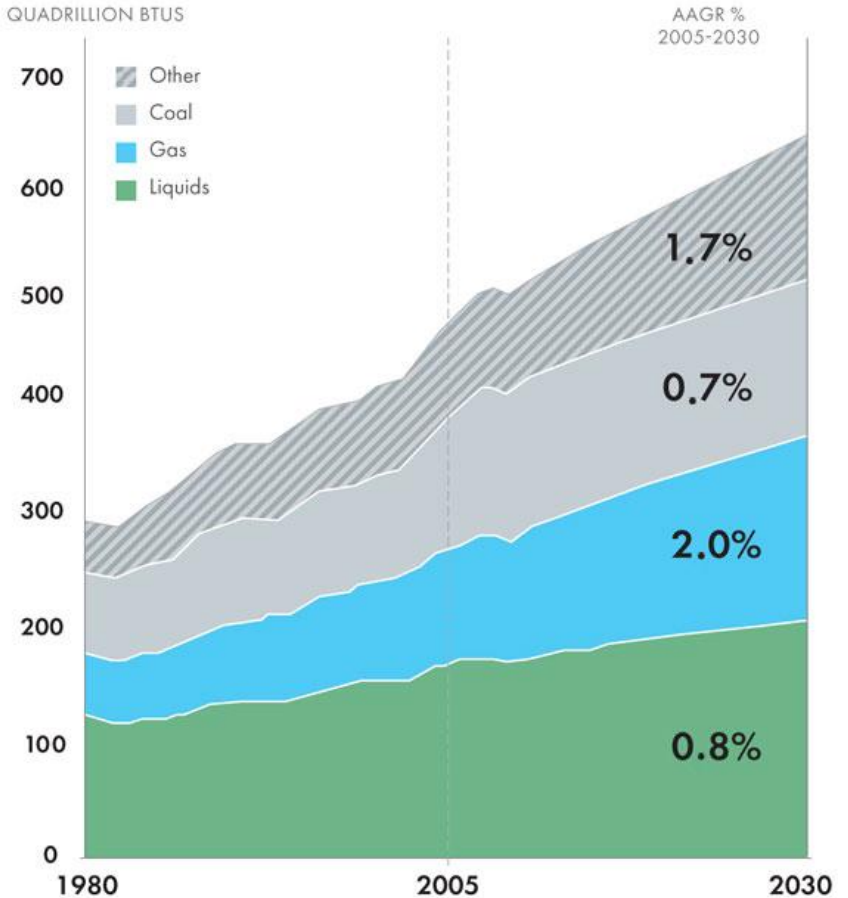
BY SECTOR

QUADRILLION BTUS



BY FUEL

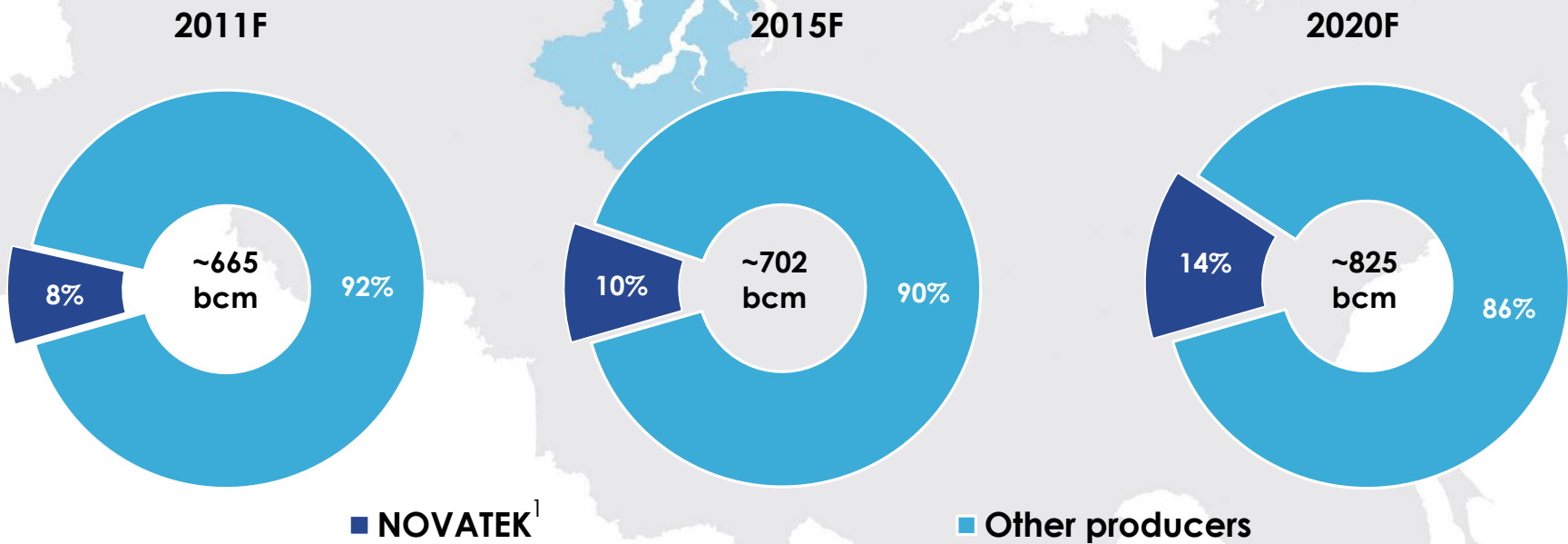
QUADRILLION BTUS



Increased demand for power generation is driving the global demand growth for natural gas

Increasing Role in Russian Gas Balance

Total Russian gas production

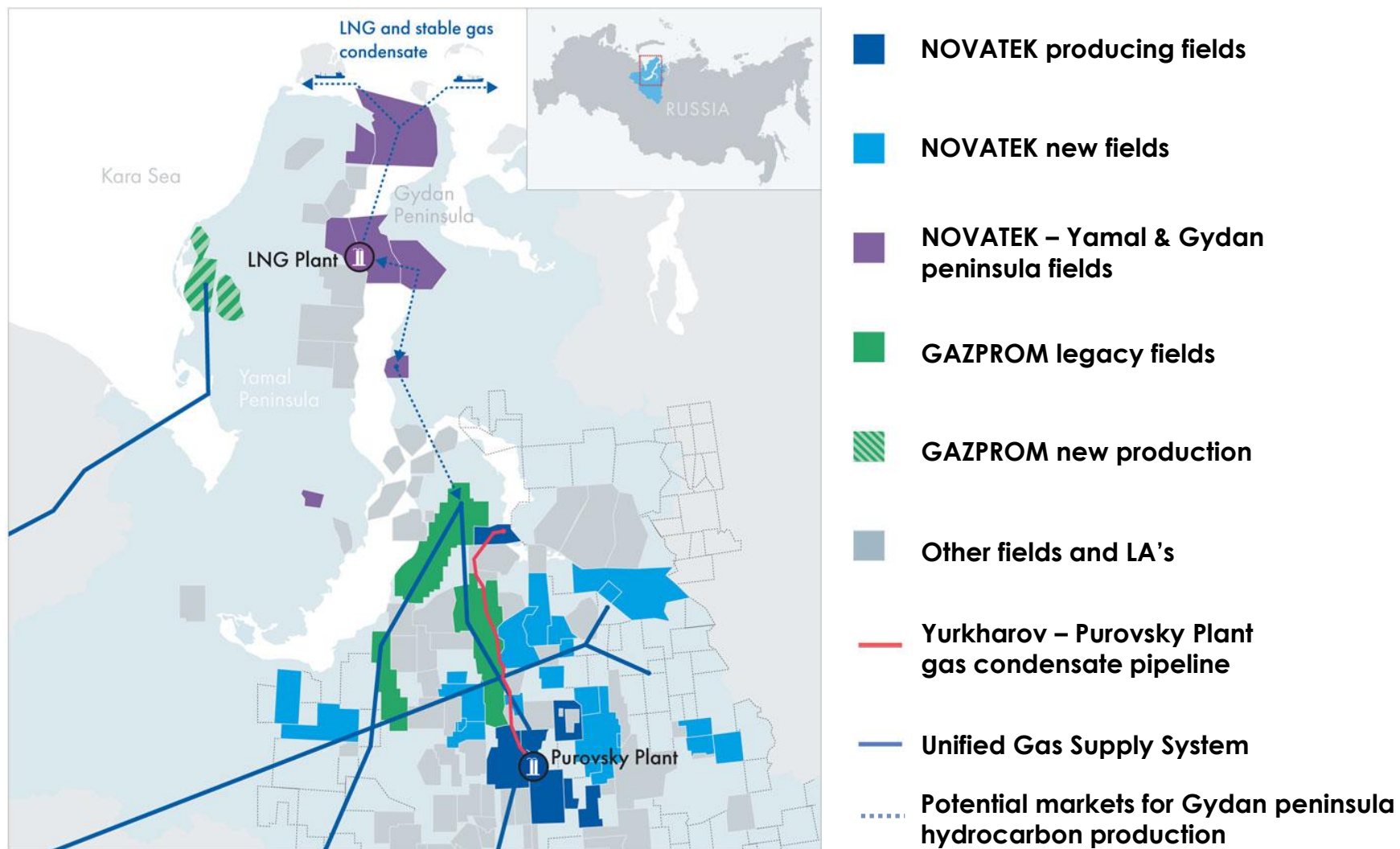


Source: Company data and projections

Note 1: Based on the Company's net interest in all fields

Future of Russian Gas

The YNAO represents over 83% of Russia's natural gas production



NOVATEK – Positioned For Growth



- ◆ Current resource base sufficient to more than double natural gas production by 2020
- ◆ Incremental growth in natural gas supplied to the domestic market is expected to come from independent gas producers¹
- ◆ Depleting YNAO fields will open up the necessary transportation capacity to allow NOVATEK to develop new and existing fields
- ◆ Full support of natural gas price “liberalization” by the Russian government will increase profitability of domestic gas sales
- ◆ Projected natural gas demand growth from both the European and Asia Pacific regions will allow NOVATEK to optimize the marketing of Yamal LNG production
- ◆ The Russian government has committed to ensuring the necessary port and transportation infrastructure to transport Yamal LNG to potential markets

Creating Shareholder Value



Strategic Objectives	2012 – 2020
Increase Resource Base	<ul style="list-style-type: none">• Organic growth from exploration and development activities in the YNAO and Yamal & Gydan Peninsulas• Strategic acquisitions and active participation in license tenders
Increase Production	<ul style="list-style-type: none">• More than double 2011 production by 2020 through organic development• Expand Purovsky Plant capacity to 11 mmt per annum• Pursue value accretive acquisitions
Maintain Low Cost Structure	<ul style="list-style-type: none">• Remain one of the lowest cost hydrocarbon producers in the global oil & gas industry• Continue to optimize cost structure through strategic investment of capital
Maximize Margins	<ul style="list-style-type: none">• Expand margins through value added projects, including; Purovsky Plant, NOVATEK Ust-Luga and Yamal LNG• Strategic acquisition of distribution assets
Optimize Marketing Channels	<ul style="list-style-type: none">• Expand usage of the Northern Sea Route• Increase regional presence for natural gas and LPG sales• Strategic acquisition of distribution assets• Commence international gas/LNG trading and swap activities

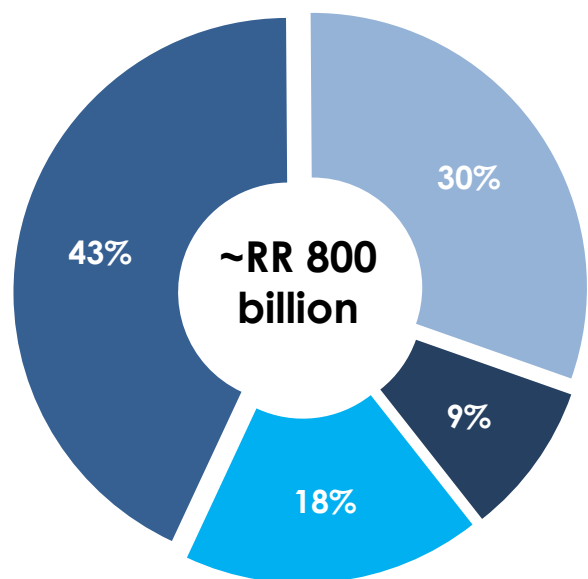
Capital Expenditures

Total Capital Expenditures¹ 2011 – 2020

(excluding Yamal LNG)



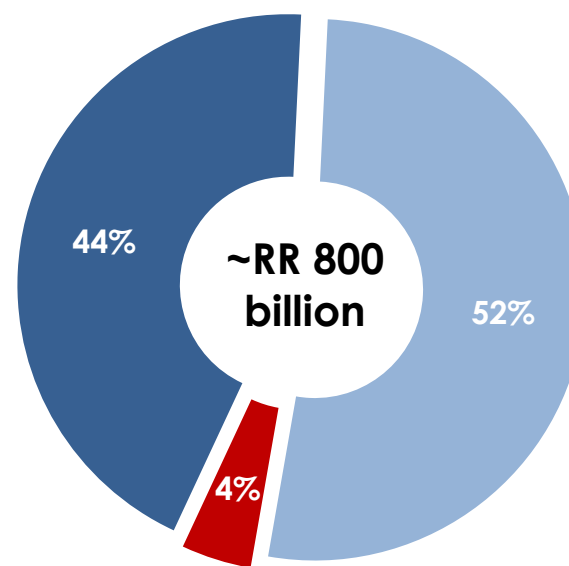
Breakdown by Company



■ NOVATEK Yurkharovneftegas
■ NOVATEK Tarkosaleneftegas

■ SeverEnergiya
■ Other

Breakdown by Activity



■ Drilling

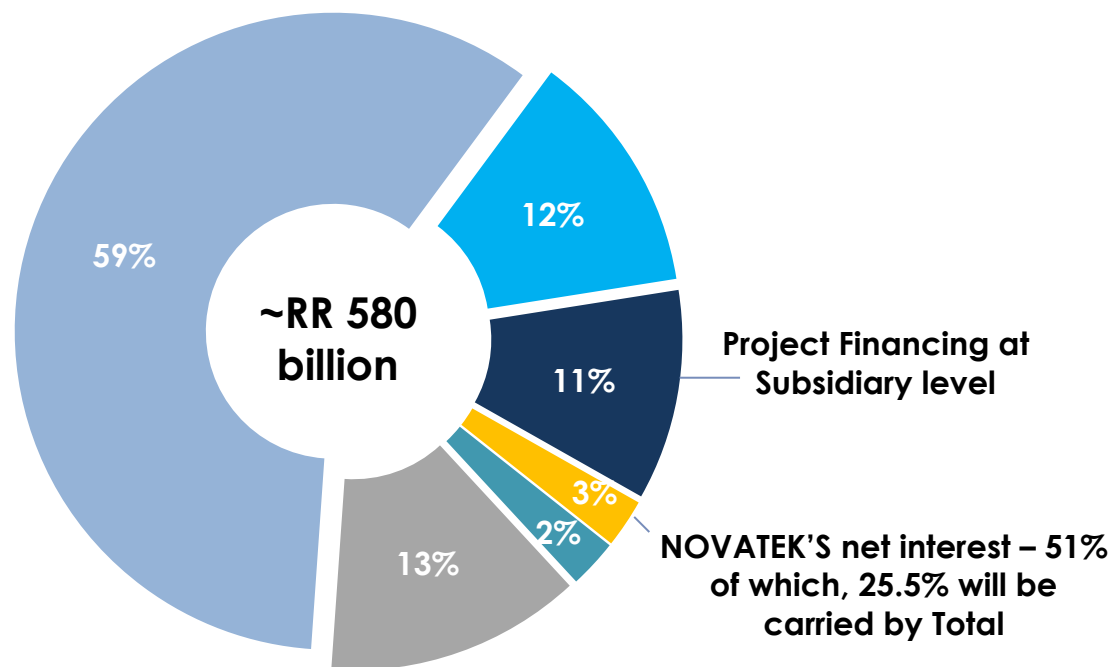
■ Infrastructure

■ Processing

Total Net Capital Expenditures 2011 – 2020 (excluding Yamal LNG)

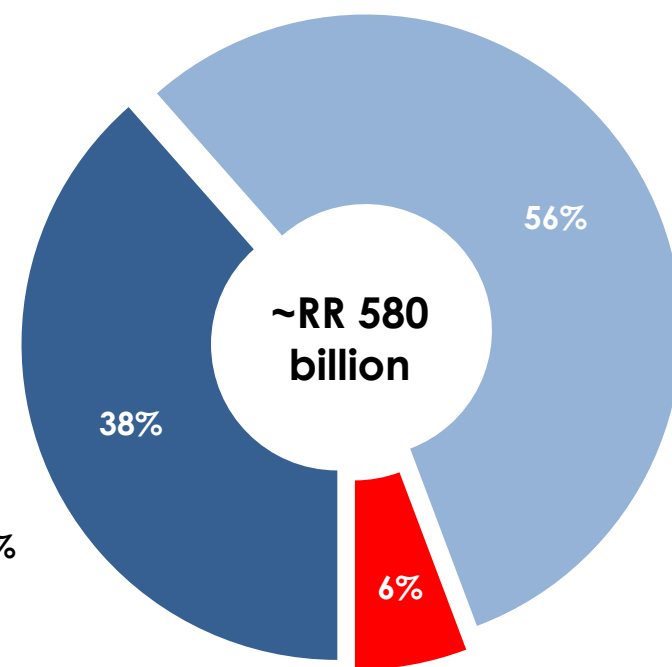


**Breakdown by Company¹
Incl. JV Financing Conditions²**



■ NOVATEK Yurkharovneftegas ■ NOVATEK Tarkosaleneftegas
 ■ SeverEnergiya ■ Terneftegas
 ■ Yargeo ■ Other

Breakdown by Activity¹

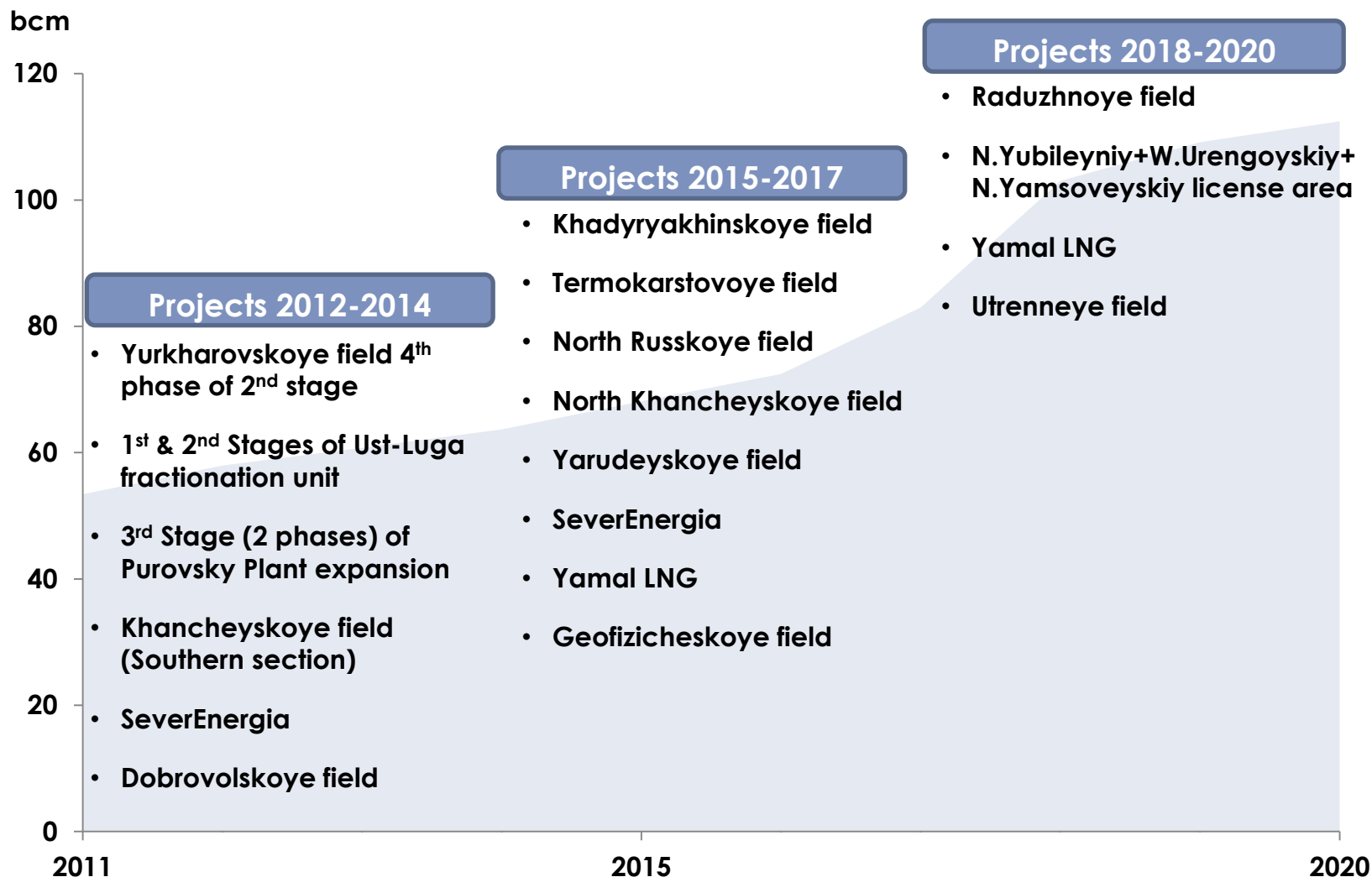


■ Drilling ■ Infrastructure ■ Processing

Notes:

- NOVATEK's planned capital expenditures (net of VAT), excluding Yamal LNG, processing and field development activities
- Based on NOVATEK's shareholding and shareholder agreements between NOVATEK and Total (Terneftegas), Gazpromneft, ENI & Enel (SeverEnergiya)

Project Implementation Timeline



Upstream Strategy

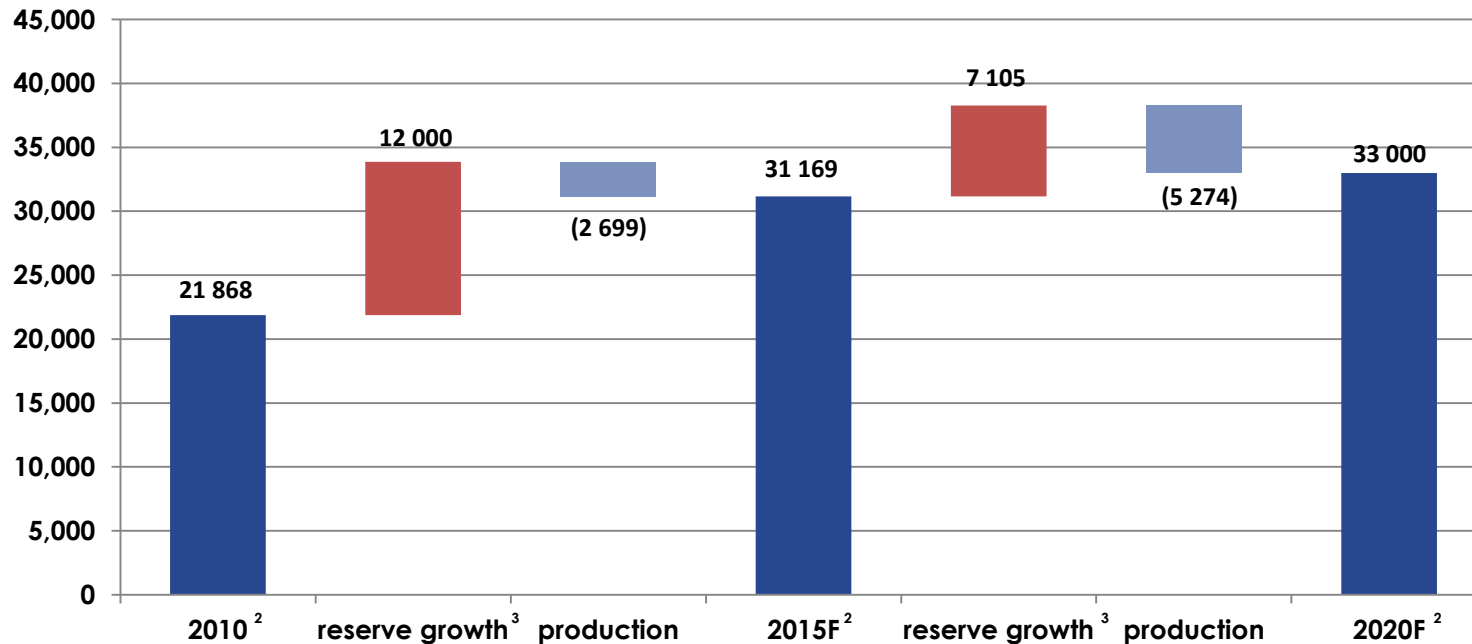
Key Upstream Goals



- ♦ **Increase reserve base through exploration activities and participation in license tenders**
- ♦ **Double natural gas production and triple liquids production**
- ♦ **On-time delivery of development projects (SeverEnergiya fields, South-Tambeyskoye field and Gydan peninsula fields)**
- ♦ **Maintain capital efficiency in field development activities**

Reserve Growth Forecast

Forecasted NOVATEK¹ reserve growth (ABC1), mm boe



Exploration activities projected to increase reserves at RR 1.90/boe⁴

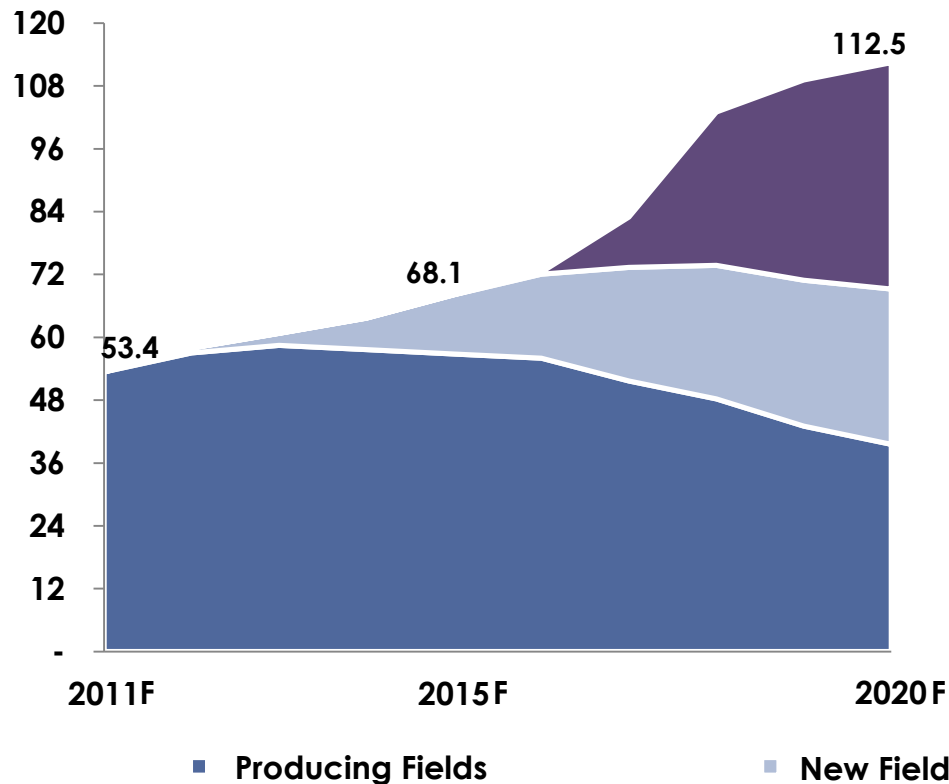
Notes:

1. Production and reserve figures based on 100% ownership interest in all fields
2. As of 31 December
3. Reserve growth includes both organic growth and growth through license acquisitions
4. Based on average planned capital expenditures (net of VAT) of RR 3,600 million per annum for 2011 - 2020

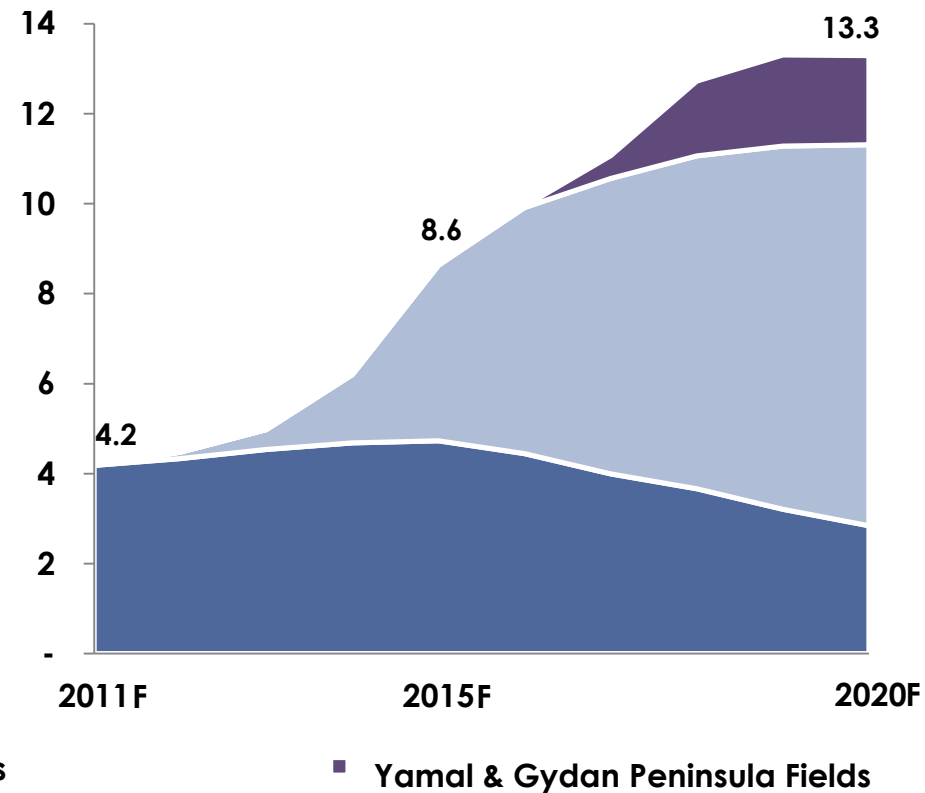
Production – All Fields¹



Natural gas production, bcm



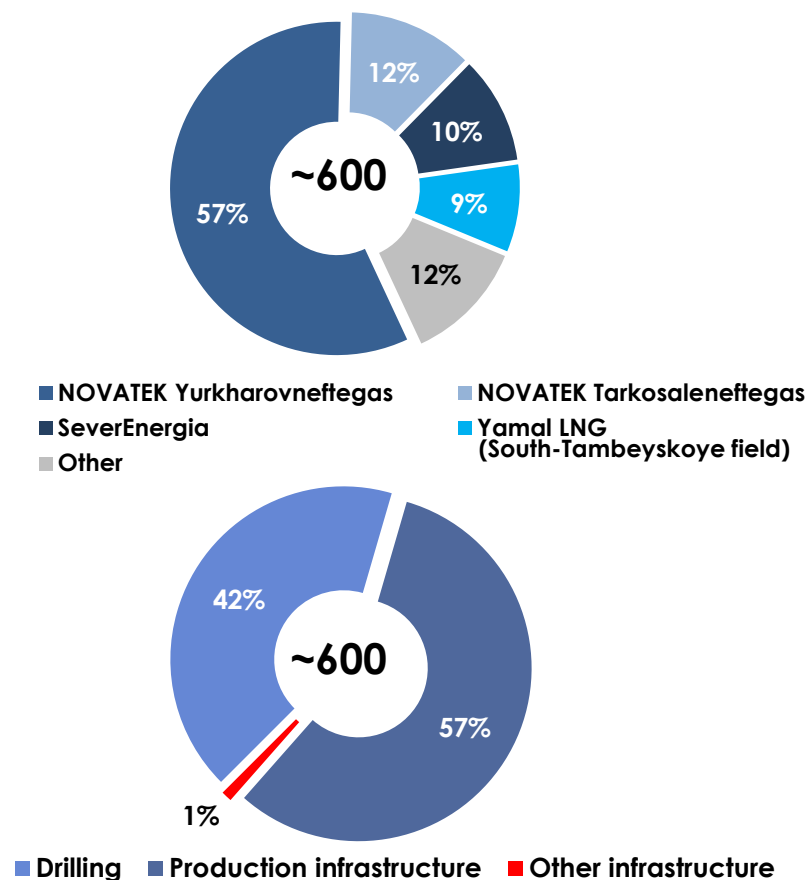
Gas condensate and crude oil production, mmt



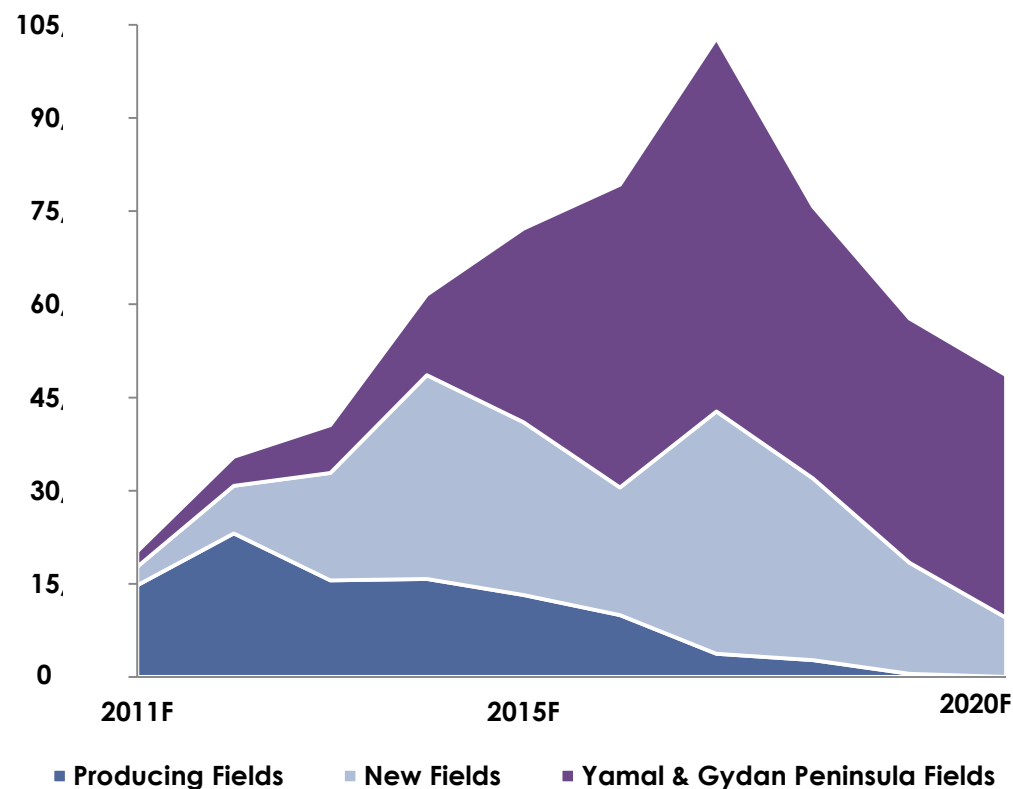
NOVATEK plans to more than double gas production and triple liquids production by 2020

Field Development Capital Expenditures¹

Capital Expenditures 2011 – 2020, RR billion



Capital Expenditures, RR billion

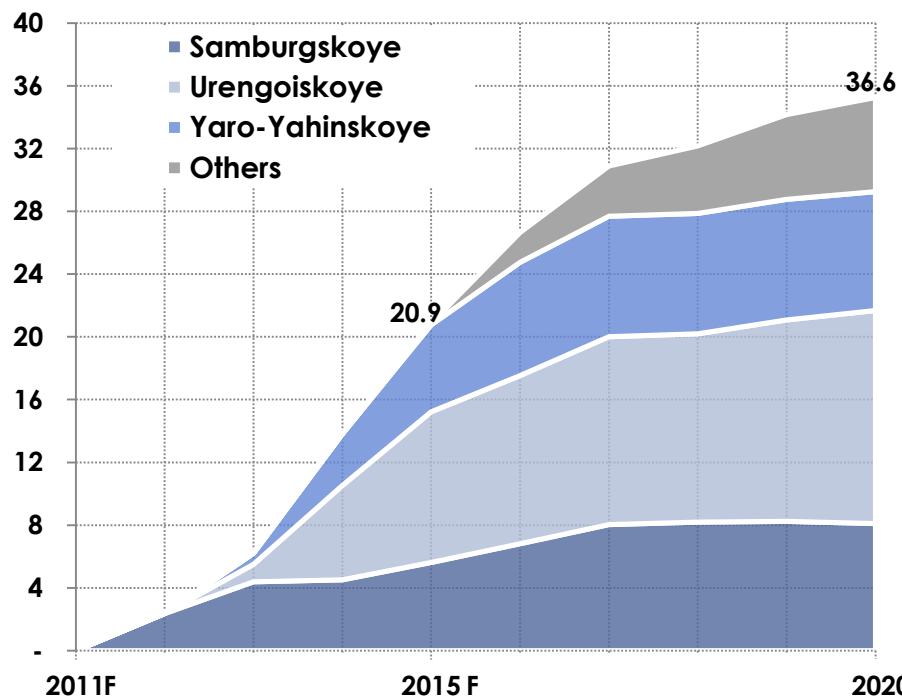


~ 15% of capital expenditures relates to current producing fields

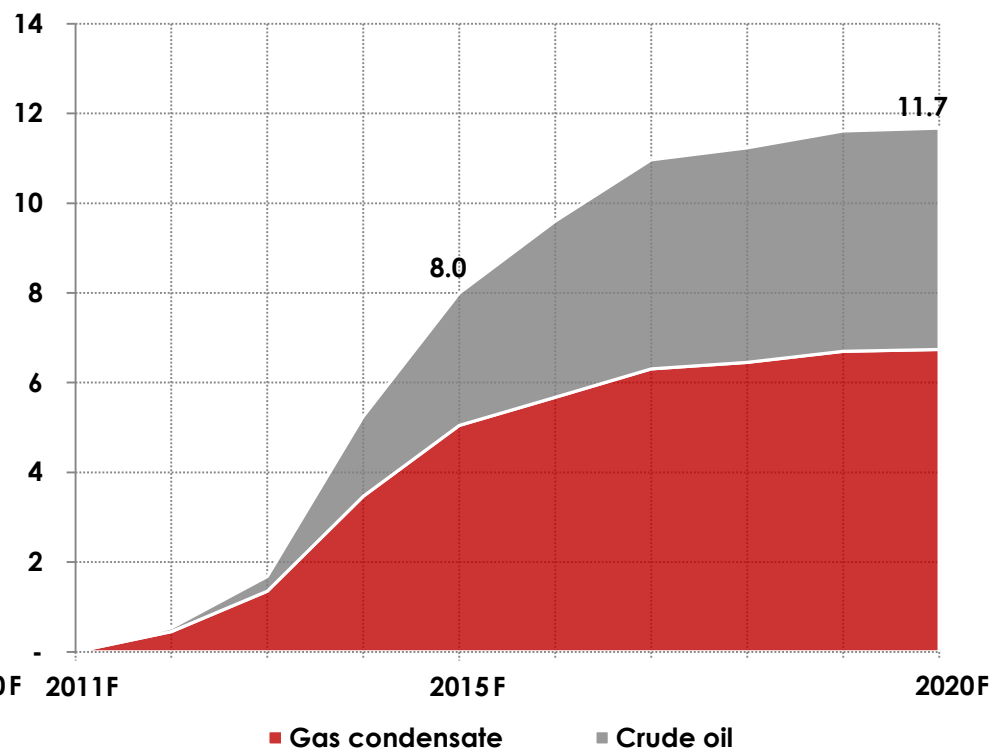
SeverEnerгия Fields¹



Natural gas production, bcm

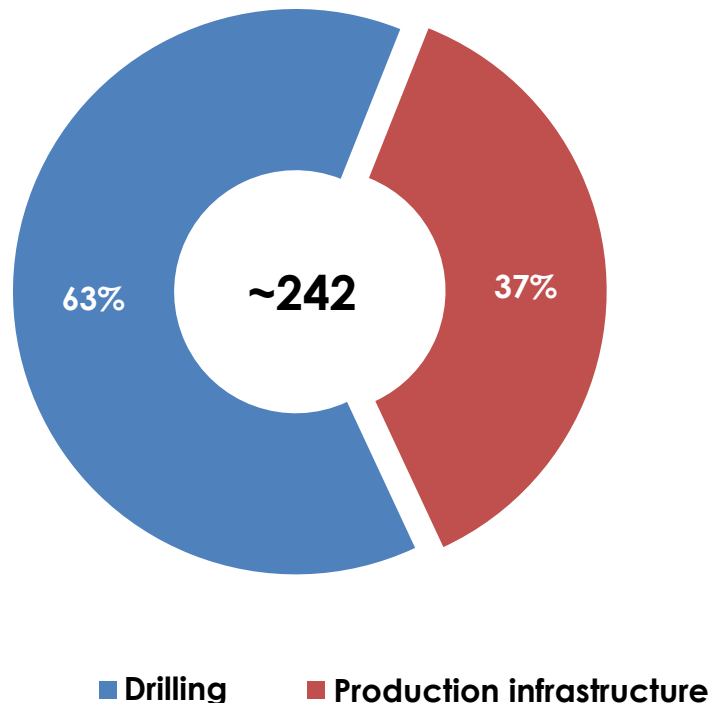


Liquids production, mmt



Significant mid-term production contribution

Capital expenditures, RR billion



SeverEnergia Development Plan

◆ Samburgskoye field launch in 1Q 2012

- ◆ Number of existing gas/gas condensate wells – 18
- ◆ New gas/gas condensate wells to be drilled 2011-2020 – 47
 - ◆ 4 new gas/gas condensate wells drilled in 2011
 - ◆ Avg. new well flow rate/day: 1.0–1.1 mmcm
- ◆ New crude oil wells to be drilled 2011-2020 – 126
- ◆ Current infrastructure:
 - ◆ Gas preparation unit – 2.3 bcm per annum capacity
 - ◆ Internal gas & gas condensate pipelines connecting to the UGSS & Yurkharov-Purovsky Plant gas condensate pipeline

◆ Urengoiskoye & Yaro-Yahinskoye launch in 2013

- ◆ Total number of gas/gas condensate wells to be drilled 2011-2020 – 191
 - ◆ Urengoiskoye – 131 wells
 - ◆ Yaro-Yahinskoye – 60 wells
- ◆ Total number of crude oil wells to be drilled (Yaro-Yahinskoye) 2011-2020 – 118
- ◆ Launch of 1st stages expected in 4Q2013

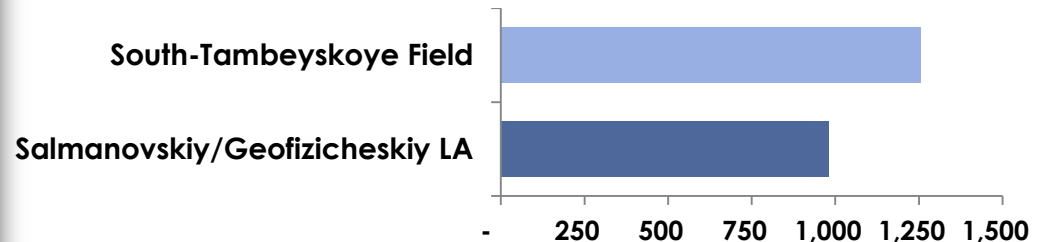
◆ All fields will utilize the Yurkharov-Purovsky Plant gas condensate pipeline and the Purovsky Plant for transportation and processing of gas condensate

Recent License Acquisitions

Yamal & Gydan Peninsula Resources



Russian Reserve Classification ABC1+C2 – Natural gas, bcm



Russian Reserve/Resource Appraisal of New Licenses

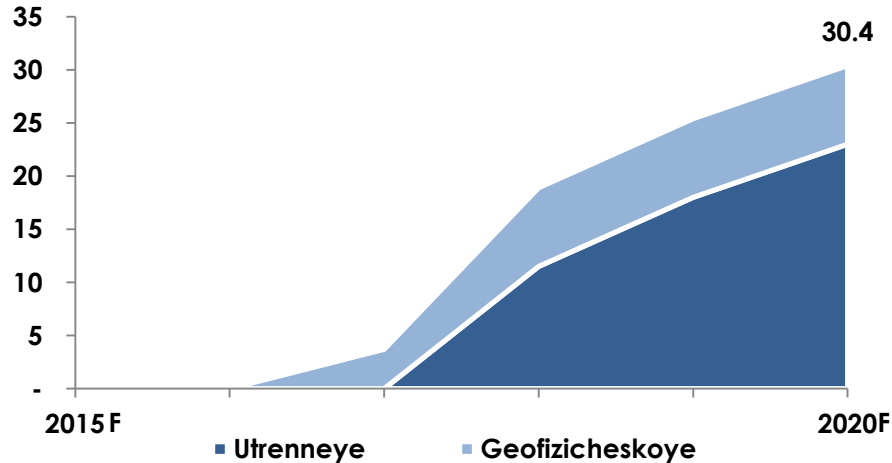
As at 31 July 2011

License area	Category	Natural Gas bcm	Liquid hydrocarbons, mmt	Total mm boe
Salmanovskiy (Utrenniy)	C1+C2	767	34	5,300
Geofizicheskoye	C1+C2	212	12	1,484
Total	C1+C2	979	46	6,785
North –Obskiy	D1+D2	1,164	187	9,178
East-Tambeyskiy	D1+D2	598	34	4,206
Total	D1+D2	1,763	221	13,383

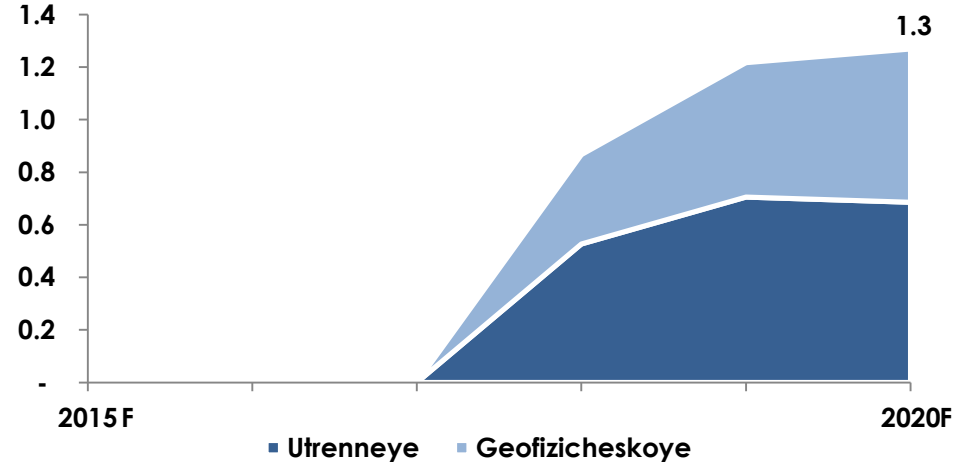
Utrenneye & Geofizicheskoye Fields¹



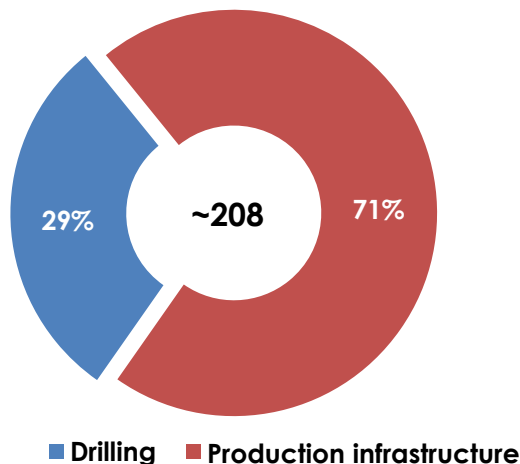
Gas production, bcm



Gas condensate production, mmt



Capital expenditures², RR billion



Preliminary Development Plans³

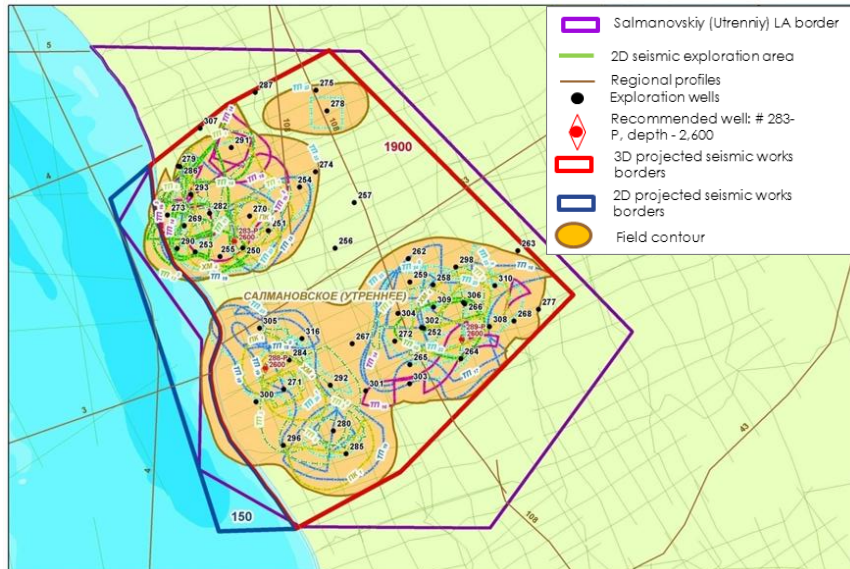
- ◆ Flexible development options, pipeline (UGSS) or LNG
 - ◆ Gas/gas condensate wells to be drilled 2015-2020 – 150
 - ◆ Utrenneye – 104 wells
 - ◆ Geofizicheskoye – 46 wells
 - ◆ Current development plan assumes pipeline connection to the UGSS
 - ◆ Unstable gas condensate: pipeline from the Geofizicheskoye 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

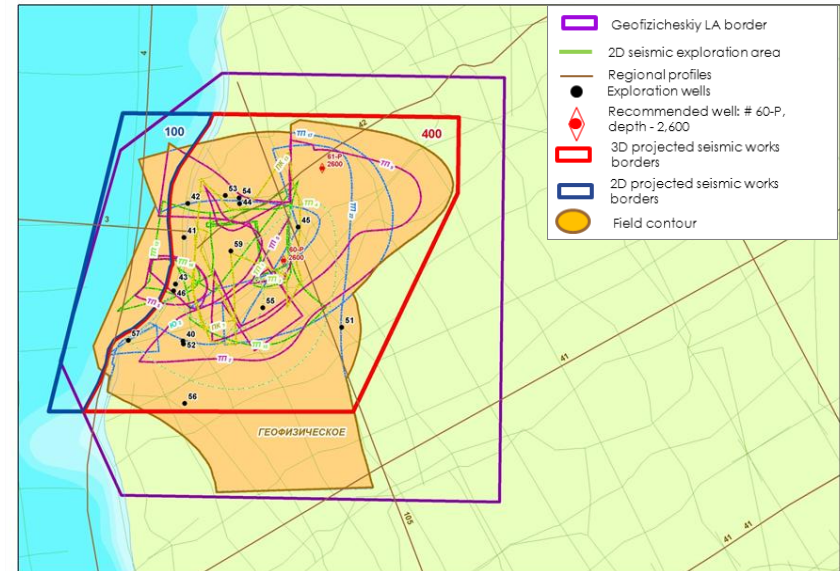
New On-shore blocks

Salmanovskiy (Utrenniy) License Area



License type: Exploration and production
Expiration date: 31.08.2031
License area: 2,958.75 km²

Геофизический License Area

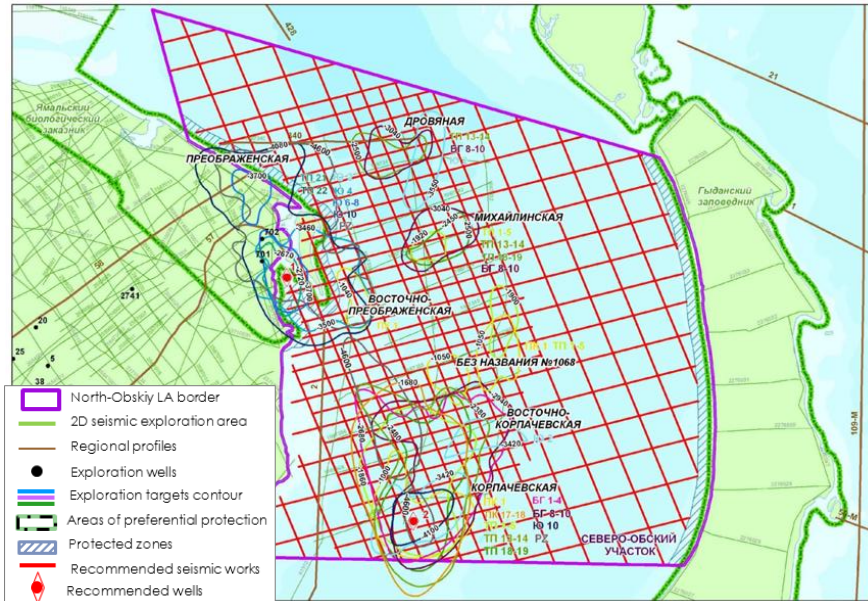


License type: Exploration and production
Expiration date: 31.08.2031
License area: 825.3 km²

License obligations include a five-year exploration period to run 250 linear kilometers (km) of 2D seismic and 2,300 km² of 3D seismic as well as the drilling of 4 exploration wells

New Off-shore Blocks

North-Obskiy License Area

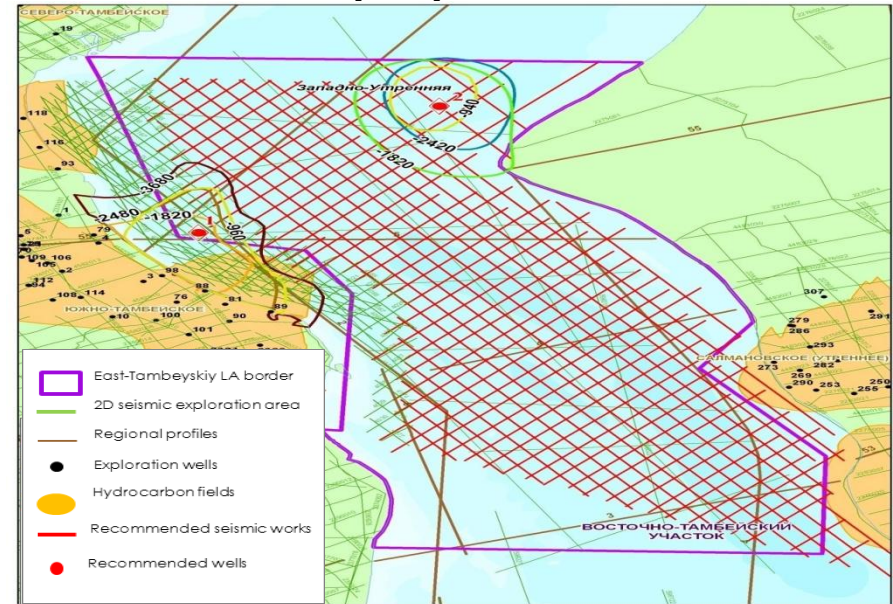


License type: Geological study, exploration and production of hydrocarbons

Expiration date: 31.08.2041

License area: 6,626 km²

East-Tambeyskiy License Area



License type: Geological study, exploration and production of hydrocarbons

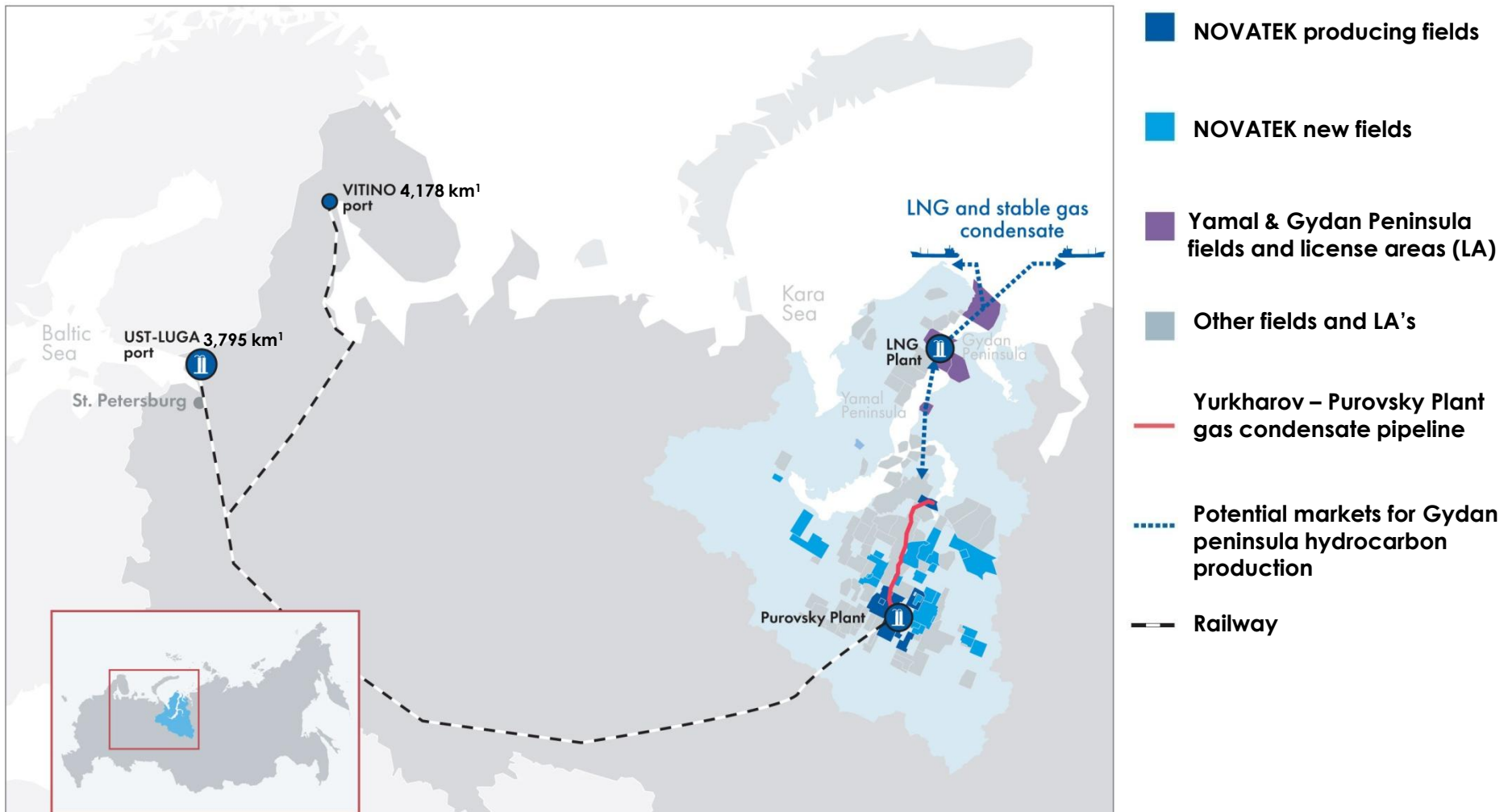
Expiration date: 31.08.2041

License area: 3,216.4 km²

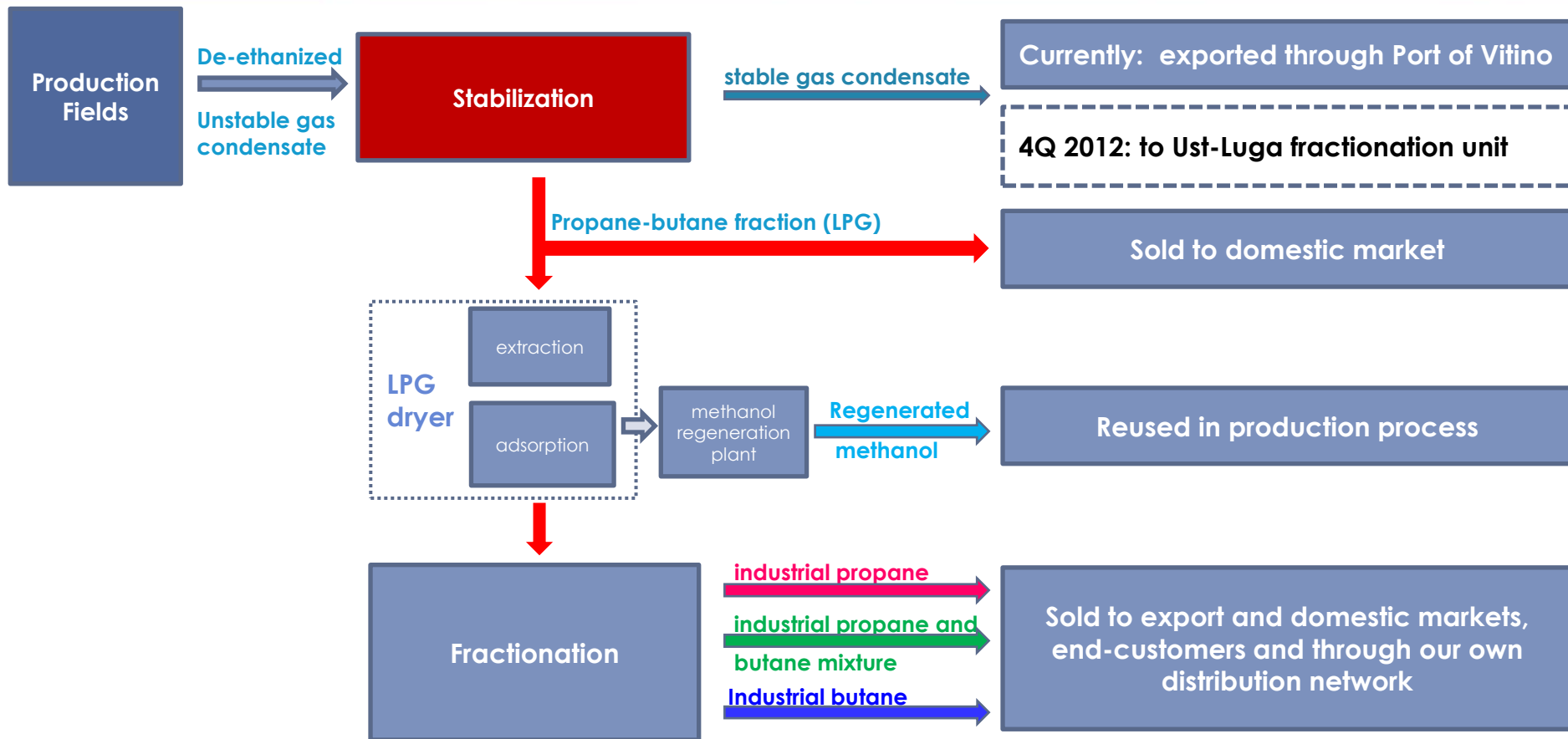
License obligations include a ten-year exploration period to run 6,000 linear kilometers (km) of 2D seismic and 252 km² of 3D seismic as well as the drilling of 4 exploration wells

Purovsky Plant & Ust-Luga Fractionation Unit

Adding Value to Hydrocarbon Production



Purovsky Gas Condensate Stabilization Plant

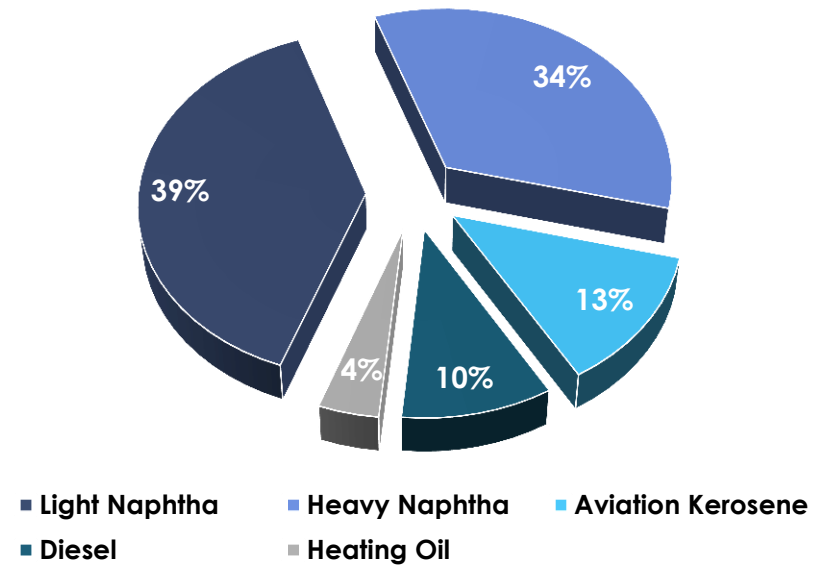


- ◆ 3rd stage to increase processing capacity from 5 mmt to 11 mmt per annum in two phases: 3 mmt per annum in 2013 and 2014, respectively
- ◆ Estimated total capital expenditures¹ for 3rd stage, approximately RR 10 – 13 billion

Ust-Luga Transshipment and Fractionation Unit



Ust-Luga Projected Output



- Six million tons per annum capacity (1st 3mmt per annum train in 4Q 2012, 2nd 3mmt per annum train in 2013)
- Two berths for tanker (Aframax) loading
- Total planned capital expenditures¹ both trains, approximately RR 20 – 25 billion
- Shorter transportation distance from Purovsky Plant compared to Port of Vitino – approximately 385 kilometers
- Premium benchmark pricing for product slate due to value-added processing of stable gas condensate
- Lower export duties for product slate; new “60–66” export duty regime
- Diversification of product slate off-takers

Yamal LNG

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
 - 1 mmt per annum 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 billion¹

Production

Liquefaction

Transportation

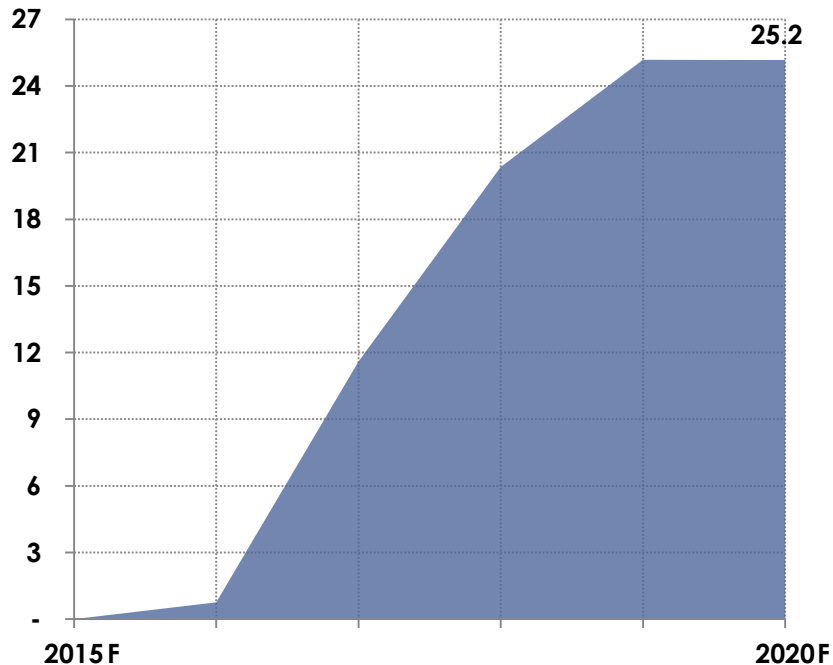
Marketing

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

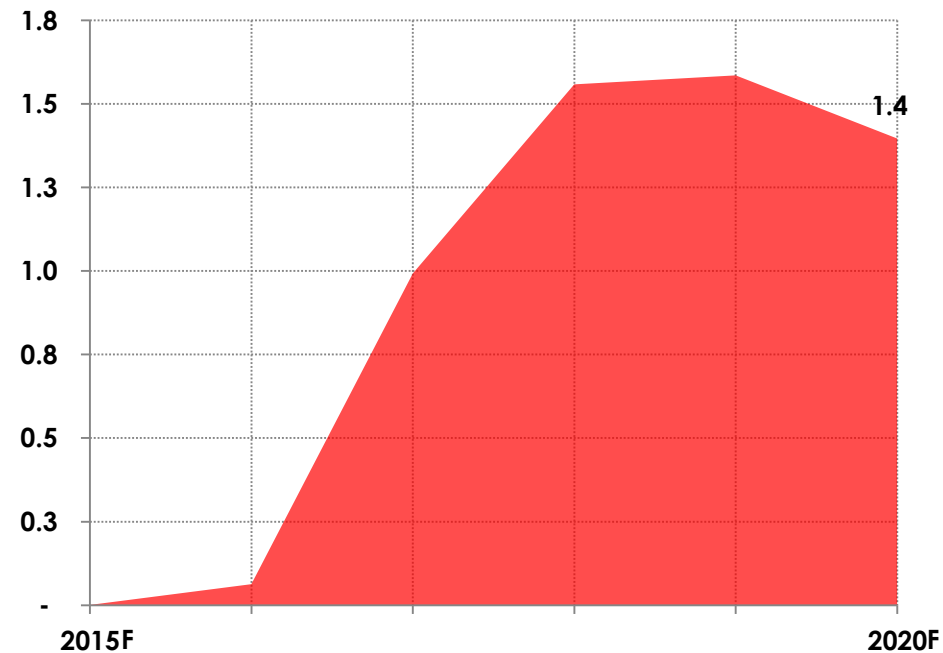
South-Tambeyskoye Field¹



Natural gas production, bcm



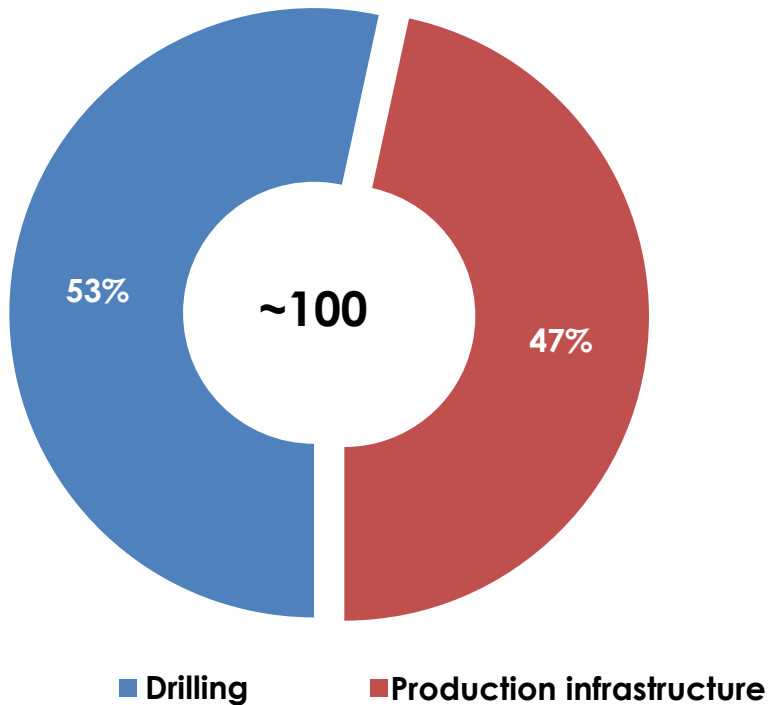
Gas condensate production, mmt



Export-oriented natural gas and de-ethanized gas condensate feedstock

South-Tambeyskoye Field¹

Capital expenditures, RR billion



South-Tambeyskoye Field Development Plan

◆ Field launch in 2016

- ◆ Total number of wells to be drilled 2011-2020 – 198
- ◆ Current number of exploration wells drilled – 58
- ◆ Number of exploration wells to be converted into production wells – 4

◆ Main infrastructure projects

- ◆ Gas gathering system
- ◆ Construction of well clusters
- ◆ Construction of support and housing facilities
- ◆ Construction of airport

LNG Shipping Scenarios



Key issues to be resolved

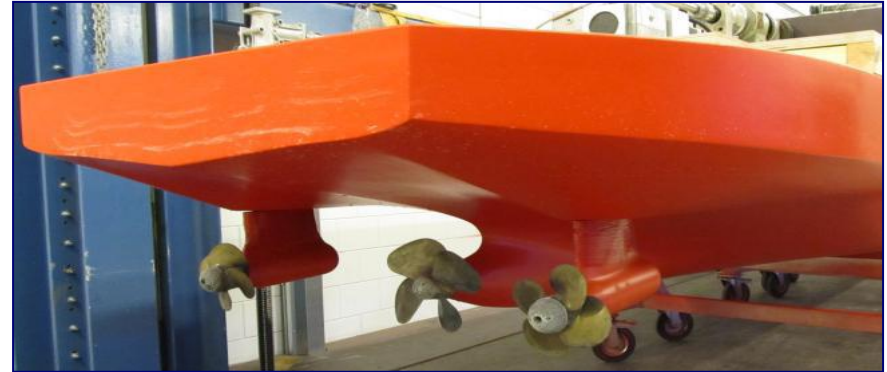
- ◆ Target markets
- ◆ LNG carrier design approval
 - ◆ Ice class, Winterization & LNG tank system (Moss, SPB, membrane)
- ◆ # of ships required

Shipping Scenarios

- ◆ Direct transportation to markets
- ◆ Transshipment
 - ◆ Ice-free port or Ship-to-Ship
 - ◆ Combination of different options

Tests conducted by Aker Arctic confirm that the LNG Carrier design is able to provide all-season independent navigation

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 m³ LNG Carrier basic design

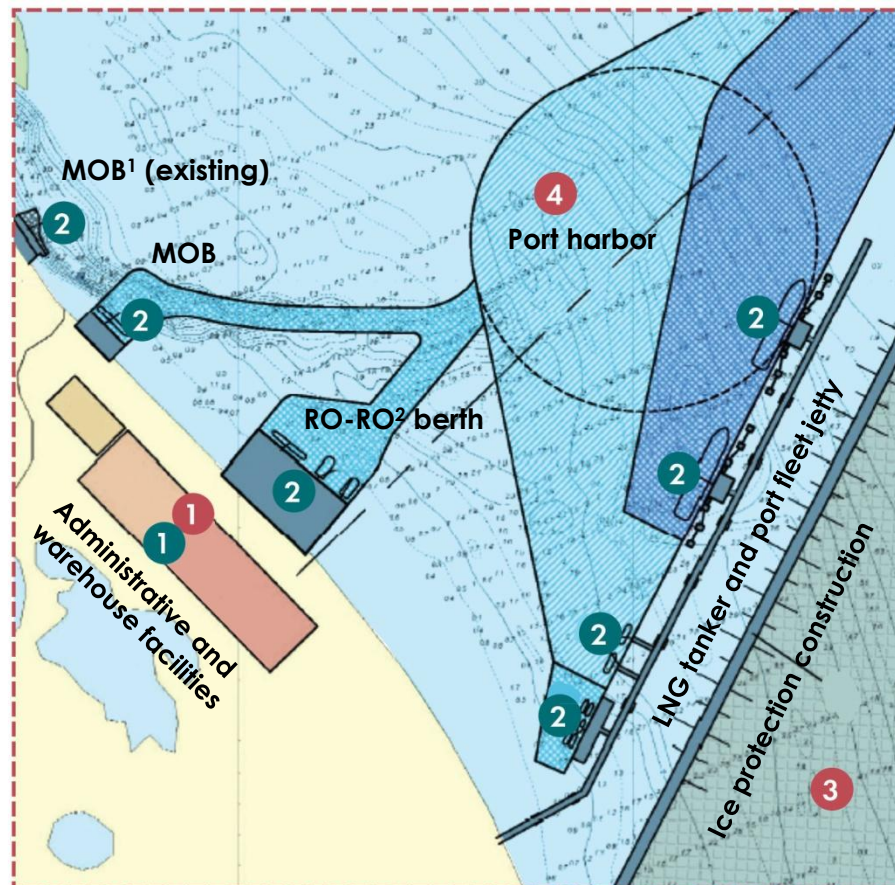
- Ice going capabilities: 2.3-2.4 meters (even ice)
- Confirmed speed: 19.5 knots in open water and 5.5 knots in even ice of 1.5 meters

Sabetta Port Infrastructure

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

Notes:

- 1. Materials Off-loading Berth (MOB)
- 2. Roll-on, Roll-over (RO-RO) berth for loading and unloading large equipment

Yamal LNG Research & Consulting Partners



Organization	Description	Status	Due by
	Pre-FEED (comparative analysis of options and preparation of LNG Plant preliminary project documentation)	✓	1Q 2011
Aker Arctic CNIIMF ¹ ABS	Design project and model testing of LNG-tanker	✓	3Q 2011
   	FEED / Project (preparation of final project documentation on LNG Plant, terminal for storage and shipping)		1Q 2012
 YUZHNIIGIPROGAZ	Complex on-shore geotechnical research Project of South-Tambeyskoye field development		1 – 3Q 2012 (by stages)
 Lenmorniiproject	Complex off-shore geotechnical and ecological research Project design for modular offloading terminal, port and channel		4Q 2011 3Q 2012 (by stages)
 Lenaeroproject	Project design for Sabetta airport		2Q 2012

Yamal LNG Project Stages - Pre FID



Completed

- ✓ **License changes** (extended until 2045)
- ✓ **Agency agreement signed with Gazprom Export providing for the export of LNG**
- ✓ **Government support:** tax concessions, government participation in developing infrastructure, optimized tariffs for icebreaking support via Northern Sea Route
- ✓ **Pre-FEED.** Project concept approved
- ✓ **3 exploration wells drilled. Field development optimized** (20 well pads instead of 35)
- ✓ **Tanker testing completed. Initial design of ice-class tanker determined** (170 thousand cubic meters)
- ✓ **Entry of strategic partner**

To be completed before FID

Further Exploration & Development works

Complete FEED and the Russian part of project works (2-4Q 2012)

Begin detailed design and ordering of equipment with long supply periods

Prepare construction site (living quarters, roads, airport and seaport to receive modules and construction material and LNG plant site)

Determine environmental impact assessment

Receive necessary government approvals and permits

Conduct tenders for main operations (construction of LNG facility, storage and transportation systems, infrastructure development, drilling)

Conduct tender to determine shipyard/shipowner

Start LNG marketing

Yamal LNG is part of a governmental program aimed at developing the Yamal peninsula's resources and related off-shore areas until 2035

Tax concessions

- **Federal (according to Federal Law No. 258-FZ, 21 July 2011)**
 - **MET for natural gas and gas condensate**
 - **LNG and Stable Gas Condensate export duty**
- **Regional (according to Regional Law No. 151-ZAO, 23 December 2010)**
 - **Property tax**
 - **Corporate profit tax**

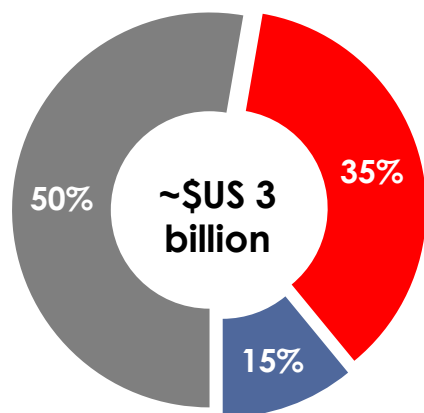
Infrastructure development

- **Sea port**
- **Icebreaking fleet**
- **Financing and construction of LNG tanker fleet**

Yamal LNG Financing Plan¹



Contributions to Charter Capital

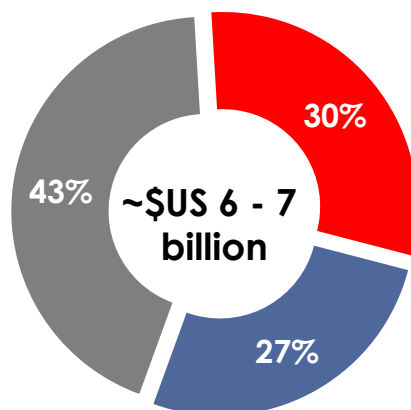


■ Potential Partners

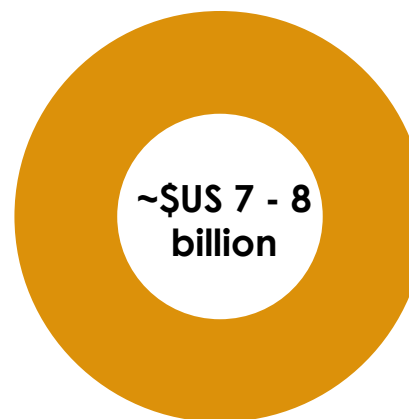
■ Total

■ NOVATEK

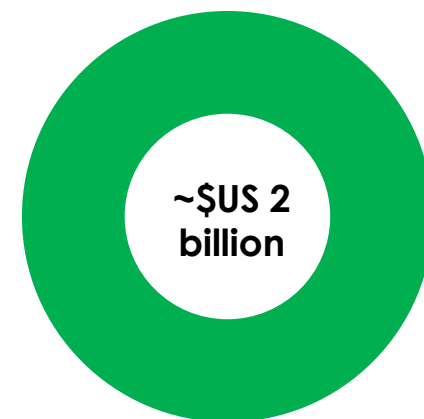
**Disproportionate/
proportionate
Shareholder Loans**



Project Financing



**Project Cash Flows
from First Phase of
Yamal LNG**



Commercial Strategy

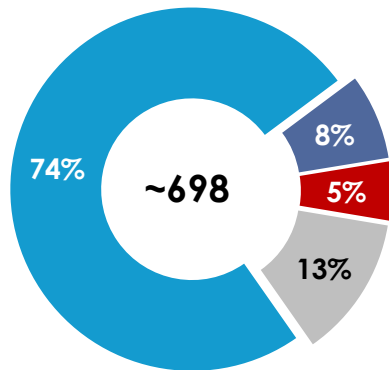
Maximize Net-backs on Natural gas and Liquids sales

Gas Marketing Focus	Liquids Marketing Focus
<ul style="list-style-type: none">♦ Long-term contracts with large end-customers and ex-field traders♦ Increase market penetration in strategic regions♦ Expand international marketing channels♦ Commence international gas/LNG trading & swap activities	<ul style="list-style-type: none">♦ Maximize liquids value chain through Ust-Luga fractionation unit♦ Increase usage of Northern Sea Route to expand geographical markets♦ Expand own retail and wholesale domestic and international LPG channels♦ Strategic partnership with Sibur

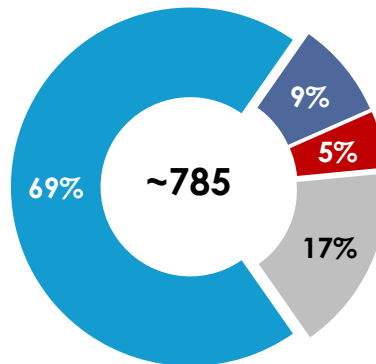
Russian Natural Gas – Supply & Demand

Russian Natural Gas Supply, bcm

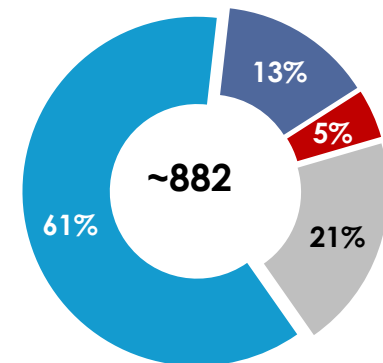
■ Gazprom ■ NOVATEK ■ Central Asian Gas ■ Other Independent Producers



2011F

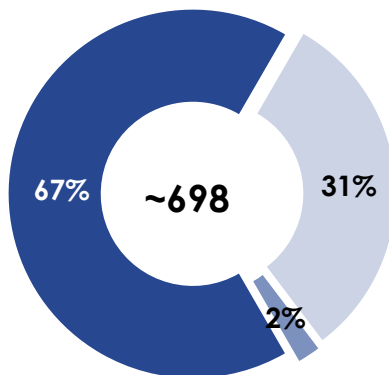


2015F

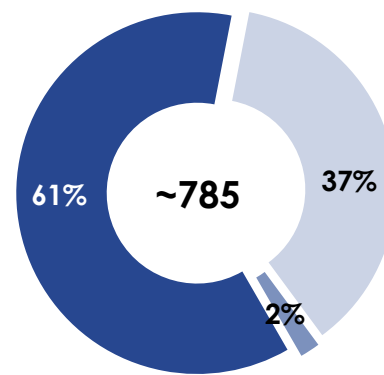


2020F

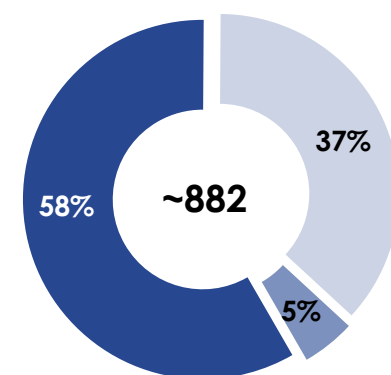
Russian Natural Gas Demand, bcm



■ Domestic



■ Export

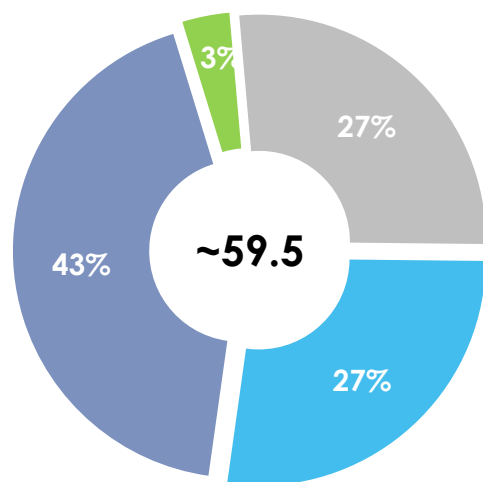


■ LNG

NOVATEK's Domestic Gas Deliveries, bcm

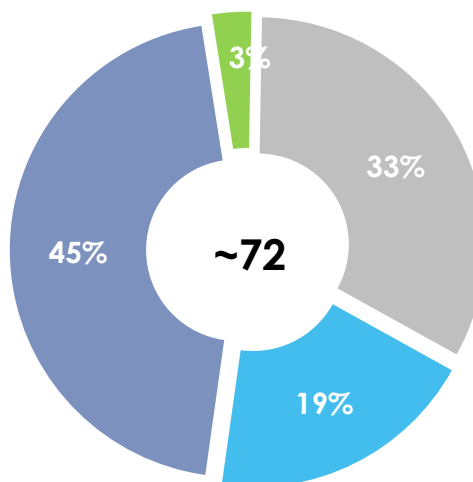


2012F



■ Power generation

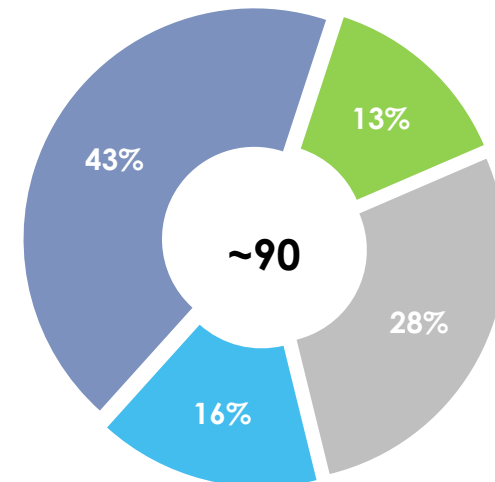
2015F



■ Res. and commercial

■ Industrial

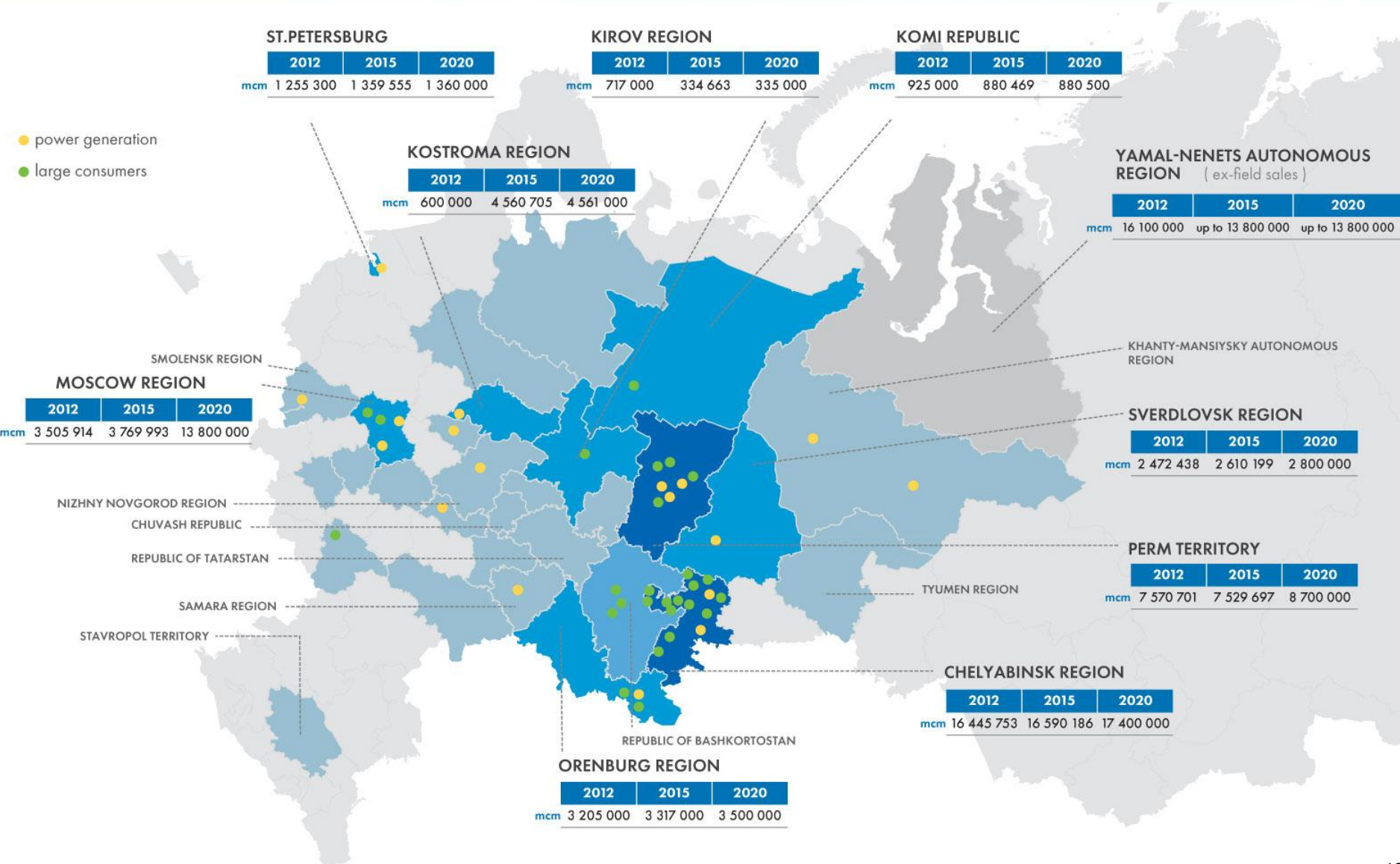
2020F



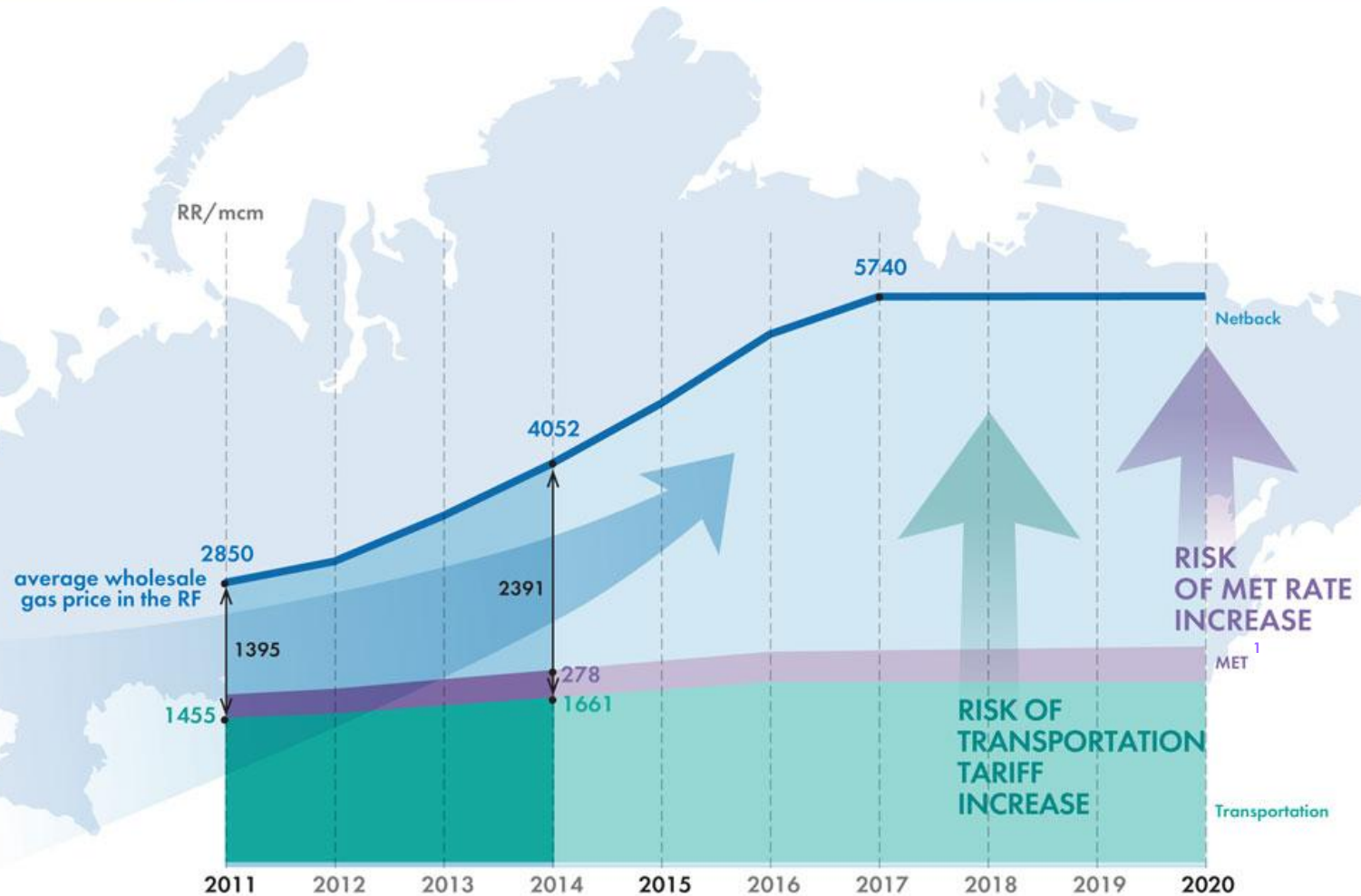
■ Traders

Market Presence

(Forecast for Primary Regions)



Domestic Gas Market Liberalization



Domestic market liberalization is expected
between 2015 and 2018

Optimizing Netback on Natural Gas

Natural Gas Sales Portfolio, bcm



Natural gas netback¹ expected to increase ~10-12% in 2012

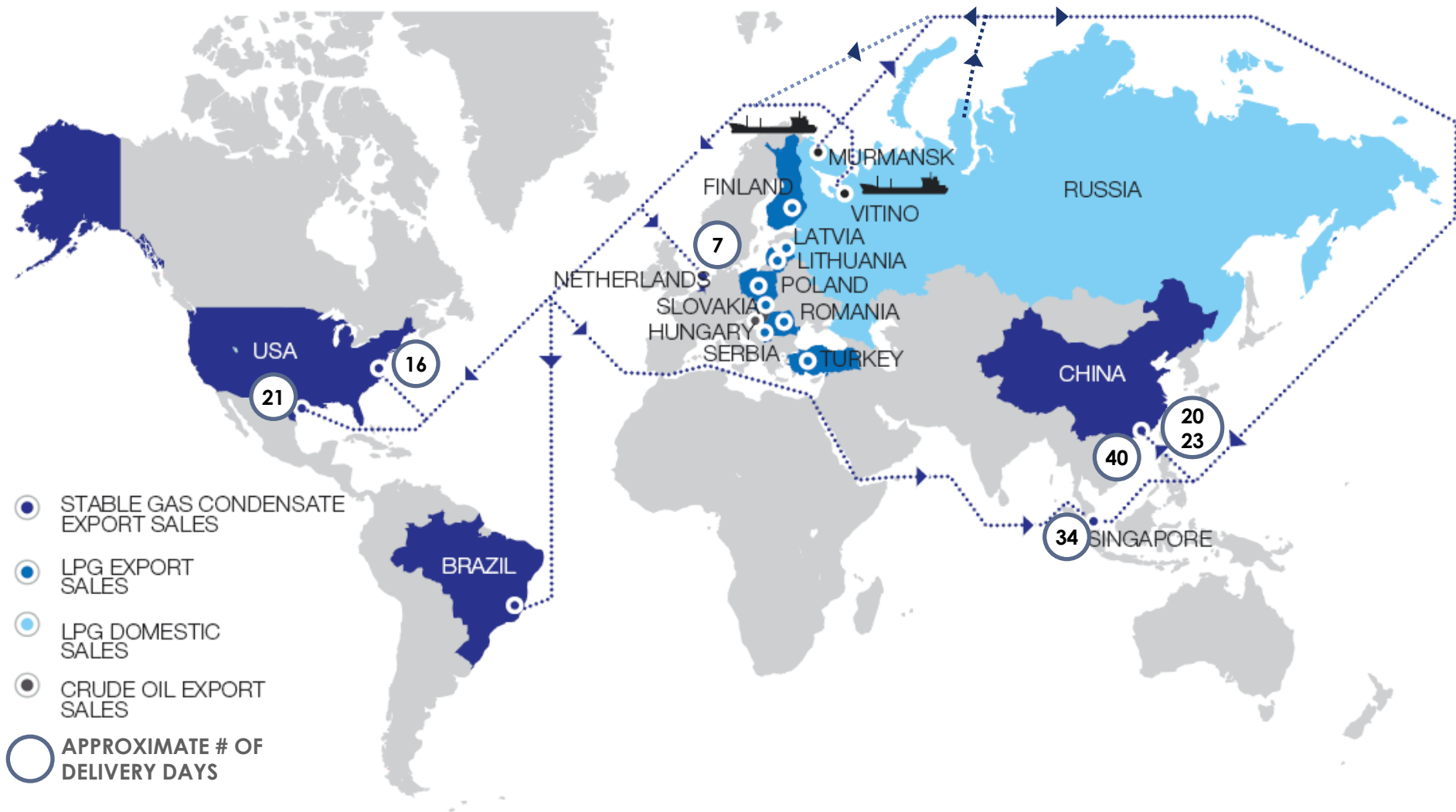
NOVATEK Strategy Implementation



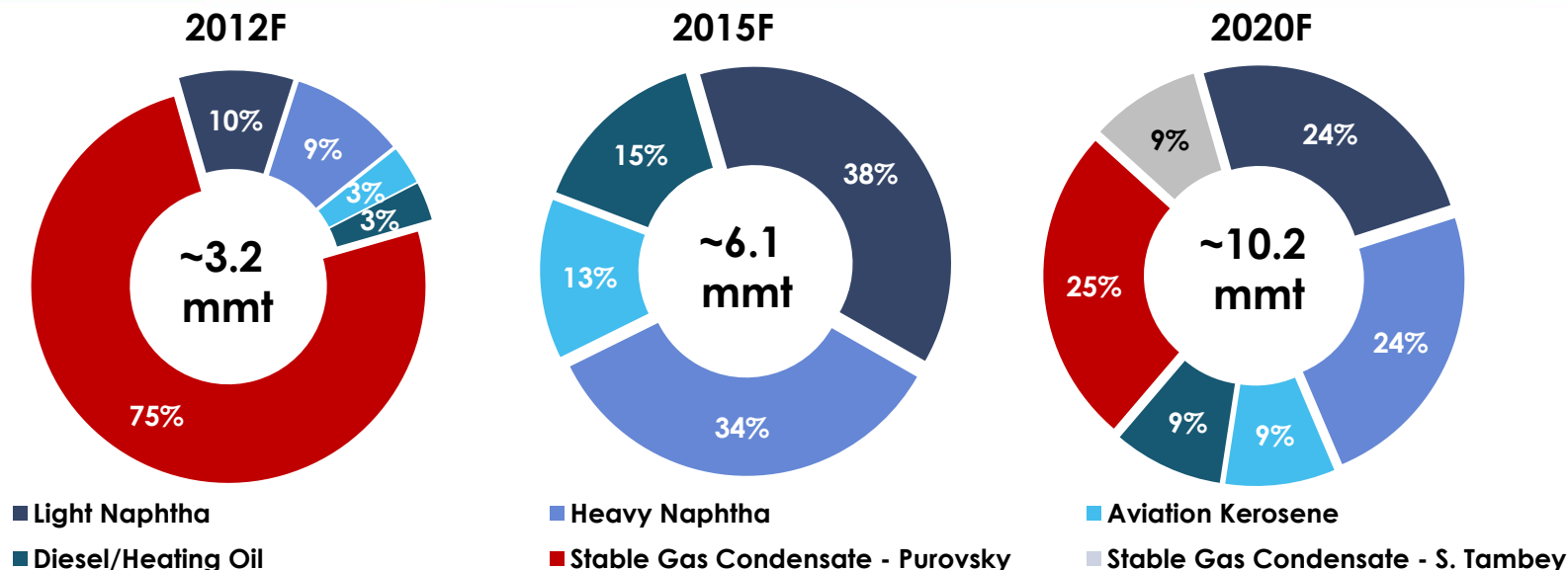
Notes:

1. Based on average actual prices in 3Q 2011 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

Expanding Our Liquids' Commercial Reach



Purovsky & Ust-Luga Product Slate



Stable Gas Condensate

- ◆ Target market – global petrochemical and refining industries in the Asian-Pacific Region and South America
- ◆ Use transshipment facilities of Ust-Luga to market stable gas condensate in excess of fractionation capacity

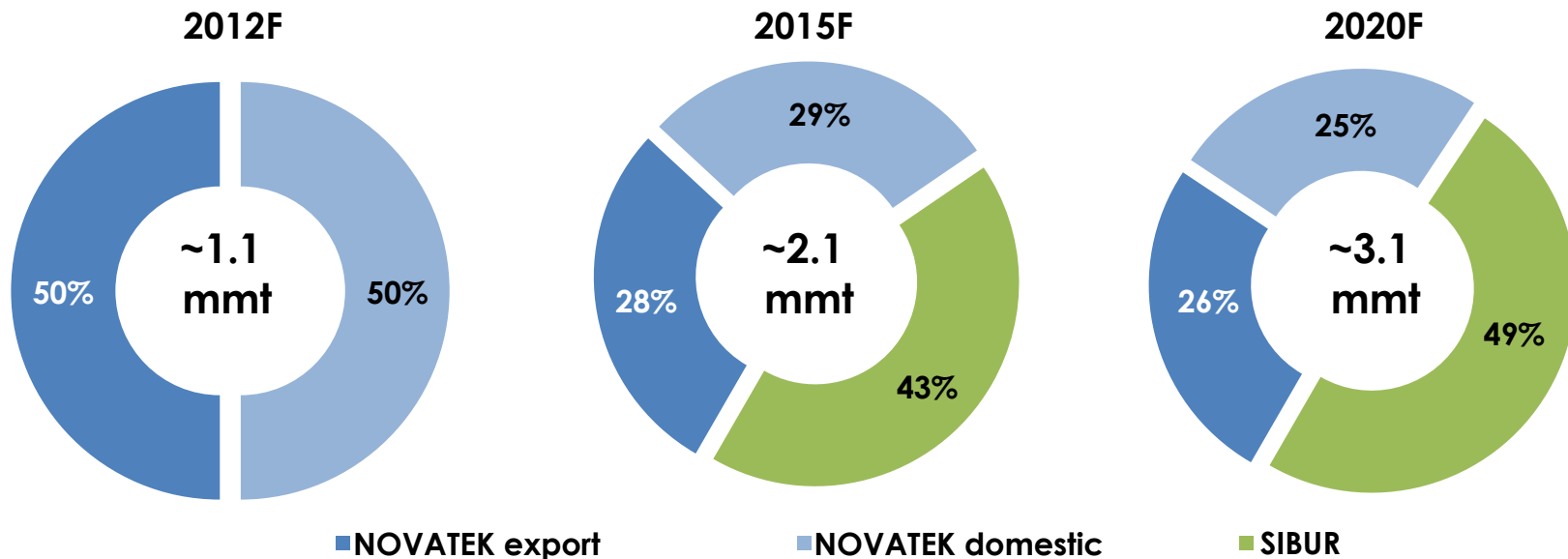
Light & Heavy Naphtha

- ◆ Light Naphtha target market – global petrochemical industry in the Asian-Pacific Region, South America and Scandinavia (Finland)
- ◆ Heavy Naphtha target market – global oil refining industry in the Asian-Pacific Region, North and South America
- ◆ Maximum export duty applicable to Light and Heavy Naphtha is 90% of the export duty for crude oil (stable gas condensate)

Oil products

- ◆ Target market – North-Western Europe
- ◆ Maximum export duty applicable to oil products is 66% of export duty for crude oil (stable gas condensate)

LPG Marketing Structure



Marketing via own distribution network (wholesale and retail)

- ♦ Reduce wholesale sales to third party distribution networks
 - ♦ Develop our own retail network via OOO NOVATEK-AZK; and
 - ♦ Our own distribution network in Poland via NOVATEK Polska Sp. Zoo
- ♦ Target domestic petrochemical sector

Strategic partner

- ♦ **SIBUR Holding** – Long-term contract for a portion of Purovsky Plant LPG production volumes

Financial Guidance

Financial Management Objectives



Financial targets

- Maintain Net Debt – to – EBITDA target of 1.0x over the cycle¹ (excluding potential acquisitions)
- Maintain EBITDA Net Interest Coverage of 10x to 15x over the cycle
- Maintain Operating Cashflow/Capex coverage of 100% over the cycle

Liquidity targets

- Maintain unrestricted balance sheet cash position of ~US\$100-150 million as reserve
- Conservative management of excess liquidity
- Top tier banks placements, limit cash concentrations
- Aim to maintain available bank line credit in the range of ~US\$300-500 million

Funding targets

- Centralized funding strategy with NOVATEK sole entity for raising external funding
- Borrowings to relevant Group entities through documented inter-company loans
- No direct borrowing by operating subsidiaries is envisaged²
- Establish diversified sources of funding by instrument, maturity and market segment

Debt structure

- Increasing reliance on unsecured borrowings raised at the Group level
- Aim to maintain secured debt below 15% of total debt
- Optimize cost of borrowings by establishing flexible, long-term debt funding profile
- Target average maturity of 5 years or longer

Dividend policy

- At least 30% of net income of NOVATEK (unconsolidated, RAS)
- Additional payouts depend upon investment opportunities and related capital expenditures

Notes:

1. The cycle period is defined as three to five years
2. Except for potential project financing at SeverEnergiya and Yamal LNG

Financial Policies



Established track record of adhering to creditor friendly financial policies

Metric	Policy Target	2008	2009	2010	9M 2011	2011F
Debt/EBITDA ¹ , (x)	~1.0x	0.7	1.0	1.3	1.2	1.0
Cash Balance, million \$	100 – 150	442	332	337	530	792
Lines of credit, million \$	300 - 500	250	823	695	545	495
Dividend: % of profit	30%	52.93	42.85	38.9	na	>30%

Note 1: Debt/EBITDA for 9M 2011 is calculated using the TTM EBITDA

Financial Guidance



Metric	2007	2008	2009	2010	9M 2011	2012 Guidance
EBITDA margin, % ¹	47.2%	46.4%	44.1%	49.1%	49.4%	45–50%
Effective tax rate ²	26.5%	19.7%	20.7%	21.0%	20.2%	19–22%
Profit margin, % ³	30.0%	28.9%	28.6%	34.4%	33.0%	25–30%
ROE, % ⁴	24.9%	25.7%	22.4%	26.7%	32.3%	20–25%
ROCE, % ⁵	23.6%	21.9%	17.9%	19.8%	23.8%	15–20%
Net debt / Total Capitalization ⁶	0.03	0.12	0.15	0.25	0.28	0.15–0.30

Notes:

1. EBITDA margin 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 sharebased compensation from the statement of cash flows as a percentage of total revenues.

2. Effective tax rate represents total tax expense calculated as a percentage of our reported IFRS profit before income tax and share of net income from associates.

3. Profit margin represents profit as a percentage of total revenues.

4. Return on Equity (ROE) represents profit divided by average total equity (for 9M 2011, trailing twelve months (TTM) profit is used)

5. Return on Capital Employed (ROCE) represents profit plus finance expense (net of taxes) divided by average total debt plus average total equity (for 9M 2011, TTM profit and finance expense (net of taxes) is used)

6. Net debt represents total debt less cash and cash equivalents. Total capitalization represents total debt, total equity and deferred income tax liability.

Operational Guidance



Metric	2007	2008	2009	2010	2012 Guidance
Lifting costs, \$/boe	0.58	0.64	0.50	0.53	0.50–0.75
F & D costs, \$/boe (3Y Avg.)	1.03	2.21	1.71	1.71	1.50–3.00
RR costs, \$/boe ^{1,2} (3Y Avg.)	1.03	2.21	0.93	1.11	1.00–3.00
RR rate ³ (3Y Avg.)	158%	162%	431%	567%	125%

Notes:

1. Includes acquisition cost for oil and gas assets not included in appraisal reports
2. RR costs per boe could potentially increase above guidance based on current trends in acquisitions of O&G companies and assets and increasing costs for new licenses
3. Based on gross production for all fields

Summary



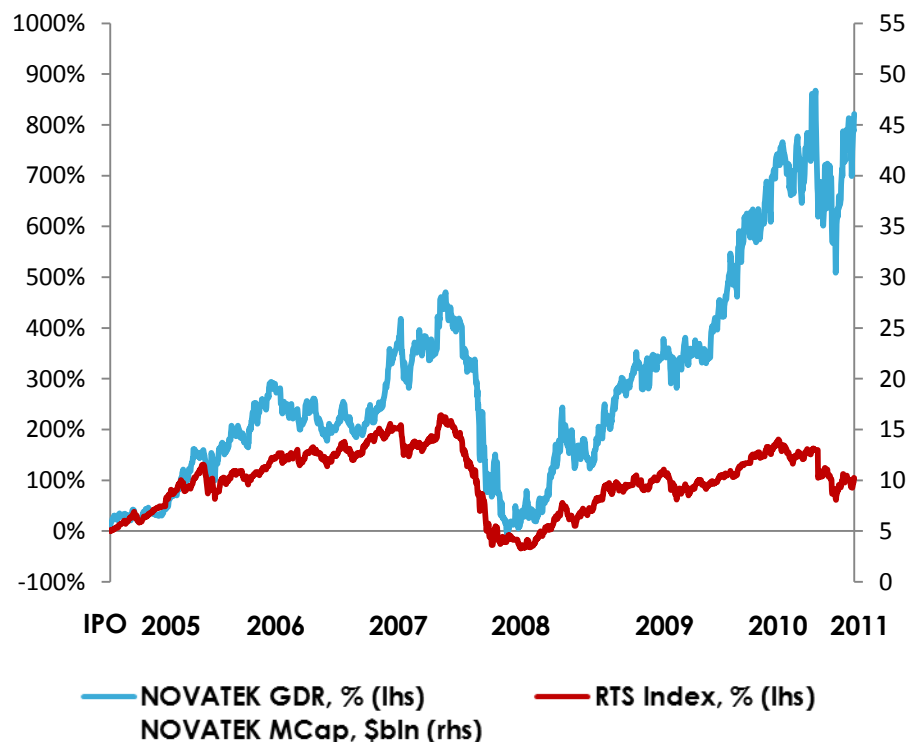
Creating Shareholder Value

- ◆ **World-class resource base – one of the largest globally**
- ◆ **Low-cost production – one of the lowest in the industry**
- ◆ **Close proximity to infrastructure – gas/liquids transportation & processing**
- ◆ **Experienced management team – excellent project delivery track record**
- ◆ **Exceptional financial results – among the highest returns on capital**
- ◆ **Liberalizing price environment – financial leverage to increasing domestic gas prices**

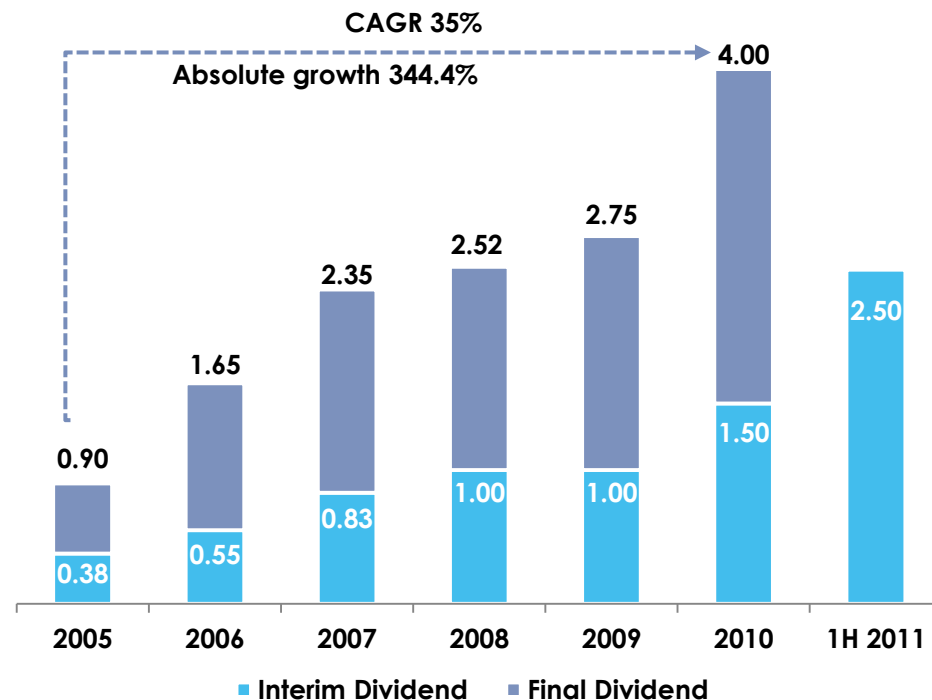
Maximizing Shareholder Returns



Share price and market capitalization since IPO¹



Dividend history, RR/share



Committed to increasing shareholder value

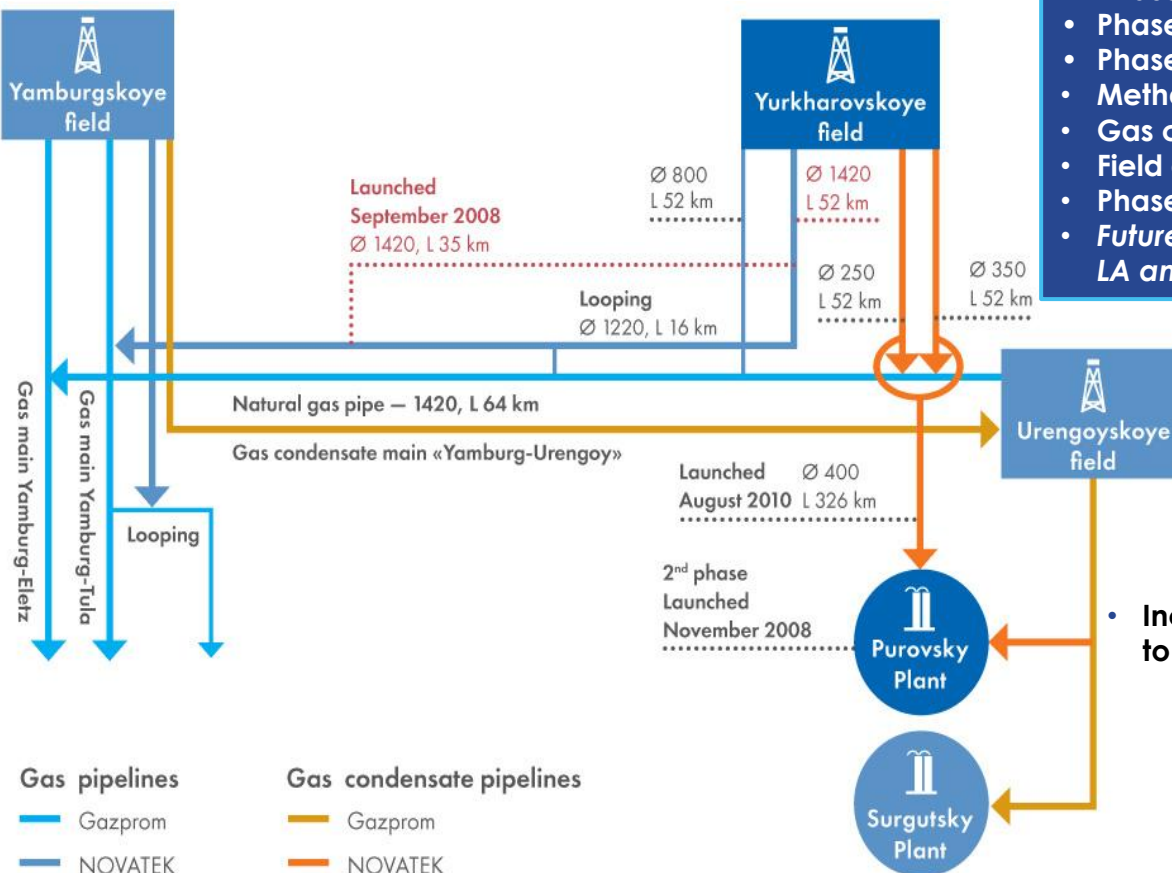
Appendix 1: Yurkharovskoye Field Development

Yurkharovskoye Field – Development Stages



Field development stages:

- Phase 1: up to 9 bcm/yr – 1Q 2003
- Phase 2/stage 1: up to 7 bcm/yr – 3Q 2008
- Phase 2/stage 2: up to 7 bcm/yr – 4Q 2009
- Methanol plant: 40 thousand ton/annum – 2Q 2010
- Gas condensate pipeline to Purovsky Plant – 3Q 2010
- Field de-ethanization unit – 3Q 2010
- Phase 2/stage 3: up to 7 bcm/yr – 4Q 2010
- *Future exploration work planned at New Yurkharovski LA and Jurassic layers at the Yurkharovskoye field*



- Increase processing capacity at the Purovsky Plant to 11 mmt per annum by 2014

Five-year average F & D cost at the Yurkharovskoye field – \$US 1.09/boe