NOVATEK

Second Quarter 2012
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
14 August 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.

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

By participating in this presentation or by accepting any copy of this document, you agree to be bound by the foregoing limitations.

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Summary Highlights – 2Q 2012

- Our **total revenues increased** despite a decrease in crude oil world prices, and the increase in revenues was driven by higher natural gas volumes sold and a higher proportion of end-customers sales:
  - Natural gas sales increased Y-o-Y by 20.3%
  - Liquids sales decreased Y-o-Y by 3.2%
- **Capital expenditures increased** Y-o-Y by 61.2% and Q-o-Q by 63.2% to RR 12,270 million in accordance with our announced capital plans
- **Natural gas production increased** Y-o-Y by 14.3% due to ongoing development of our Yurkharovskoye field and a greater utilization at the East-Tarkosalinskoye and Khancheyskoye fields
- **Cash flow from operations decreased** Y-o-Y by 34.7% to RR 9,874 million from RR 15,118 million due to significant current income tax paid, including prepayments
- **EPS decreased** Y-o-Y by 32.6% to RR 3.18 from RR 4.73 due to significant net foreign exchange loss recognized in 2Q 2012 due to the revaluation of our US denominated borrowings

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Operational Overview

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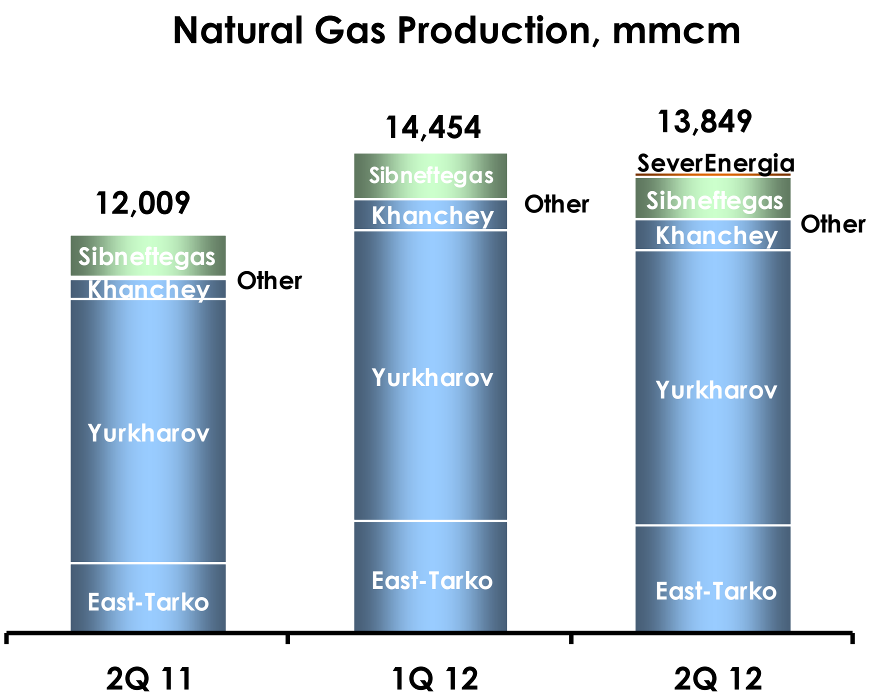
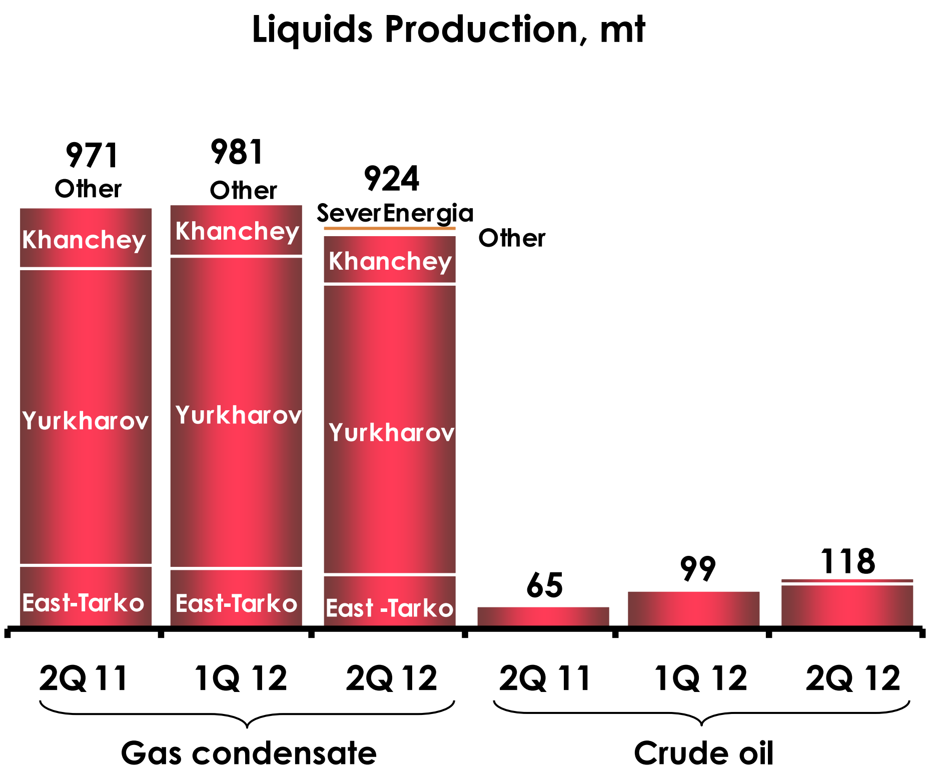
Hydrocarbon Production





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

- Utilization of more production capacity at East-Tarko and Khanchey fields due to increased demand
- Increased production at Yurkharov resulting from ongoing field development

Liquids production decreased Y-o-Y due to:

- Decreased gas condensate production at our East-Tarko and Khanchey 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: 981 mt**
  - Yurkharovskoye field: 660 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 258 mt
  - Purchases from our joint venture: 58 mt
  - Other: 5 mt
- **Total plant output: 972 mt**
  - Stable gas condensate: 737 mt
  - LPG: 231 mt
  - Methanol: ~ 4 mt
- **Plant capacity:** approximately 78%
- **693 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Asian-Pacific Region ~ 301 mt
  - to Europe ~ 272 mt
  - to the USA ~ 120 mt
- **Stable gas condensate inventory reconciliation**
  - Tankers in transit ~ 120 mt
  - Rail road cisterns and port storage facilities ~ 144 mt
  - Purovsky Plant storage facilities ~ 31 mt
- **Export volumes of LPG: ~ 52% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit"
30.06.2011
~ 120 thousand tons

- 61 mt — USA
- 59 mt — Thailand

"Goods in transit"
31.03.2012
~ 240 thousand tons

- 60 mt — Singapore
- 60 mt — Malaysia
- 60 mt — South Korea
- 60 mt — South Korea

"Goods in transit"
30.06.2012
~ 120 thousand tons

- 60 mt — Singapore
- 60 mt — USA

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Financial Overview – 2Q 12 vs. 2Q 11

Comparison of 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

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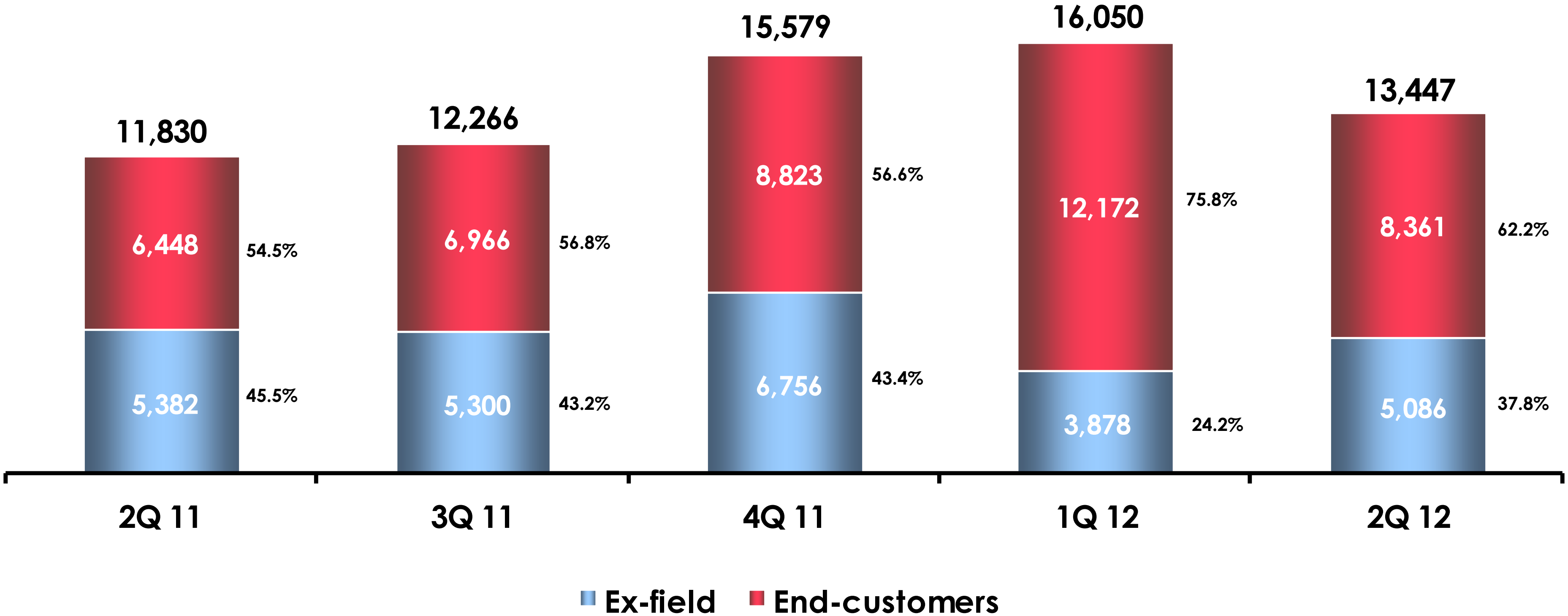
Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y increase in natural gas sales volumes was due to an increase in production (including our share in production of our joint venture Sibneftegas), as well as an initiation of purchases from our related party SIBUR Holding in 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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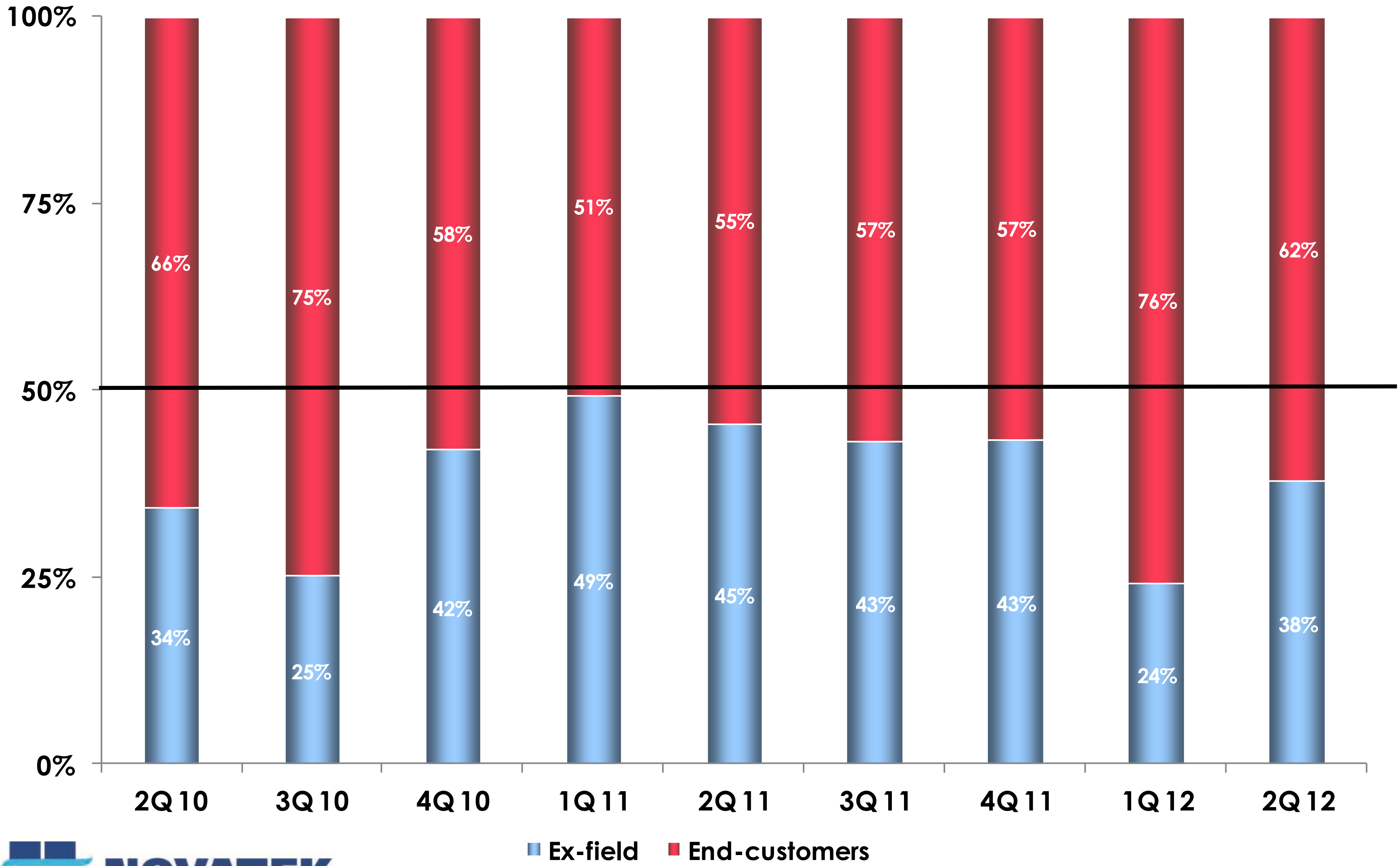
Natural Gas Sales Volume Mix



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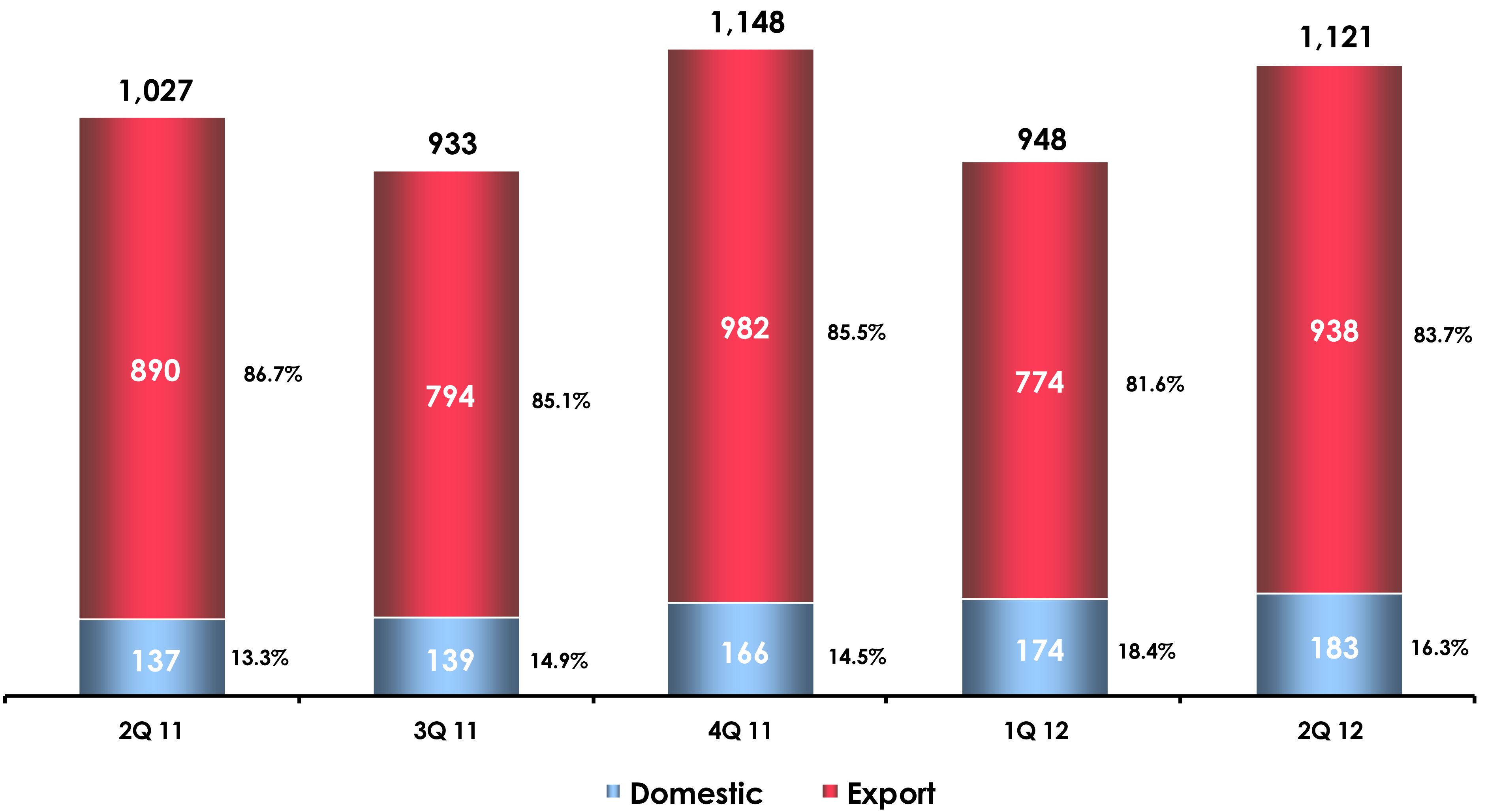
Market Distribution – Liquids Sales Volumes (mt)



Y-o-Y and Q-o-Q increase in liquids sales volumes was primarily due to the initiation of unstable gas condensate purchases from our joint venture as well as a decrease in liquids inventory balances

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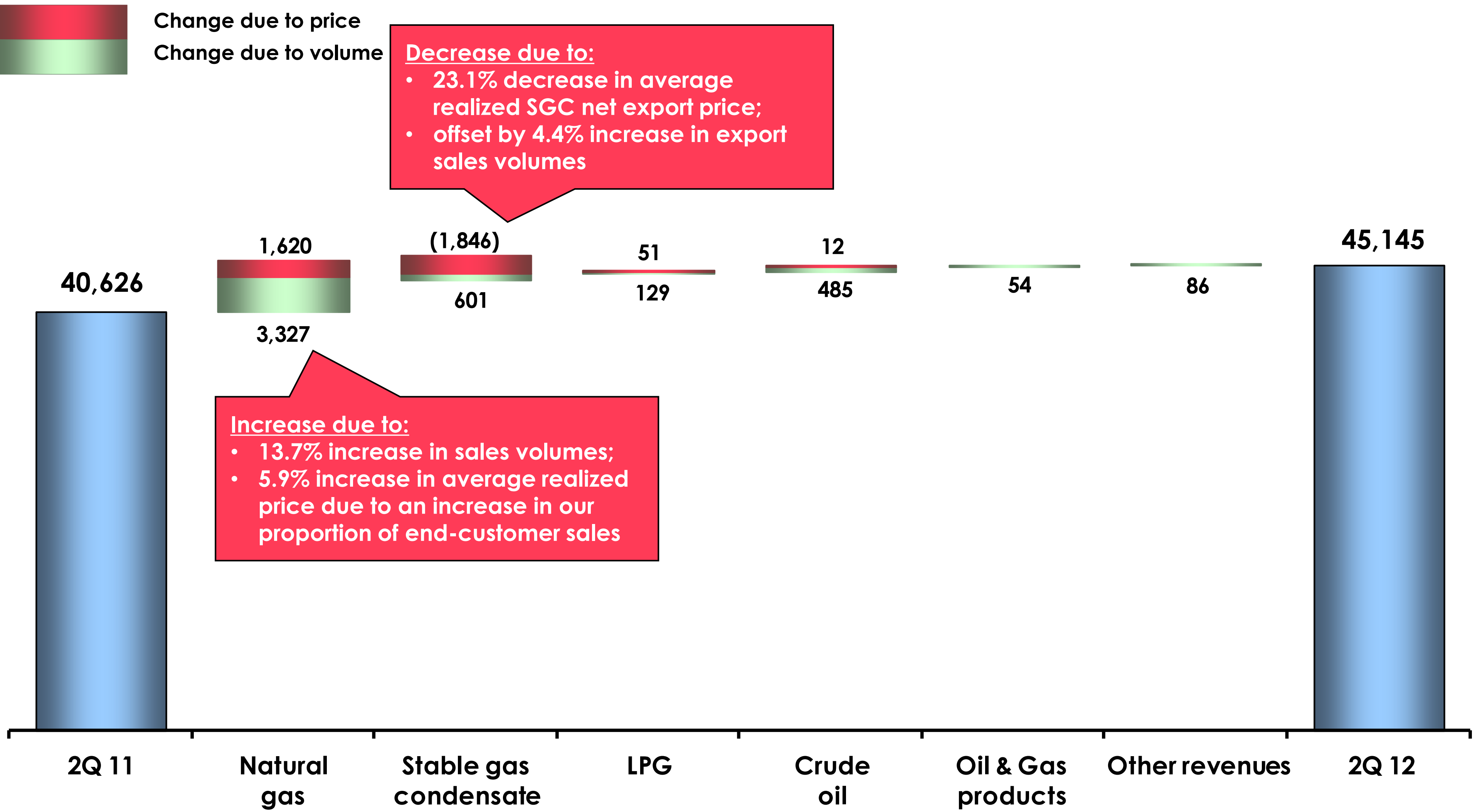
Total Revenues (RR million)



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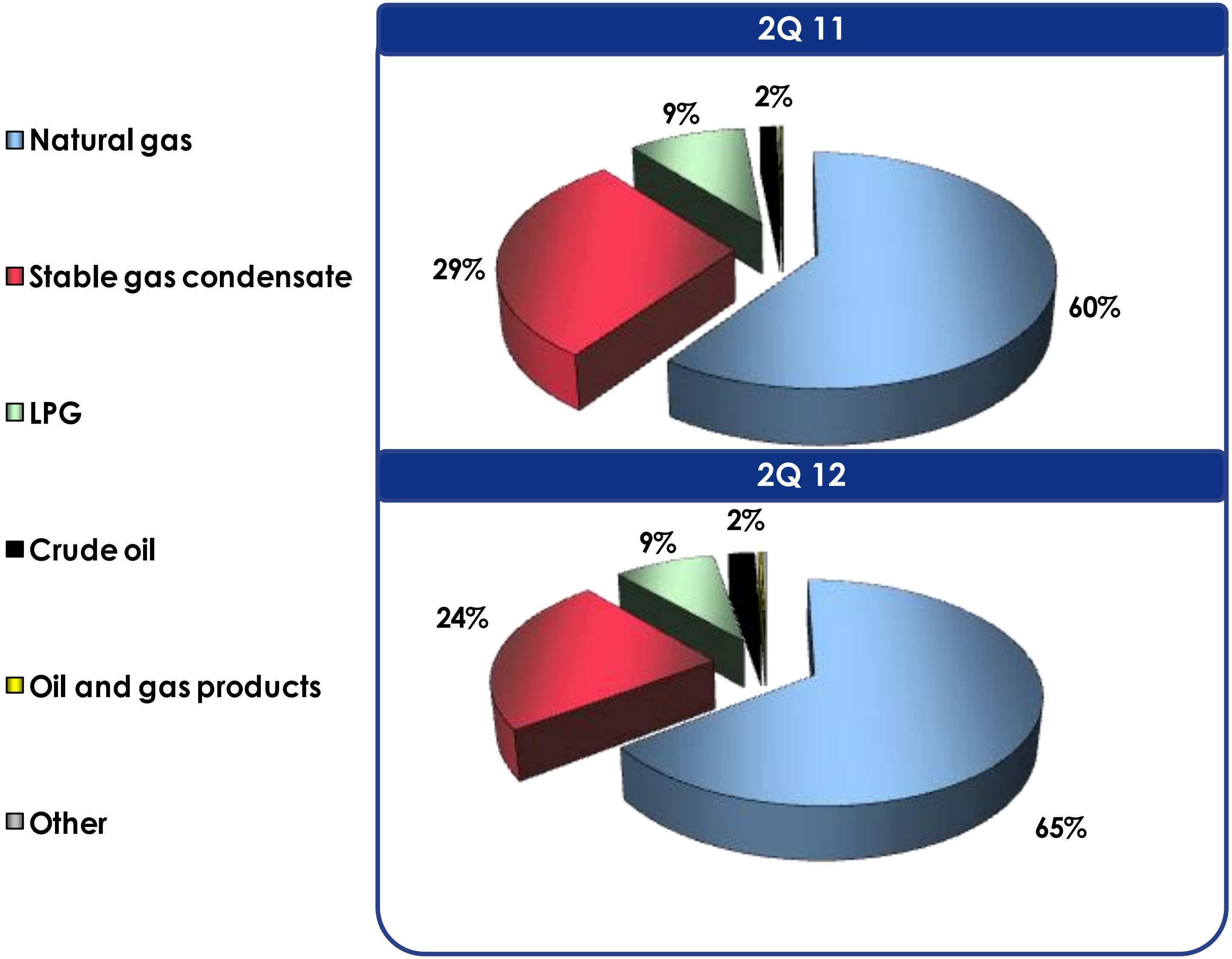
Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

2Q 11	2Q 12	+/(-)	+/(-)%		1Q 12	2Q 12	+/(-)	+/(-)%
				Domestic prices				
2,615	2,652	37	1.4%	**Natural gas end-customers, RR/mcm**	2,614	2,652	38	1.5%
1,387	1,399	12	0.9%	**Natural gas ex-field, RR/mcm**	1,409	1,399	(10)	-0.7%
13,818	12,335	(1,483)	-10.7%	**Stable gas condensate, RR/ton**	14,186	12,335	(1,851)	-13.0%
12,279	13,704	1,425	11.6%	**LPG, RR/ton**	13,101	13,704	603	4.6%
9,822	10,313	491	5.0%	**Crude oil, RR/ton**	11,576	10,313	(1,263)	-10.9%
10,000	10,896	896	9.0%	**Methanol, RR/ton**	10,004	10,896	892	8.9%
				Export market				
15,708	13,387	(2,321)	-14.8%	**Stable gas condensate, RR/ton**	18,633	13,387	(5,246)	-28.2%
21,965	21,263	(702)	-3.2%	**LPG, RR/ton**	21,417	21,263	(154)	-0.7%
10,321	9,916	(405)	-3.9%	**Crude oil, RR/ton**	13,403	9,916	(3,487)	-26.0%

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))

2Q 11	% of TR	2Q 12	% of TR		1Q 12	% of TR	2Q 12	% of TR
11,088	27.3%	13,035	28.9%	Transportation expenses	16,379	30.1%	13,035	28.9%
4,046	10.0%	4,375	9.7%	Taxes other than income tax	4,613	8.5%	4,375	9.7%
15,134	37.3%	17,410	38.6%	**Non-controllable expenses**	20,992	38.6%	17,410	38.6%
2,117	5.2%	2,594	5.7%	General and administrative	2,396	4.4%	2,594	5.7%
1,987	4.9%	2,483	5.5%	Depreciation and amortization	2,545	4.7%	2,483	5.5%
1,540	3.8%	1,836	4.1%	Materials, services & other	1,586	2.9%	1,836	4.1%
619	n/m	39	n/m	Net impairment expense	25	n/m	39	n/m
273	n/m	(597)	n/m	Exploration expenses	896	n/m	(597)	n/m
(128)	n/m	(408)	n/m	Change in natural gas, liquids and WIP	60	n/m	(408)	n/m
21,542	53.0%	23,357	51.7%	**Subtotal operating expenses**	28,500	52.4%	23,357	51.7%
932	2.3%	3,423	7.6%	Purchases of natural gas and liquid hydrocarbons	3,351	6.2%	3,423	7.6%
22,474	55.3%	26,780	59.3%	**Total operating expenses**	31,851	58.6%	26,780	59.3%

- **Operating expenses increased Y-o-Y by 19.2% primarily due to an increase in purchases of natural gas and liquid hydrocarbons as well as higher transportation expenses**
- **Transportation expenses increased Y-o-Y primarily due to a 17.3% increase in our sales volumes of natural gas to end-customers, for which we incurred transportation costs**
- **Taxes other than income tax increased Y-o-Y primarily due to an increase in our natural gas production volumes and, to a lesser extent, a 5.9% increase in the natural gas production tax rate effective 1 January 2012**
- **Depreciation, depletion and amortization expense increased Y-o-Y by 25.0% as a result of a 14.5% increase in our total hydrocarbon production in barrels of oil equivalent, as well as an increase in our depletable cost base**
- **Reversal to exploration expenses of RR 597 million was due to capitalization of 3-D seismic surveys starting from 2Q 2012**
- **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, to the commencement of unstable gas condensate purchases from our joint venture SeverEnergia from April 2012**

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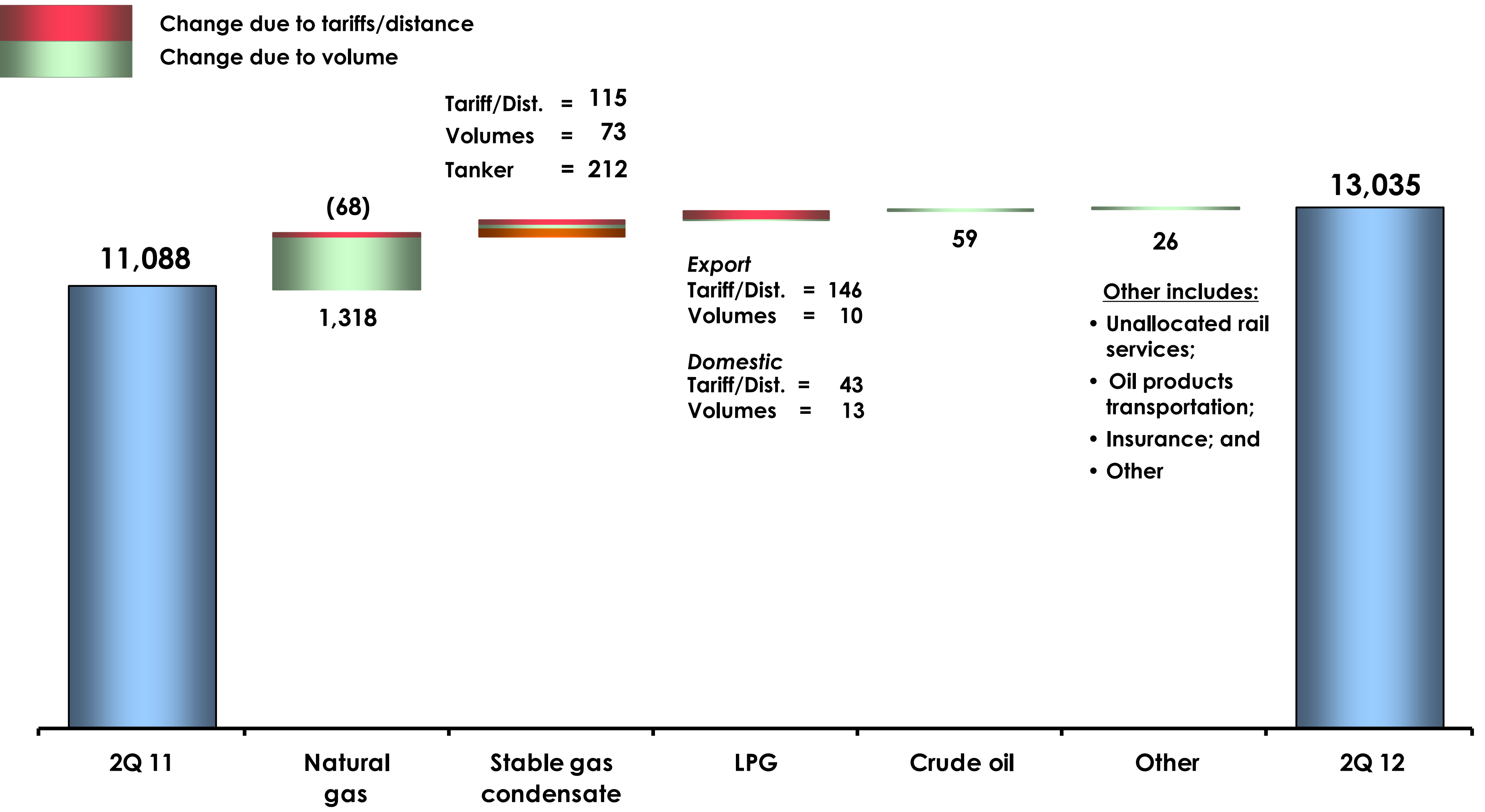
Transportation Expenses (RR million)



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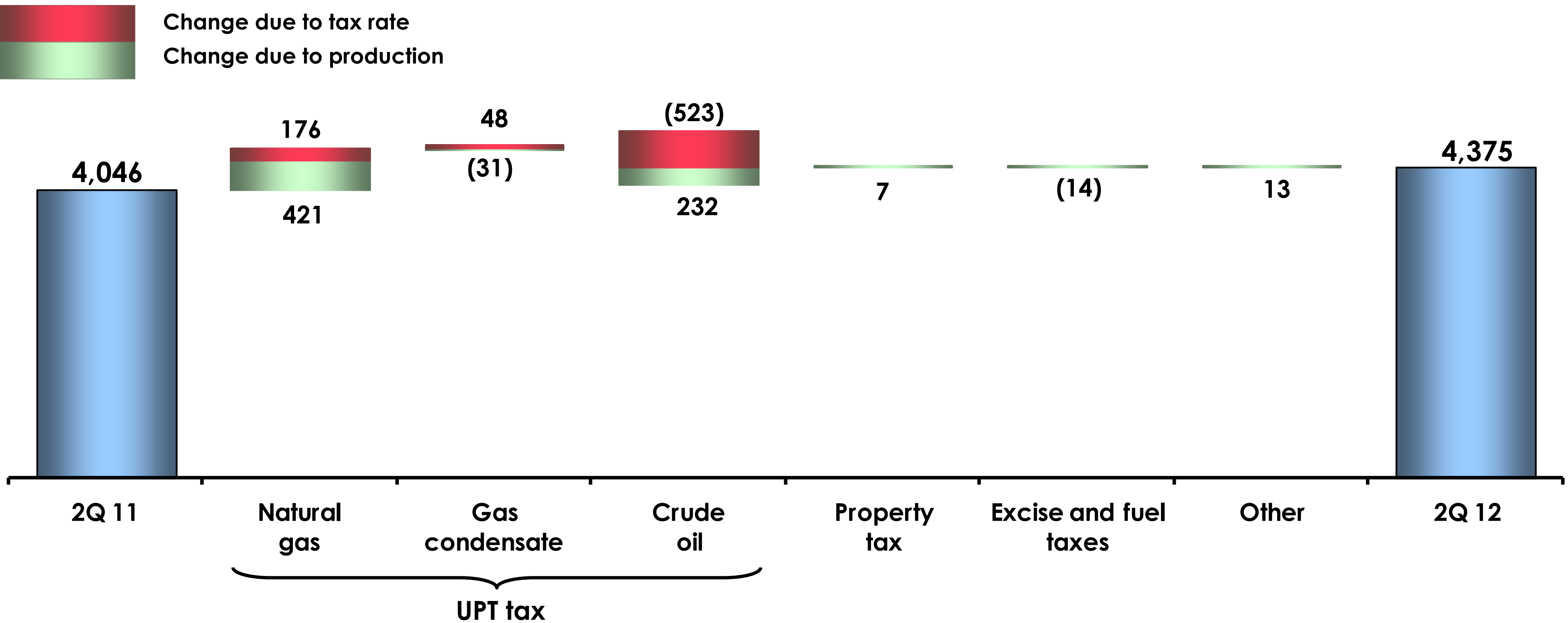
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT expense for natural gas was primarily due to an increase in our natural gas production volumes and, to a lesser extent, a 5.9% increase in the natural gas production tax rate effective 1 January 2012 (RR 251 per mcm in 2Q 2012 versus RR 237 per mcm in 2Q 2011)
- The increase in UPT expense for gas condensate was due to a change in UPT rate. The UPT rate for gas condensate was set at RR 556 per ton effective from 1January 2012; in 2011, the UPT rate was set at 17.5% of gas condensate revenues recognized by the producing entities
- 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

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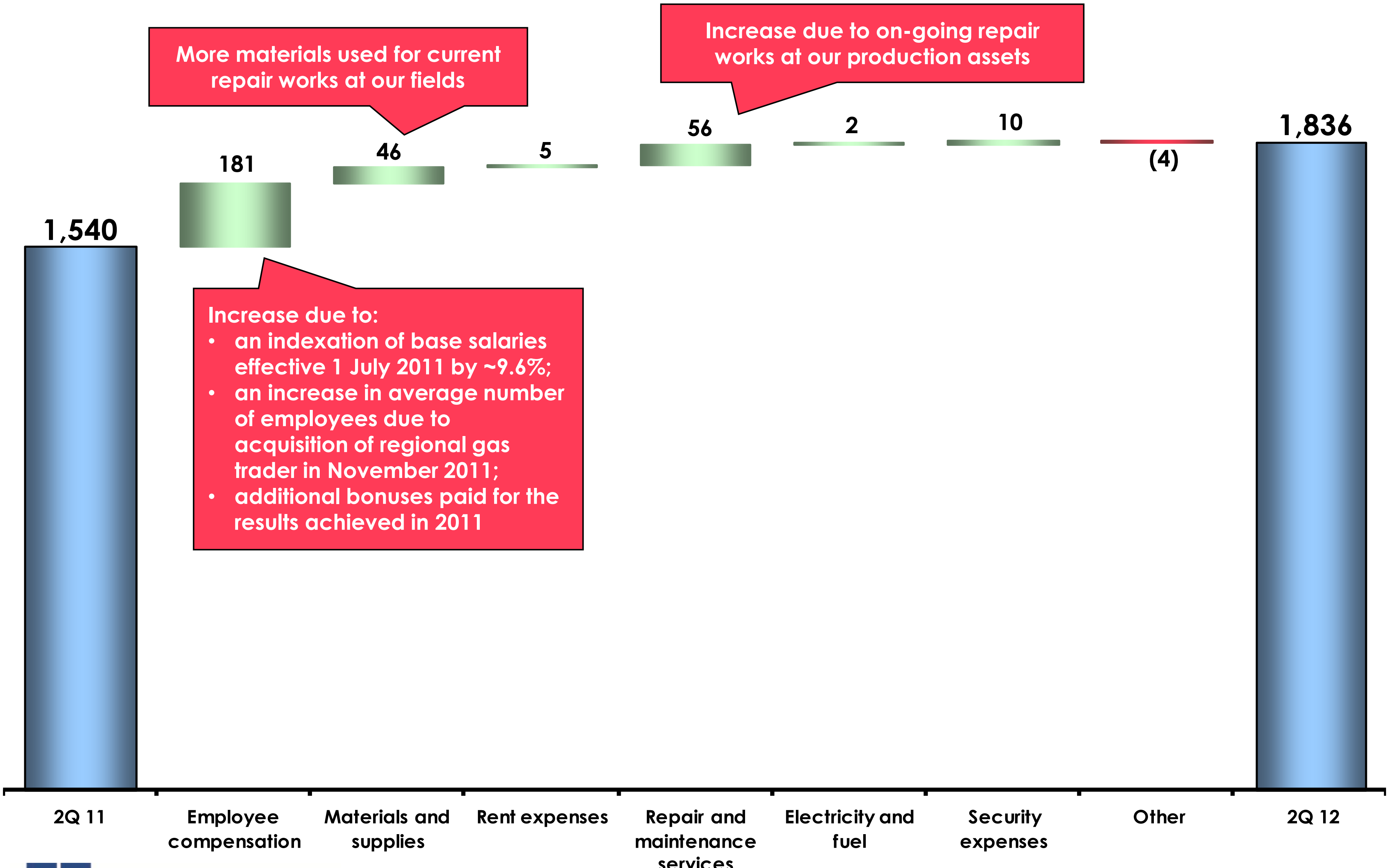
Materials, Services and Other Expenses (RR million)



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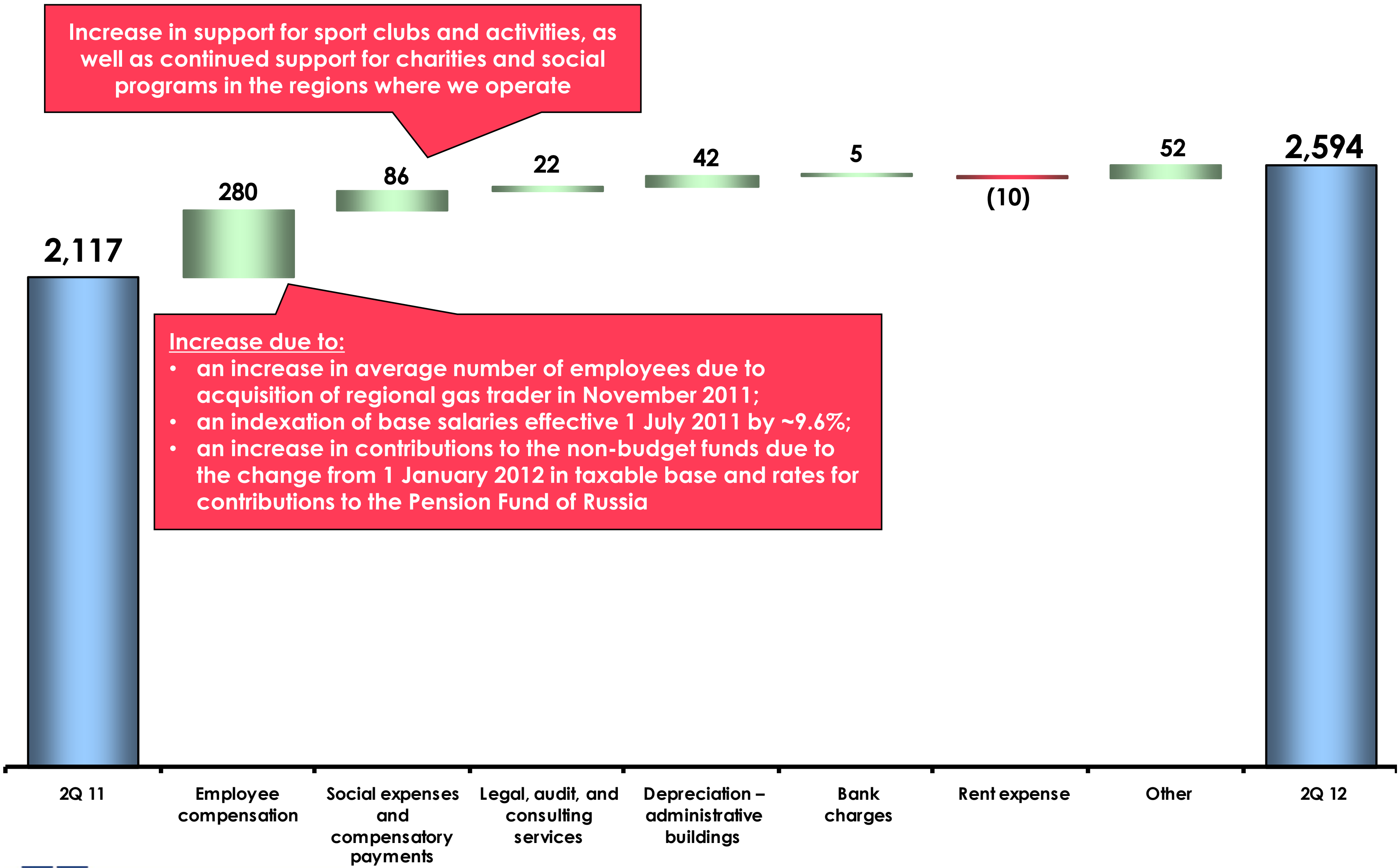
General and Administrative Expenses (RR million)



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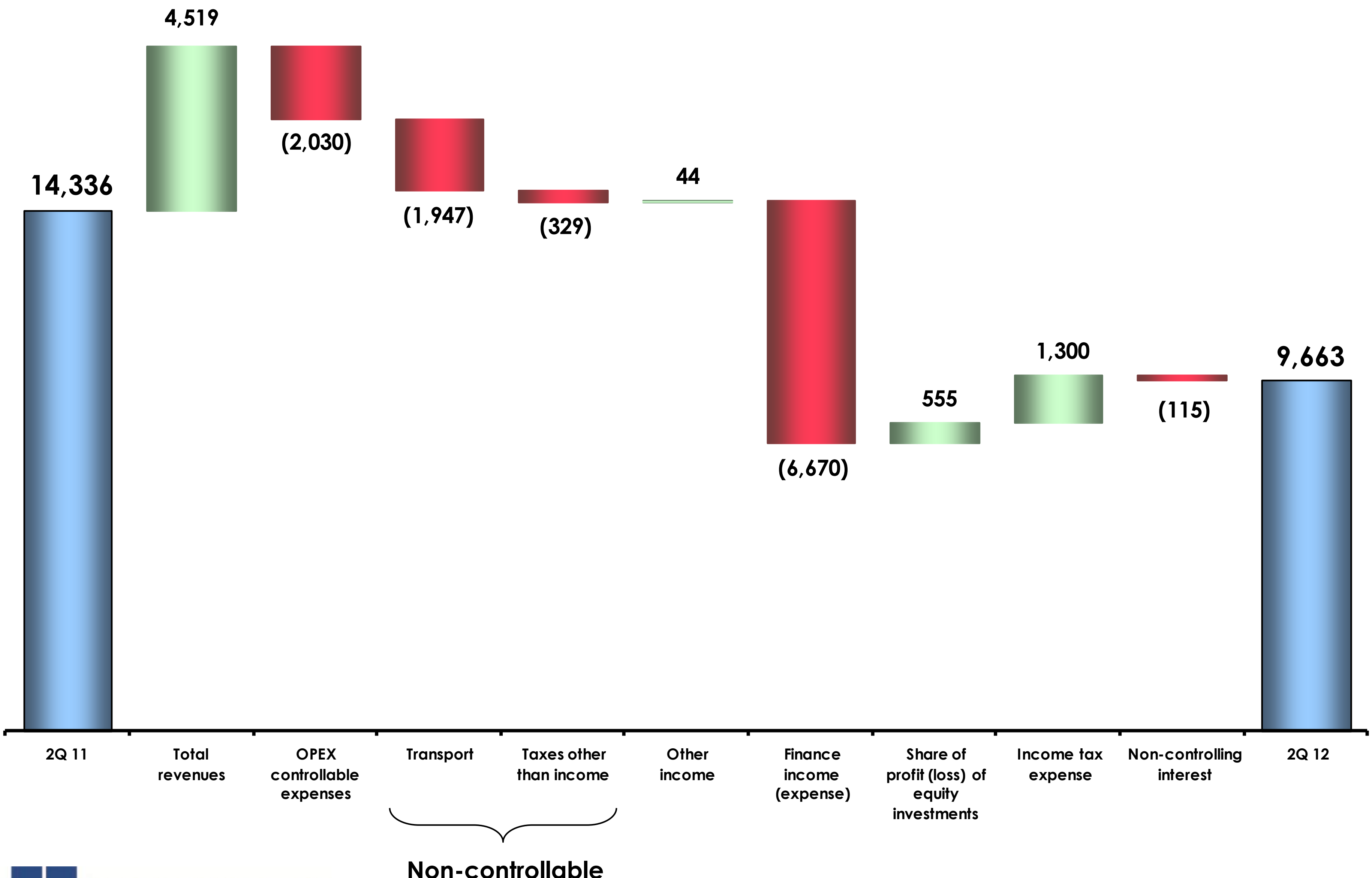
Profit Attributable to NOVATEK Shareholders (RR million)



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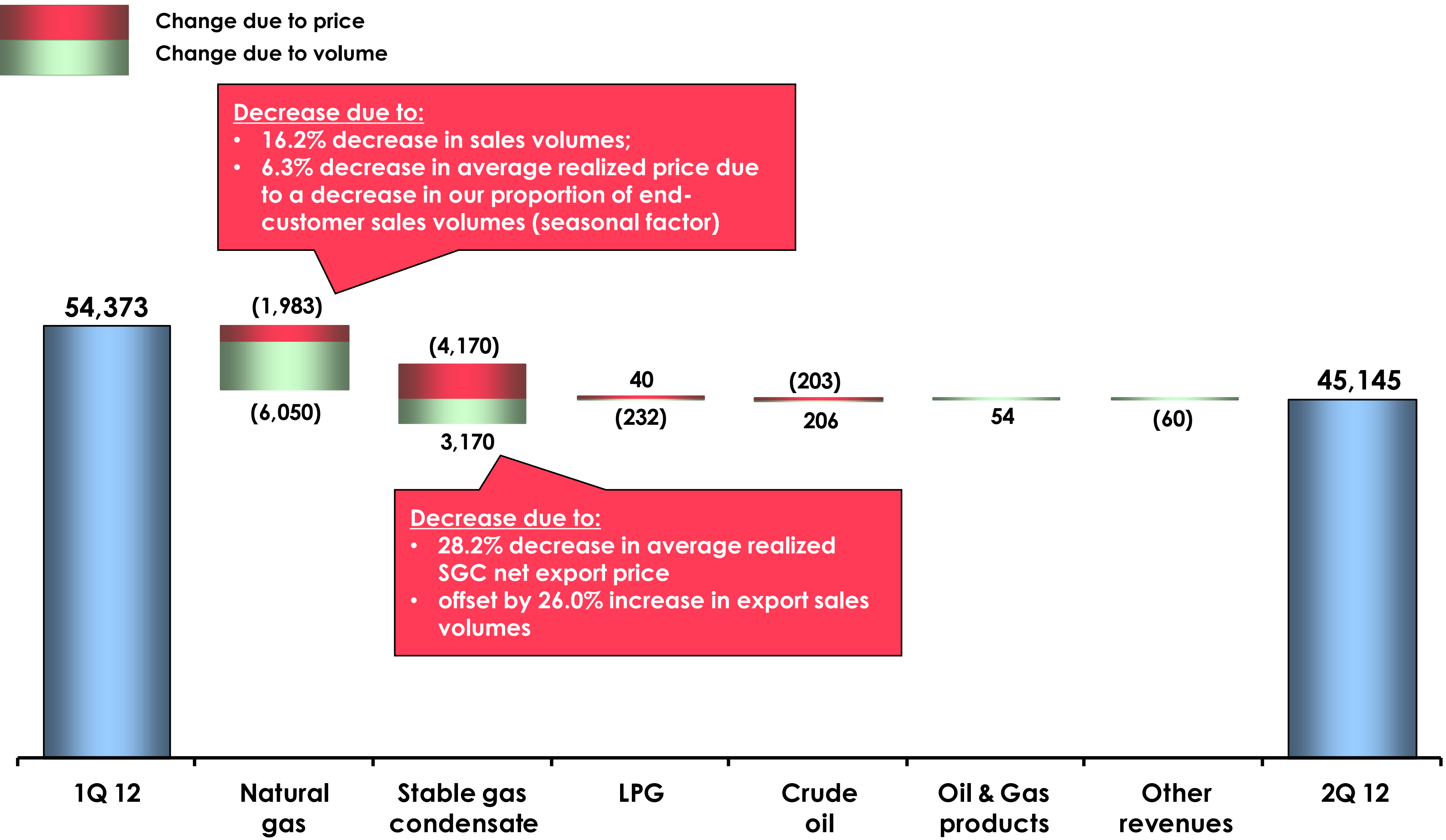
Financial Overview – 2Q 12 vs. 1Q 12

Total Revenues (RR million)



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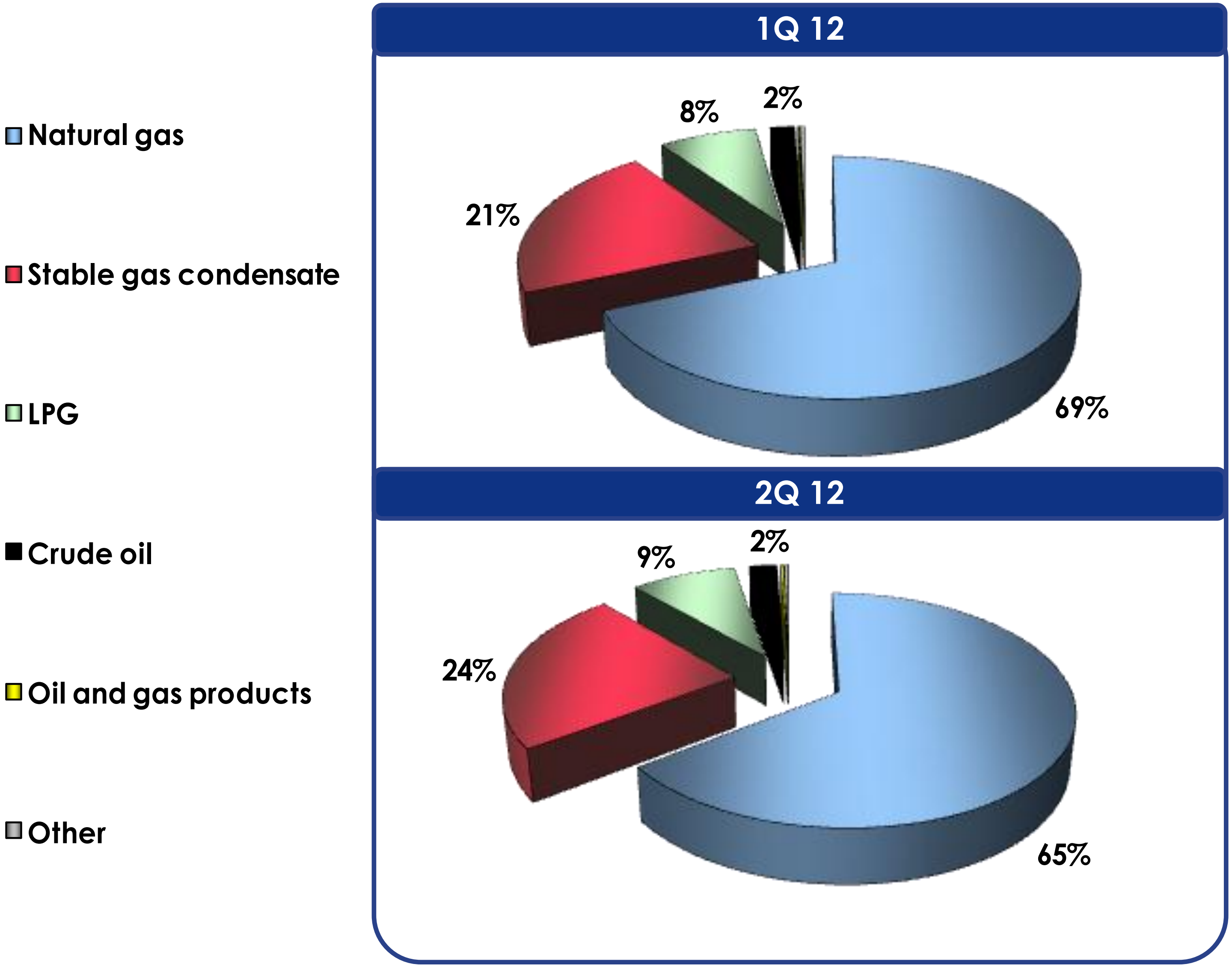
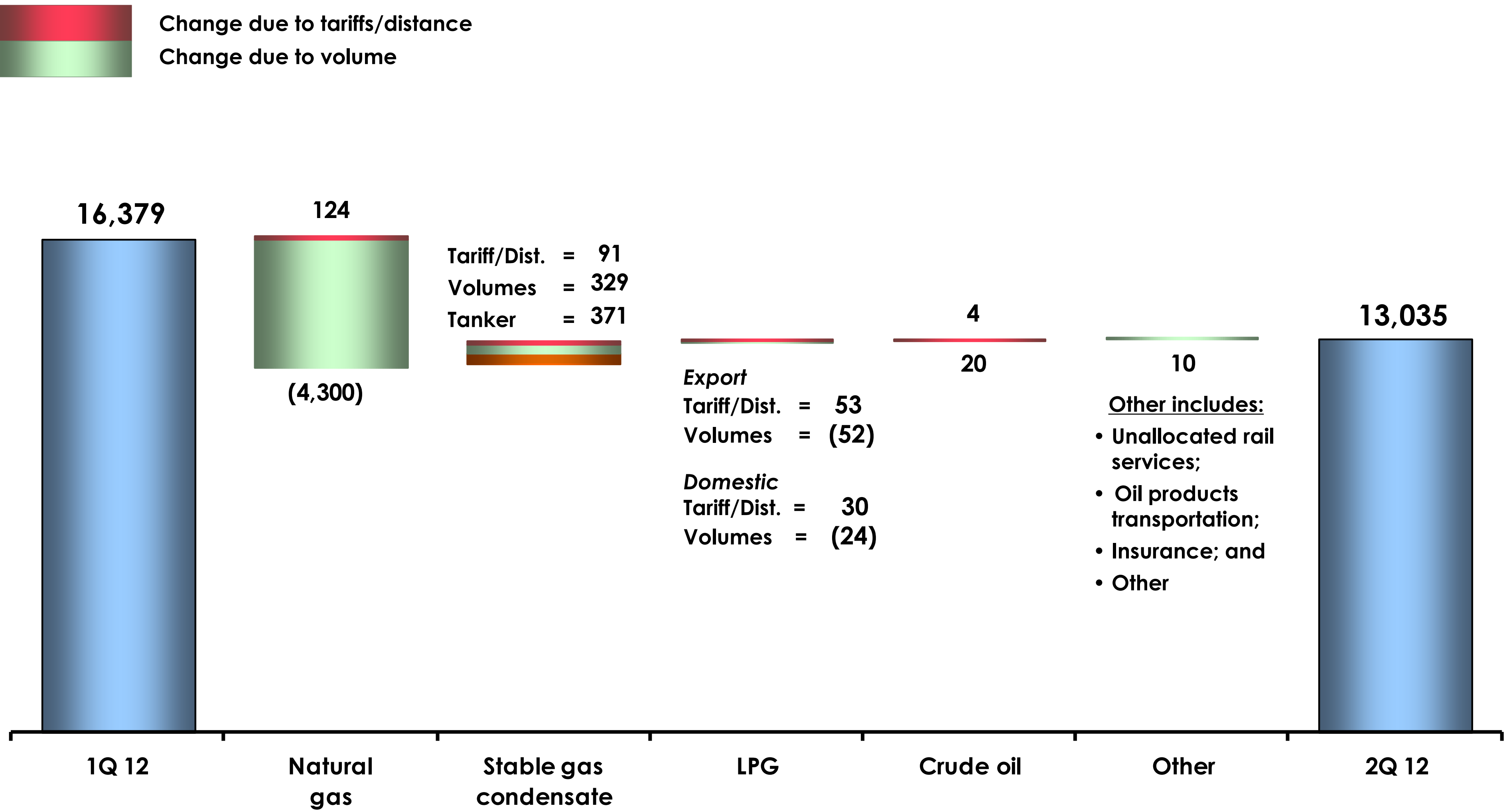
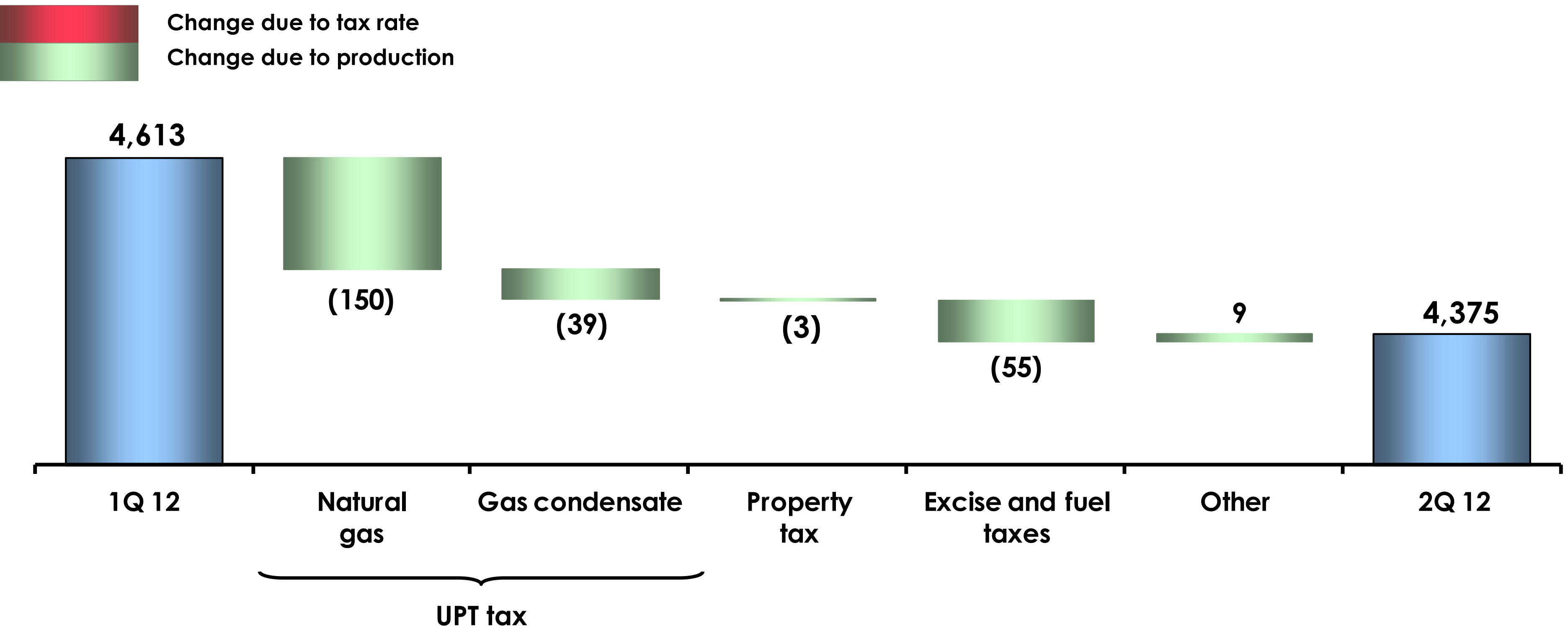
Total Revenues Breakdown



Transportation Expenses (RR million)



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 4.5% and 7.3% respectively
- The decrease in excise and fuel taxes was due to an increase in the proportion of LPG export sales volumes which are not subject to excise and fuel taxation

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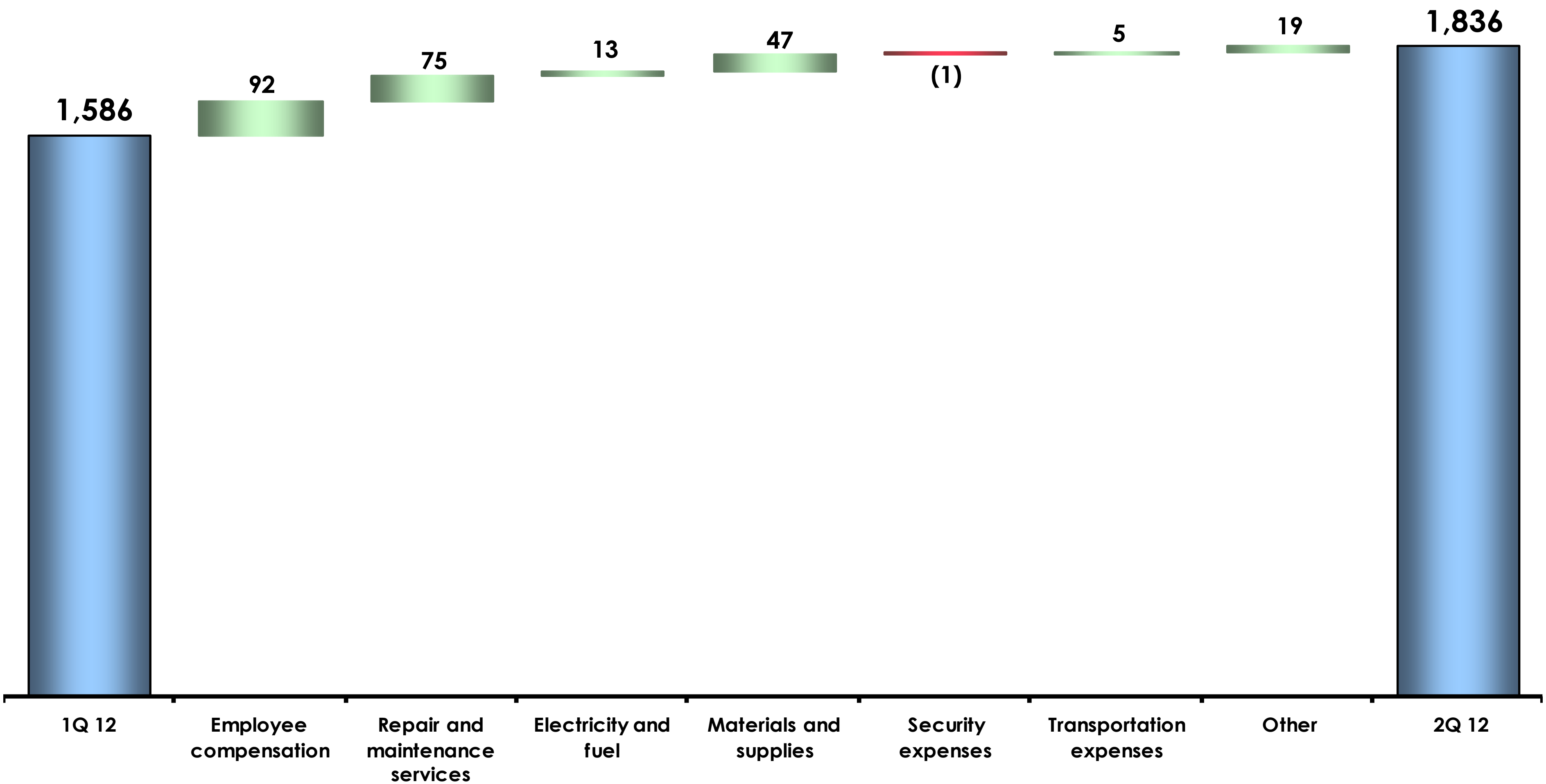
Materials, Services and Other Expenses (RR million)



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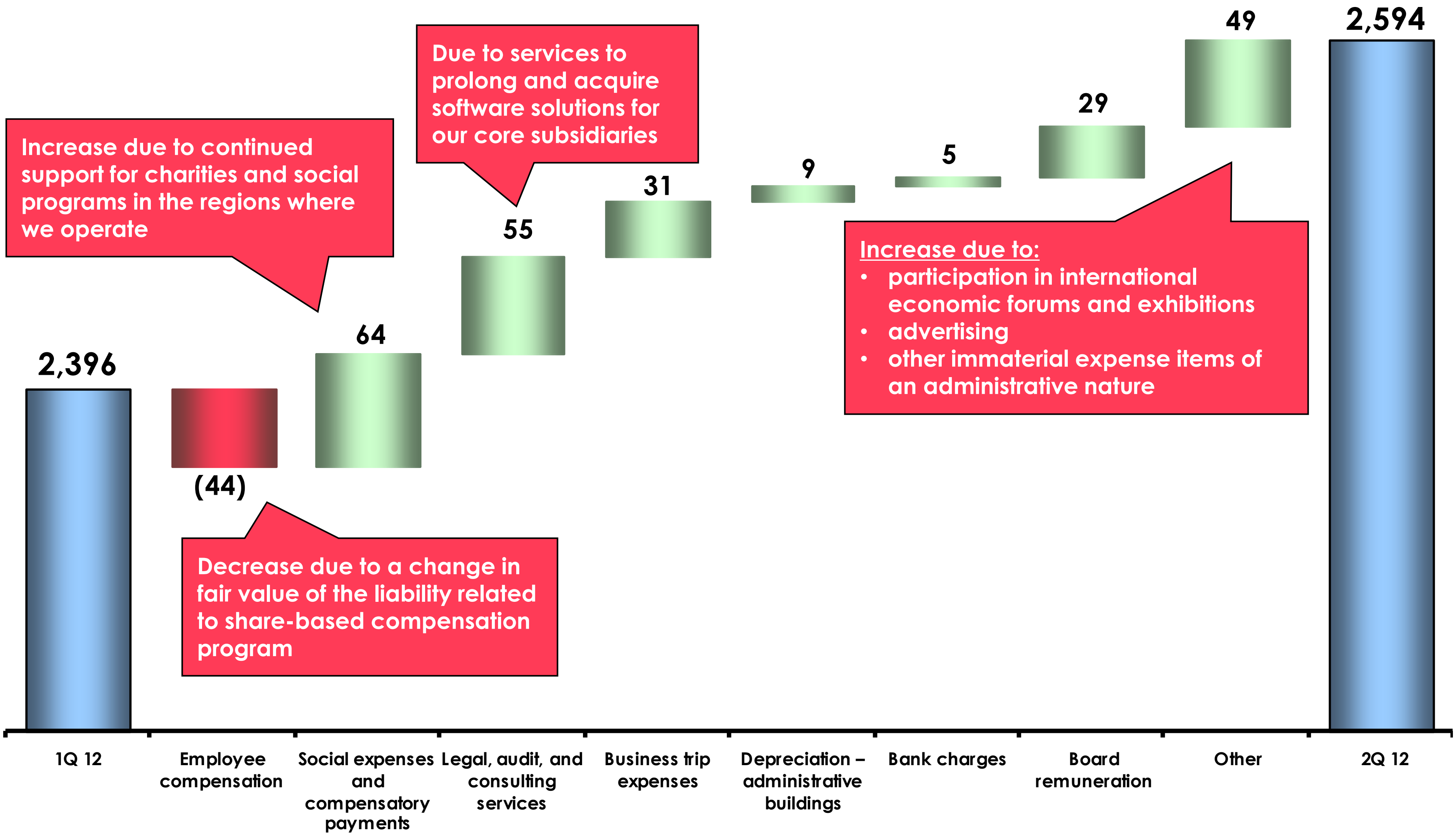
General and Administrative Expenses (RR million)



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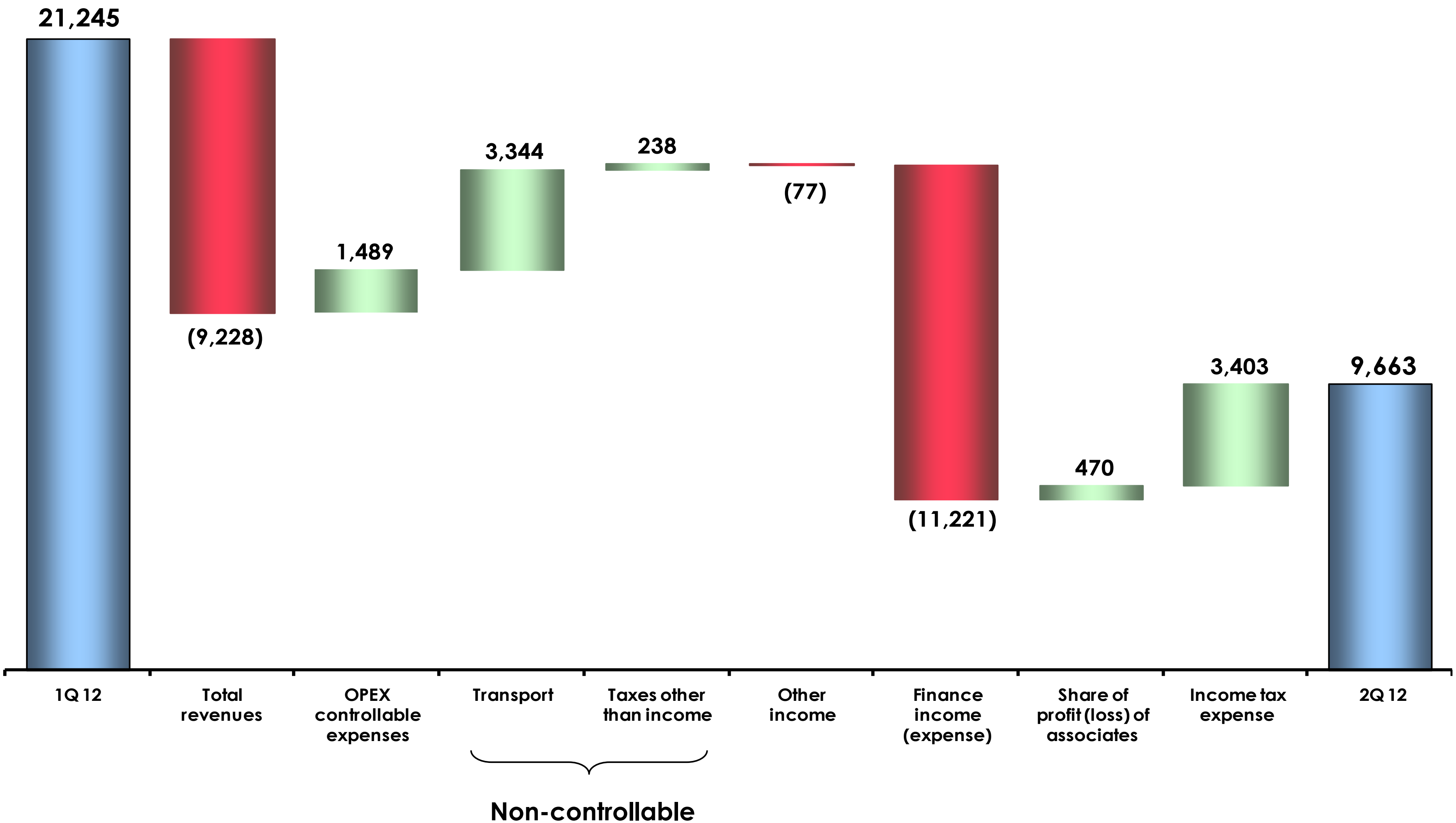
Profit Attributable to NOVATEK Shareholders (RR million)



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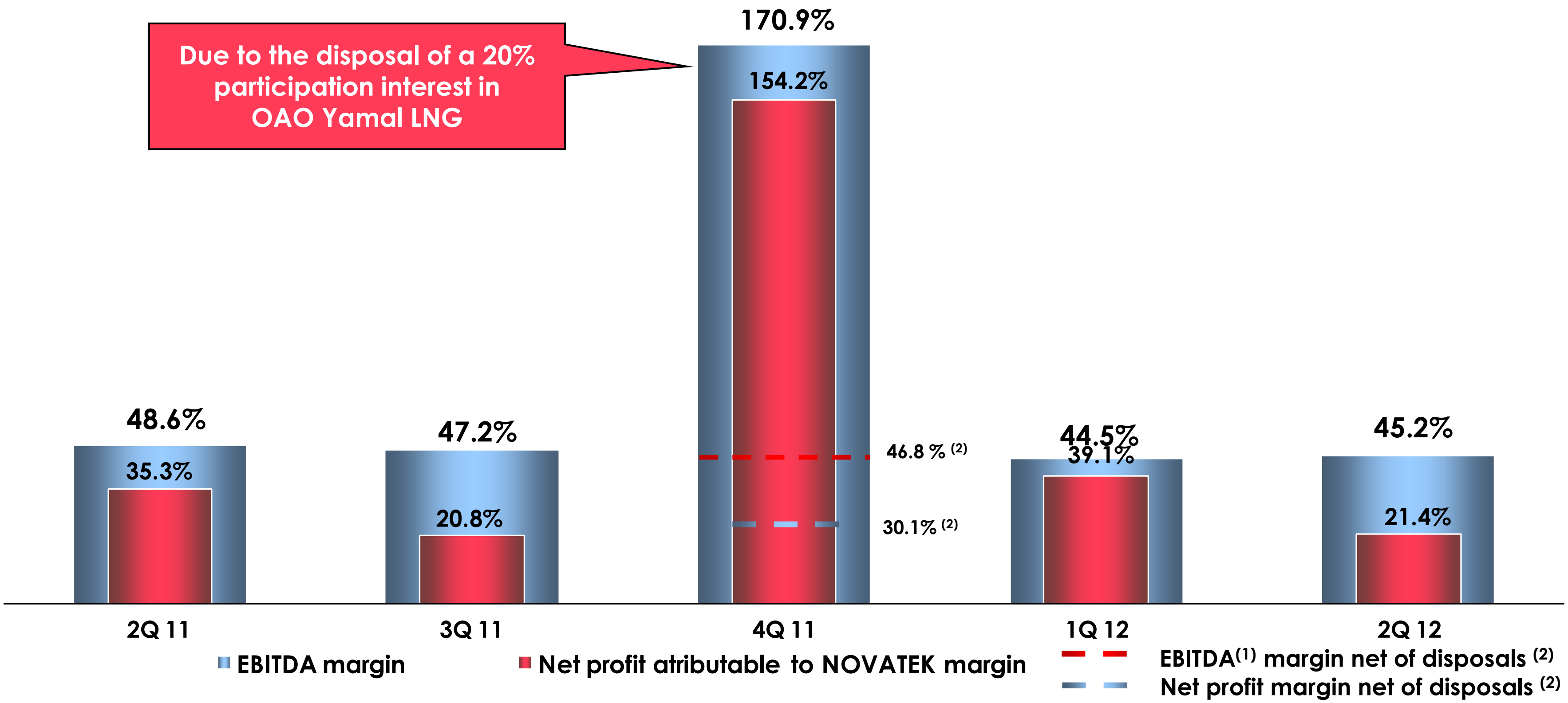
Appendices

Maintaining Margins (% of total revenues)



Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of net impairment 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. Adjusted net profit attributable to NOVATEK margin and adjusted EBITDA margin exclude net gain on disposal of subsidiaries

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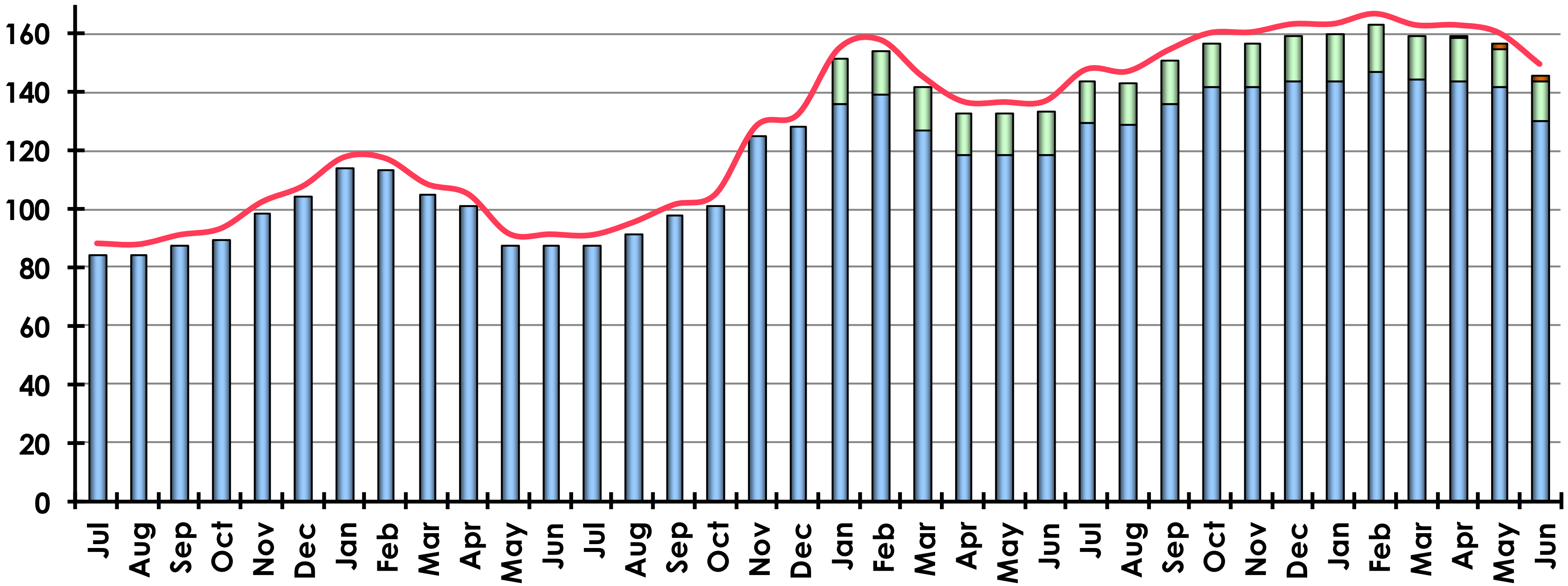
Increasing Natural Gas Production (mmcm per day)



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	2Q 12 Avg. 154 mmcm/day 5,446 bcf/day
			6M 12 Avg. 158 mmcm/day 5,565 bcf/day

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Condensed Balance Sheet (RR million)

	30 June 2012	31 December 2011	+/(-)	+/(-)%
Total current assets	**44,947**	**58,316**	**(13,369)**	**-22.9%**
Incl. Cash and cash equivalents	*15,849*	*23,831*	*(7,982)*	*-33.5%*
Total non-current assets	**340,952**	**325,116**	**15,836**	**4.9%**
Incl. Net PP&E	*181,229*	*166,784*	*14,445*	*8.7%*
Total assets	**385,899**	**383,432**	**2,467**	**0.6%**
Total current liabilities	**35,560**	**50,114**	**(14,554)**	**-29.0%**
Incl. ST debt and current portion of LT debt	*22,851*	*20,298*	*2,553*	*12.6%*
Total non-current liabilities	**87,813**	**91,636**	**(3,823)**	**-4.2%**
Incl. Deferred income tax liability	*13,632*	*12,805*	*827*	*6.5%*
Incl. LT debt	*70,816*	*75,180*	*(4,364)*	*-5.8%*
Total liabilities	**123,373**	**141,750**	**(18,377)**	**-13.0%**
Total equity	**262,526**	**241,682**	**20,844**	**8.6%**
Total liabilities & equity	**385,899**	**383,432**	**2,467**	**0.6%**

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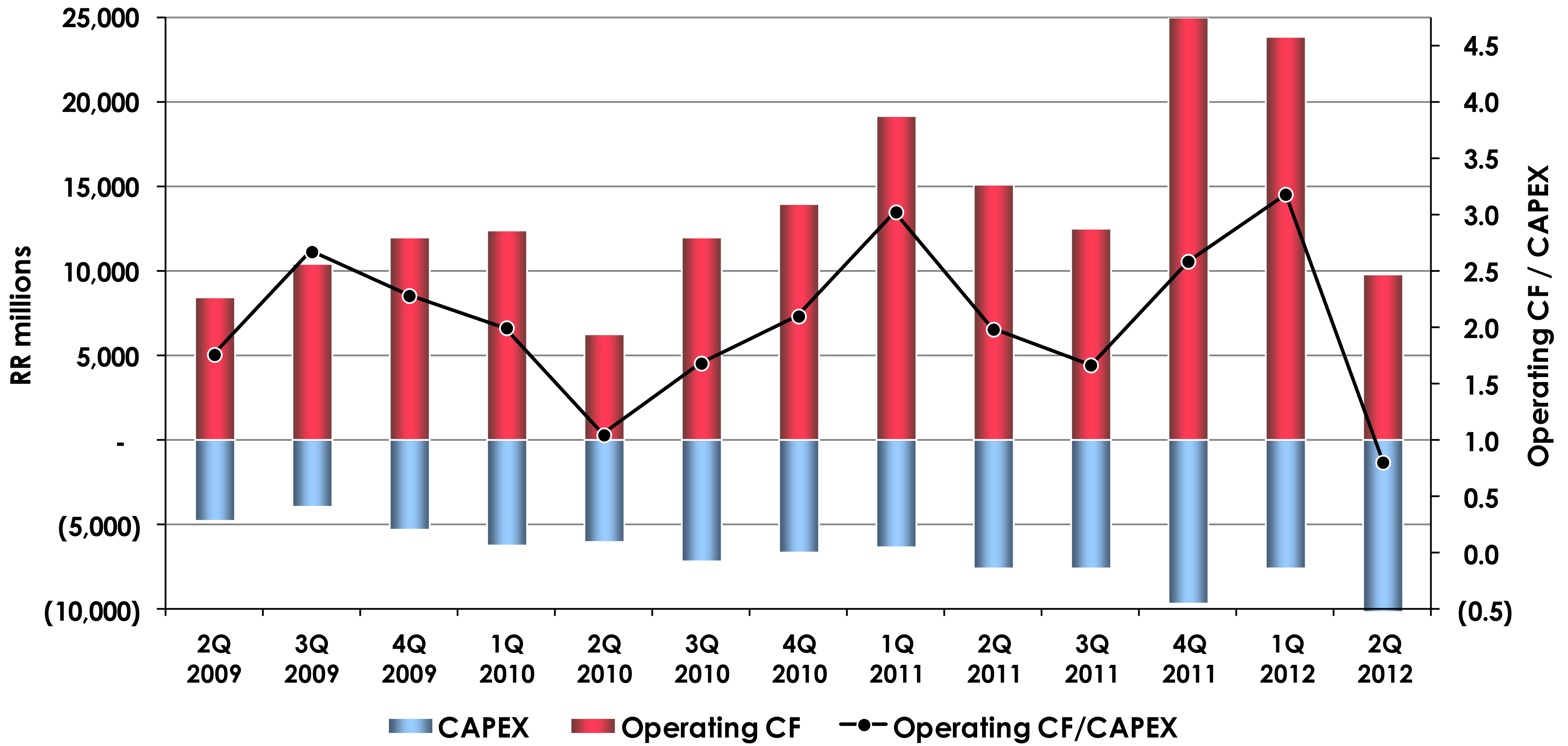
Internally Funded Investment Program



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

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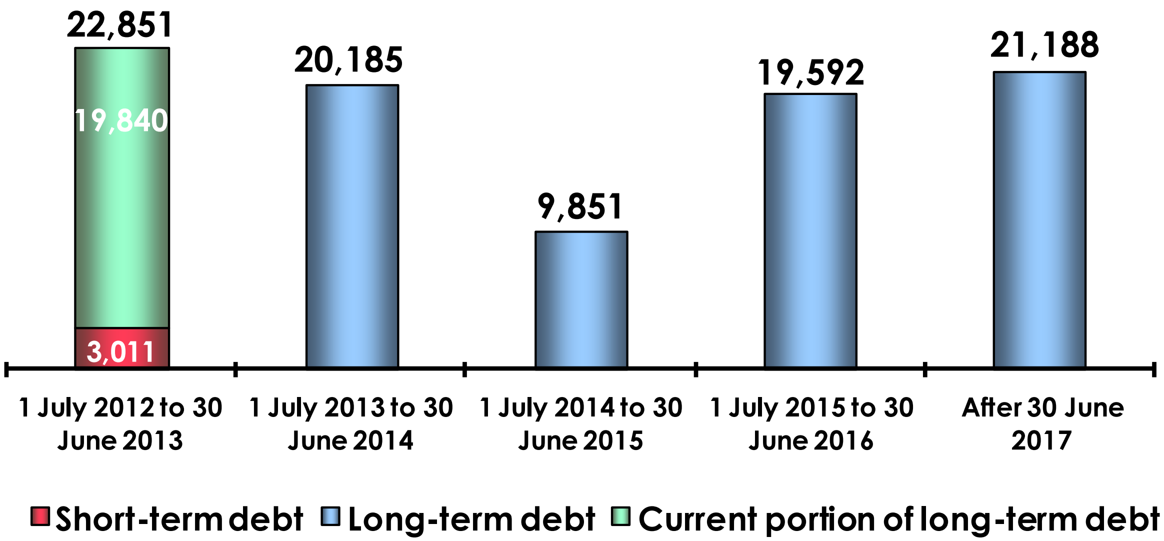
Total Debt Maturity Profile (RR million)



✓ In 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

<u>Debt repayment schedule:</u>

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

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Questions and Answers