



First Quarter 2009
Operational and Financial Results
Conference Call



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Tokyo, Japan
20 May 2009*

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.

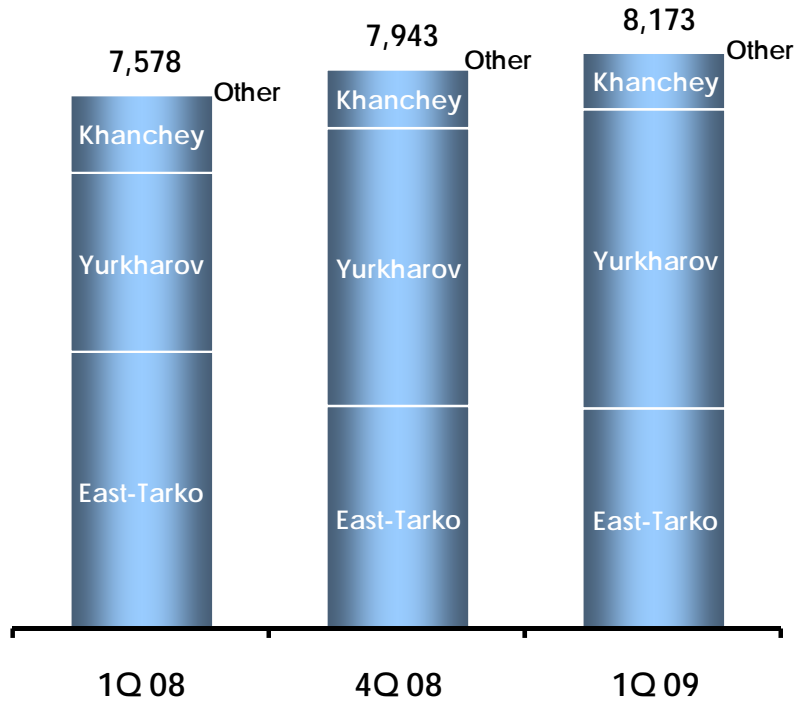
Summary Results – 1Q 2009

- ❑ **Decrease in revenues and earnings** driven by significantly lower liquids prices and volumes in transit
 - Natural gas sales increased by 5.0% Y-o-Y
 - Liquids sales decreased by 51.7% Y-o-Y
- ❑ **Cash flow from operations** decreased by 43.5% Y-o-Y to RR 5,432 million from RR 9,613 million
- ❑ **Capital expenditures** related to exploration and production decreased by 40.3% Y-o-Y to RR 3,870 million
- ❑ **EPS** decreased by 71.7% Y-o-Y to RR 0.70 from RR 2.47; **EBITDA** decreased by 36.8% Y-o-Y
- ❑ **End-customer sales volumes increased** to 53.7% of total natural gas volumes sold
- ❑ **Natural gas and liquids production increased organically** due to the launch of the second phase development at our Yurkharovskoye field:
 - Natural gas production increased by 7.9% Y-o-Y
 - Liquids production increased by 12.4% Y-o-Y
- ❑ **Purovsky Plant output increased by 19.6%** Y-o-Y due to the launch of its second phase expansion

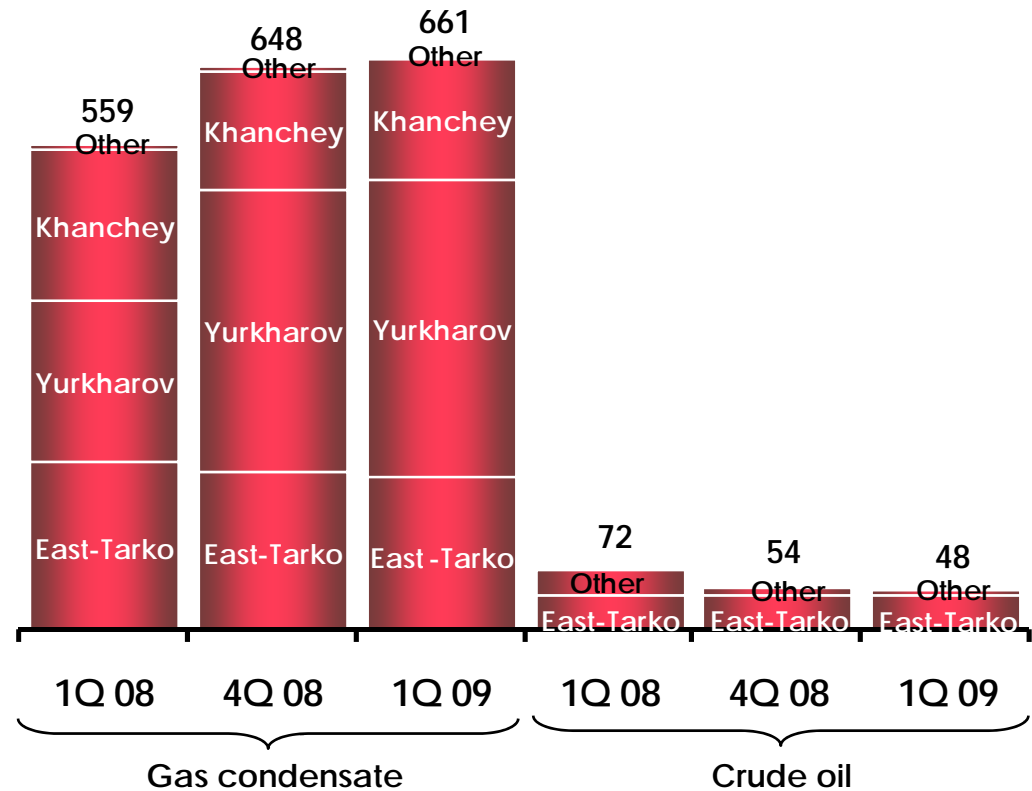
Operational Overview

Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



Natural gas production increased due to:

- Significant capacity increase at Yurkharov
- Offset by planned reductions at East-Tarko and Khanchey

Liquids production increased due to:

- Significant capacity increase at Yurkharov
- Offset by planned wet gas reductions at East-Tarko and Khanchey
- Offset by a reduction in oil production at Khanchey and Ust-Purpeisky

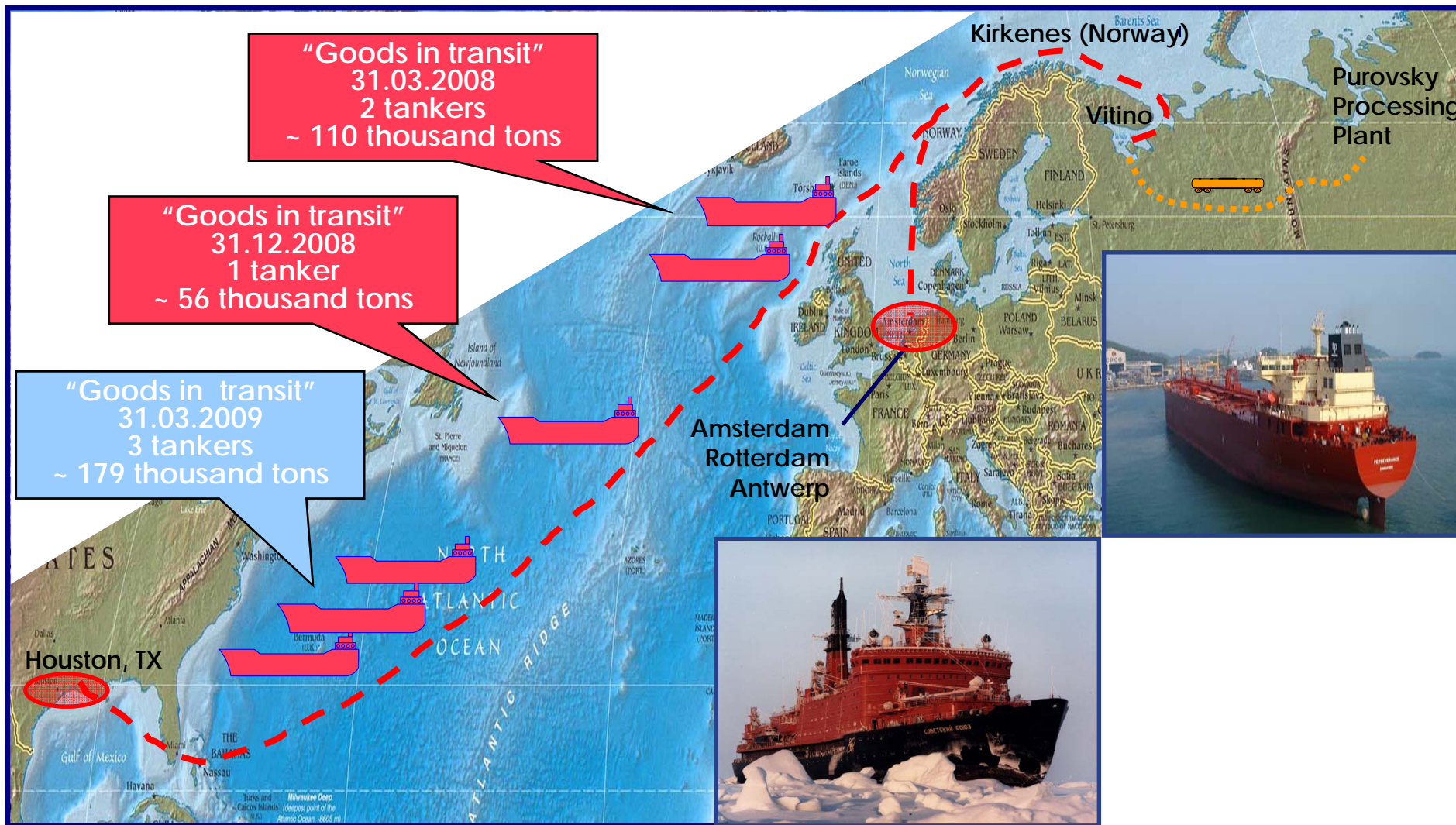


Purovsky Plant & Vitino Sea Port Terminal

- ❑ **Total volumes delivered: 656 mt**
 - East-Tarkosalinskoye and Khancheyevskoye fields: 318 mt (100% of net production)
 - Yurkharovskoye: 336 mt (99% of net production)
 - Other : 2 mt
- ❑ **Total plant output 651 mt**
 - Stable gas condensate: 486 mt
 - LPG: 165 mt
- ❑ **Plant capacity**
 - Approximately 52%
- ❑ **8 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
 - 8 tankers to US markets ~ 469 mt
- ❑ **Stable gas condensate inventory reconciliation**
 - 3 tanker in transit ~ 179 mt
 - Rail road cisterns and port storage facilities ~ 98 mt
 - Plant storage facilities ~ 36 mt
- ❑ **Increase in export volumes of LPG ~ 49% of total LPG volumes**



Stable Gas Condensate in Transit



Financial Overview – 1Q 09 vs. 1Q 08

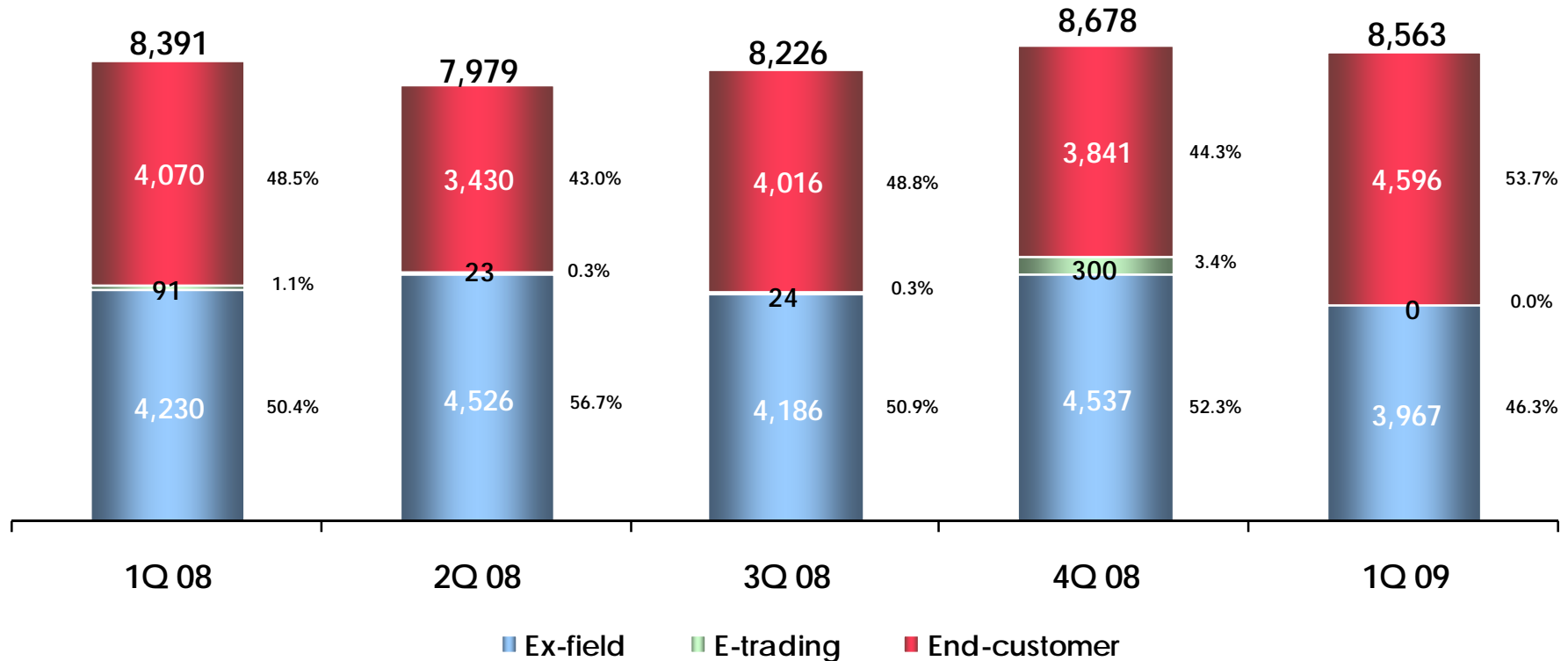
Comparison of Quarterly Results (RR million)

1Q 08	1Q 09	+ / (-)	+ / (-)%		4Q 08	1Q 09	+ / (-)	+ / (-)%
20,167	16,316	(3,851)	-19.1%	Oil and gas sales	16,061	16,316	255	1.6%
20,876	16,981	(3,895)	-18.7%	Total revenues	16,581	16,981	400	2.4%
11,023	11,379	356	3.2%	Operating expenses	12,135	11,379	(756)	-6.2%
10,908	6,899	(4,009)	-36.8%	EBITDA ⁽¹⁾	5,822	6,899	1,077	18.5%
52.3%	40.6%	-	-	EBITDA margin	35.1%	40.6%	-	-
24.9%	21.7%	-	-	Effective income tax rate ⁽²⁾	21.2%	21.7%	-	-
7,503	2,134	(5,369)	-71.6%	Profit attributable to NOVATEK	2,661	2,134	(527)	-19.8%
35.9%	12.6%	-	-	Net profit margin	16.0%	12.6%	-	-
2.47	0.70	(1.77)	-71.7%	Earnings per share	0.88	0.70	(0.18)	-20.5%
6,537	3,871	(2,666)	-40.8%	CAPEX	6,019	3,871	(2,148)	-35.7%
(177)	16,801	n/m	n/m	Net debt (cash) ⁽³⁾	15,285	16,801	1,516	9.9%

Notes:

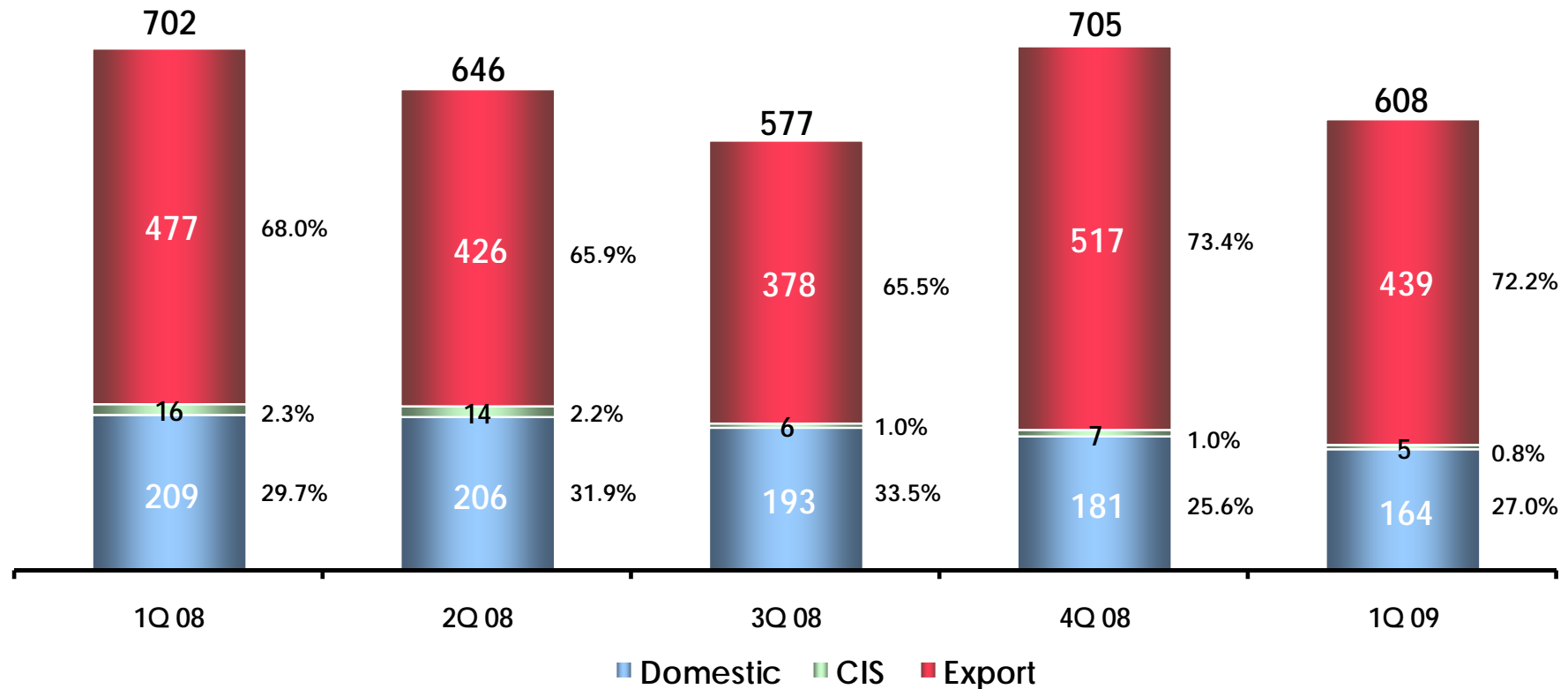
1. EBITDA represents net income before finance income (expense) and income taxes from the Statements of Income, and depreciation, depletion and amortization and Share-based compensation from the Statements of Cash Flows
2. Effective income tax rate for 4Q 08 is calculated excluding effect from change in Russian statutory income tax rate
3. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y growth in natural gas sales volumes due to significant organic production increases at the Yurkharovskoye field
- Optimized end-customer sales Y-o-Y and Q-o-Q to capture increased netback margins

Market Distribution – Liquids Sales Volumes (mt)



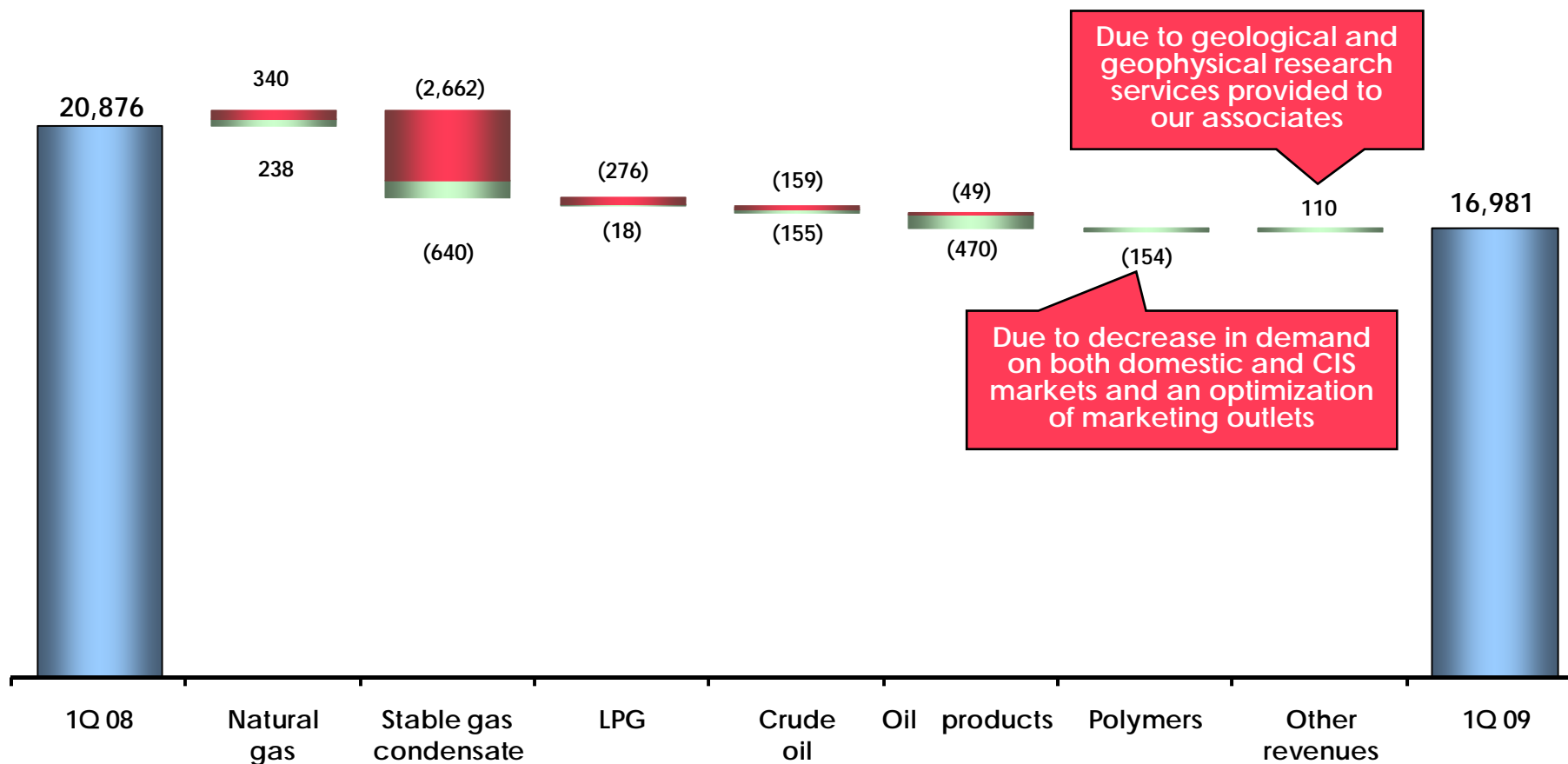
- Y-o-Y and Q-o-Q decrease in liquids sales volumes was due to an increase in our liquids inventory balances
- In 1Q 09, we did not purchase oil products (naphtha) for resale to the international markets

Revenues (RR million)

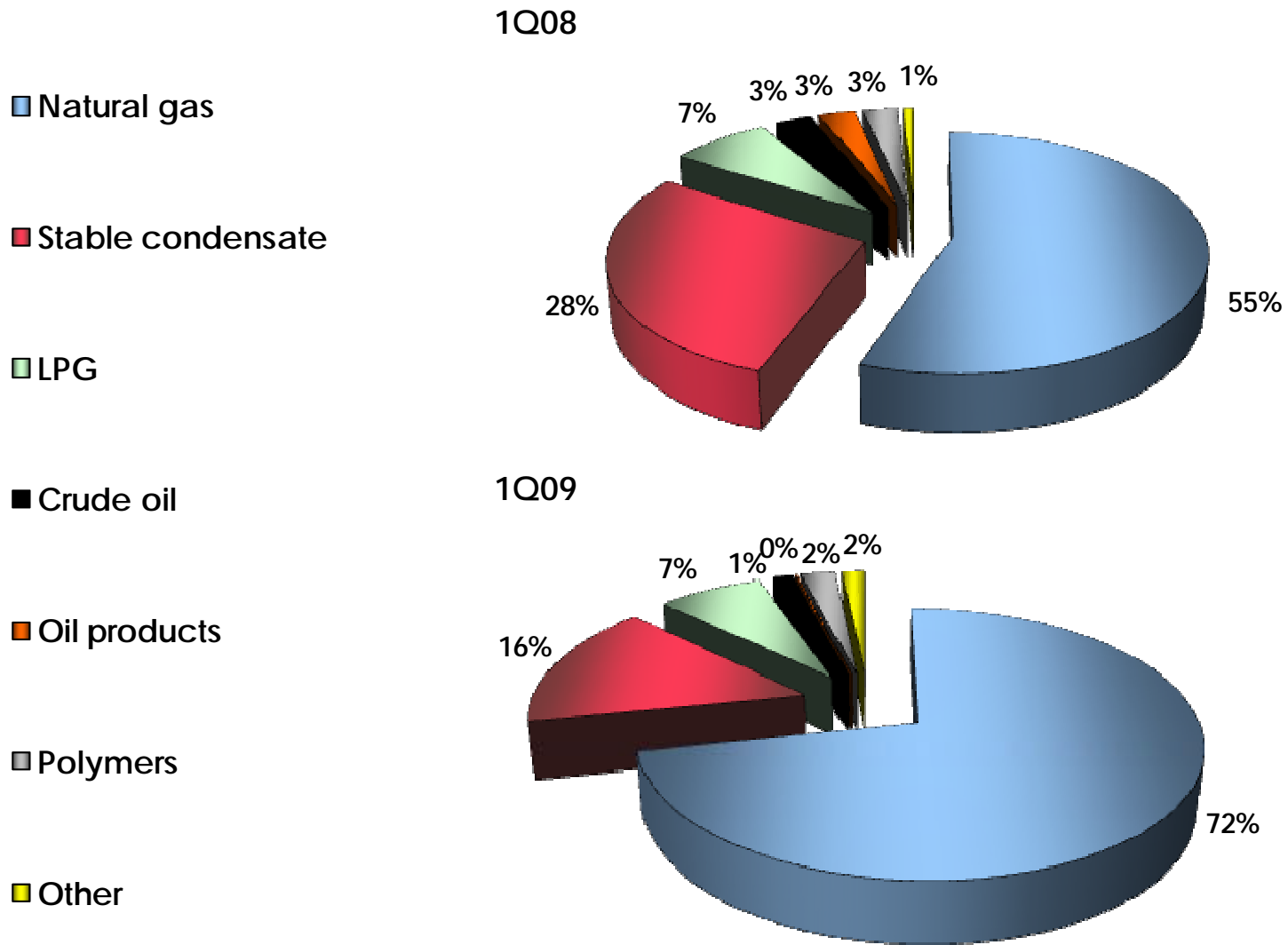


Change due to tariffs/distance

Change due to volume



Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

1Q 08	1Q 09	+ /(-)	+ /(-)%		4Q 08	1Q 09	+ /(-)	+ /(-)%
<u>Domestic prices</u>								
1,791	1,799	8	0.4%	Natural gas end-customers, RR/mcm	1,790	1,799	9	0.5%
1,728	-	(1,728)	-100.0%	Natural gas e-trading, RR/mcm	1,325	-	(1,325)	n/m
980	984	4	0.4%	Natural gas ex-field, RR/mcm	972	984	12	1.2%
-	6,189	n/m	n/m	Stable gas condensate, RR/ton	4,940	6,189	1,249	25.3%
9,085	5,236	(3,849)	-42.4%	LPG, RR/ton	8,539	5,236	(3,303)	-38.7%
7,257	3,668	(3,589)	-49.5%	Crude oil, RR/ton	4,261	3,668	(593)	-13.9%
4,126	4,495	369	8.9%	Oil products, RR/ton	7,901	4,495	(3,406)	-43.1%
<u>CIS market</u>								
10,817	8,644	(2,173)	-20.1%	LPG, RR/ton	11,855	8,644	(3,211)	-27.1%
<u>Export market</u>								
13,488	6,787	(6,701)	-49.7%	Stable gas condensate, RR/ton	5,146	6,787	1,641	31.9%
13,032	10,504	(2,528)	-19.4%	LPG, RR/ton	9,573	10,504	931	9.7%
-	6,412	n/m	n/m	Crude oil, RR/ton	2,925	6,412	3,487	119.2%
-	9,498	n/m	n/m	Oil products, RR/ton	3,720	9,498	5,778	155.3%

Note: Prices are shown only for own production (excluding trading activities)



Operating Expenses (RR million and % of total revenues (TR))

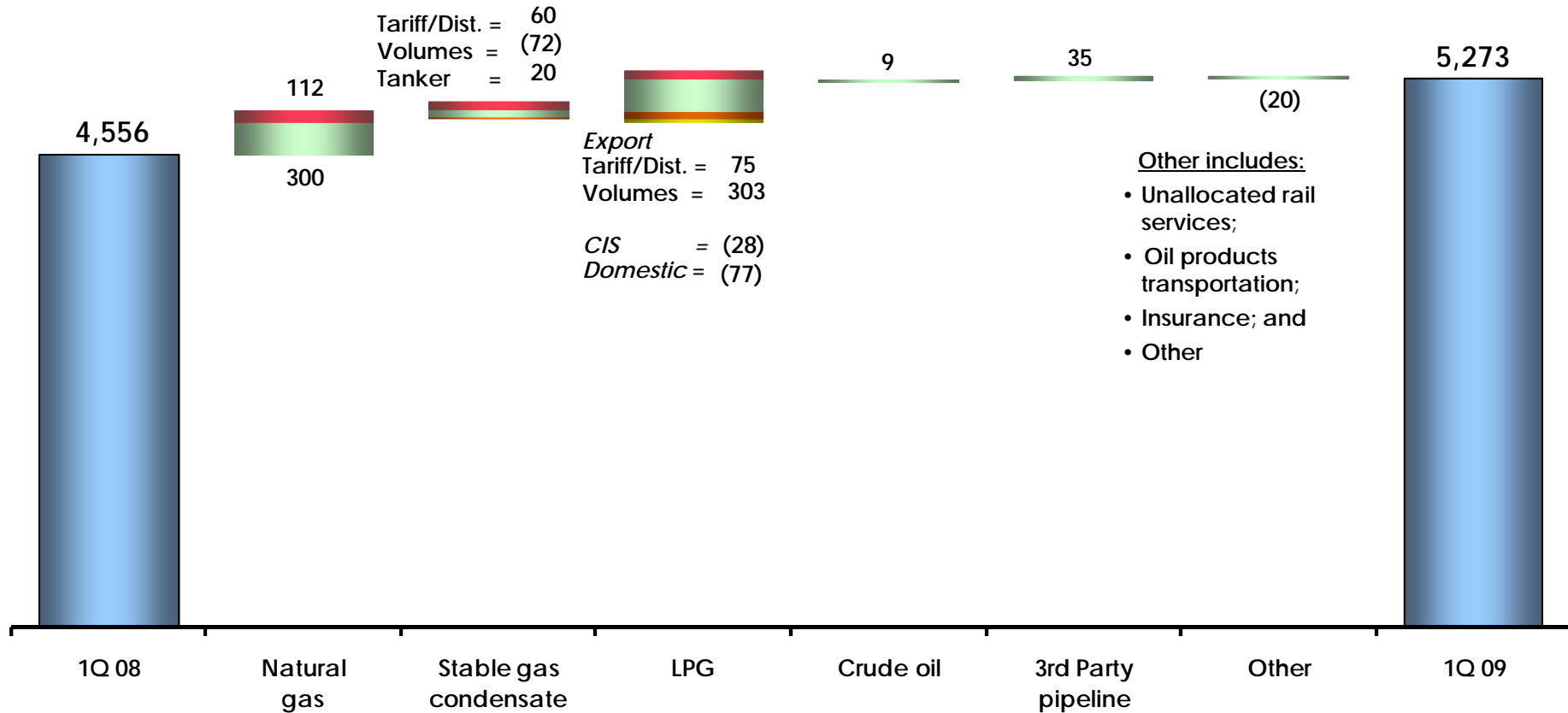
1Q 08	% of TR	1Q 09	% of TR		4Q 08	% of TR	1Q 09	% of TR
4,556	21.8%	5,273	31.1%	Transportation expenses	4,803	29.0%	5,273	31.1%
1,763	8.4%	1,921	11.3%	Taxes other than income tax	1,703	10.3%	1,921	11.3%
6,319	30.3%	7,194	42.4%	Non-controllable expenses	6,506	39.2%	7,194	42.4%
1,469	7.0%	1,492	8.8%	Materials, services & other	1,478	8.9%	1,492	8.8%
993	4.8%	1,182	7.0%	Depreciation and amortization	1,416	8.5%	1,182	7.0%
837	4.0%	1,100	6.5%	General and administrative	1,375	8.3%	1,100	6.5%
230	1.1%	99	0.6%	Exploration expenses	483	2.9%	99	0.6%
6	n/m	(1)	n/m	Net impairment expense	59	n/m	(1)	n/m
(2)	n/m	20	n/m	Change in natural gas, liquids, and polymer products and WIP	82	n/m	20	n/m
9,852	47.2%	11,086	65.3%	Subtotal operating expenses	11,399	68.7%	11,086	65.3%
1,171	5.6%	293	1.7%	Purchases of natural gas and liquid hydrocarbons	736	4.4%	293	1.7%
11,023	52.8%	11,379	67.0%	Total operating expenses	12,135	73.2%	11,379	67.0%

- ❑ Our operating expenses as a % of total revenues increased Y-o-Y due to a decrease in our liquids sales as a result of the sharp decline in crude oil prices on international markets
- ❑ Increase in transportation expenses Y-o-Y was mainly due to a 13.0% increase in our sales volumes of natural gas sold directly to end-customers and higher transportation tariffs
- ❑ Taxes other than income tax increased Y-o-Y primarily due to an increase in property tax expense
- ❑ Decrease in purchases Y-o-Y resulted from a temporary suspension of our trading operations with naphtha on international markets in December 2008, as well as a decrease in natural gas purchases due to an increase in our own natural gas production

Transportation Expenses (RR million)



Change due to tariffs/distance
Change due to volume



Taxes Other Than Income Tax Expense (RR million)

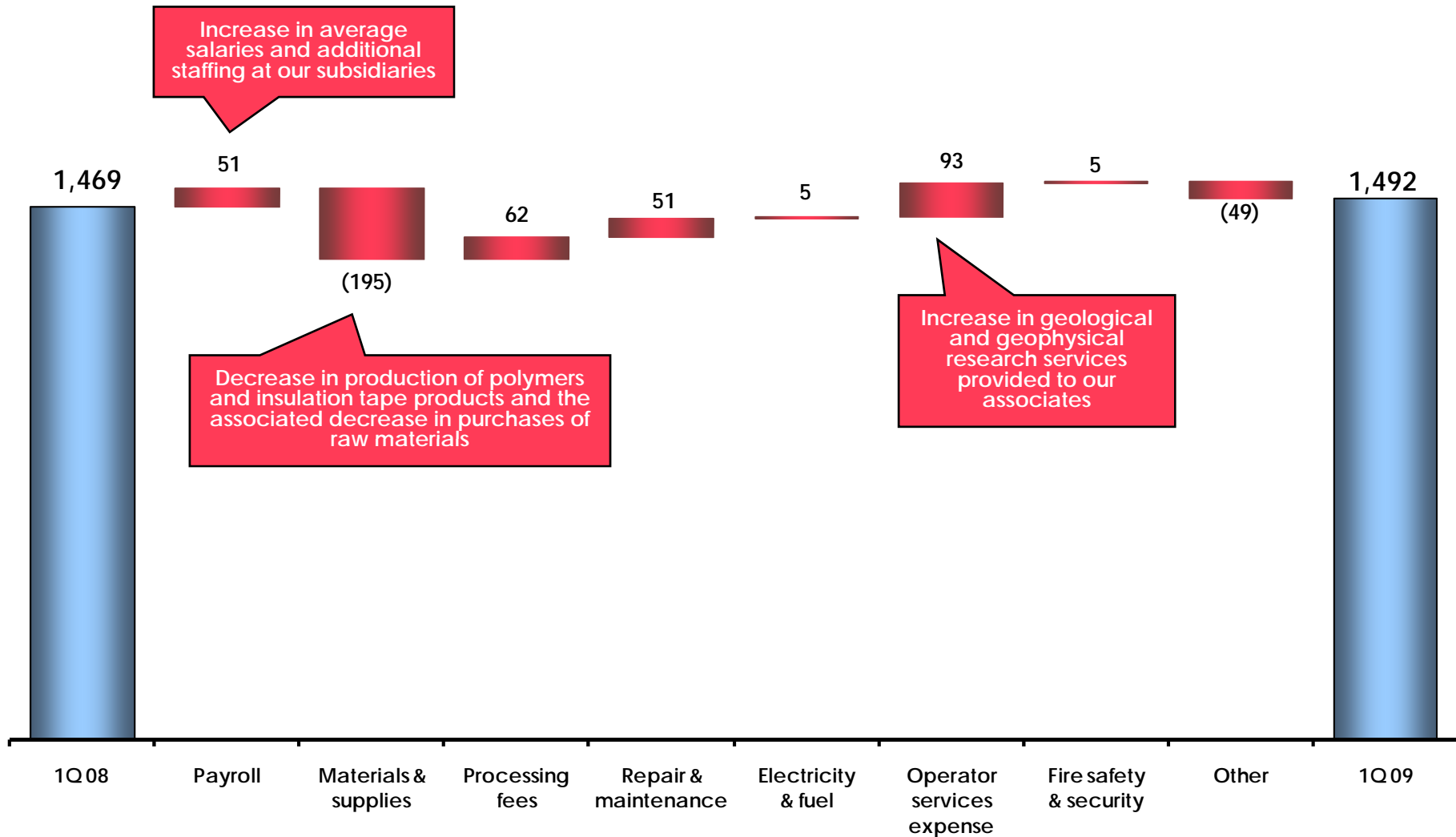


Change due to tax rate
Change due to production

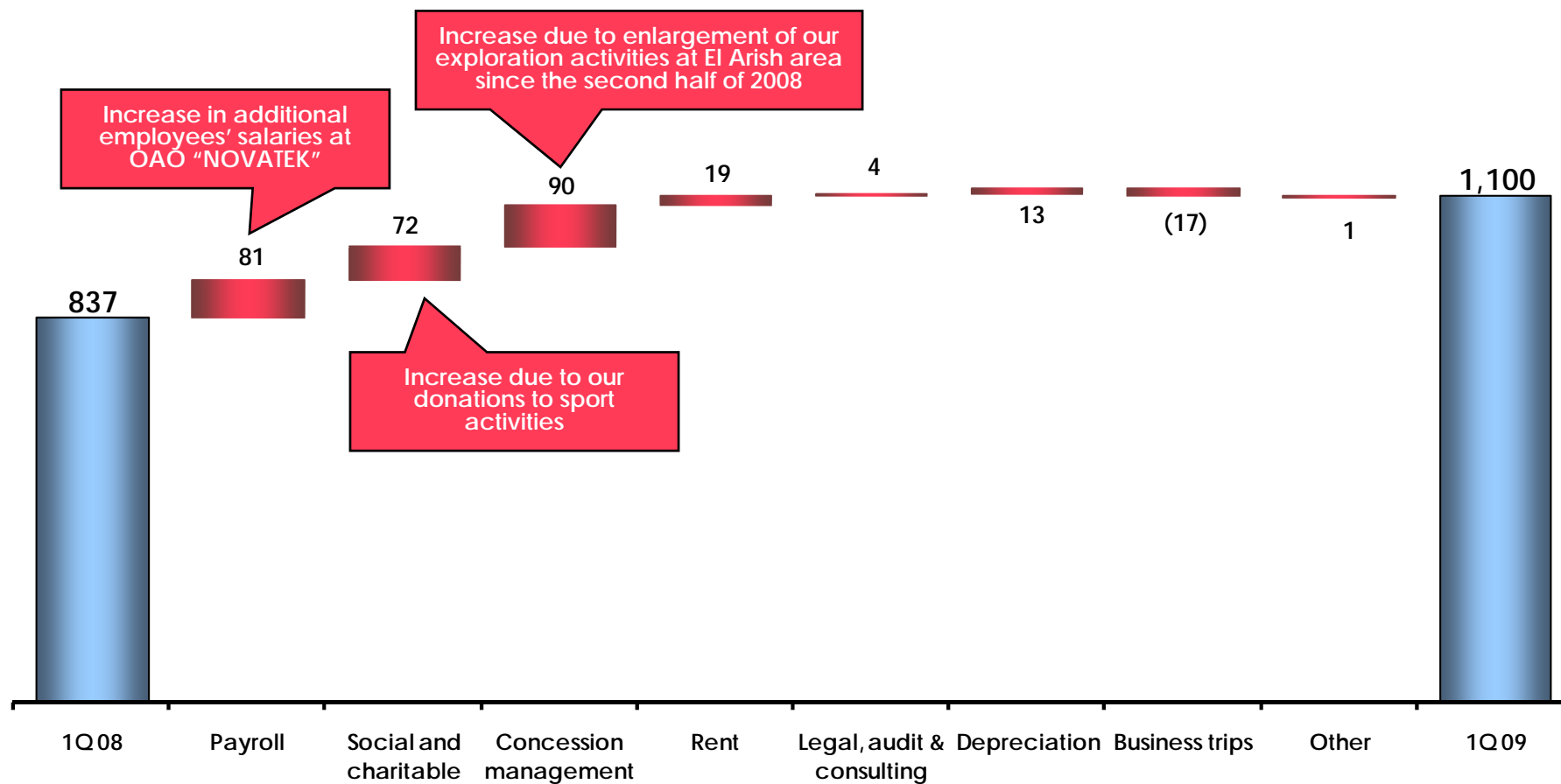


- The decrease in UPT tax by RR 20 million, or 1.2%, was primarily due to a decrease in both our average crude oil production tax rate as a result of lower crude oil prices and crude oil production volumes. The decrease in UPT for crude oil was partially offset by an increase in UPT for natural gas and UPT for gas condensate due to higher production volumes.
- Property tax expense increased by RR 113 million, or 79.6%, primarily due to additions of property, plant and equipment (PPE) at our production subsidiaries

Materials, Services and Other Expenses (RR million)



General and Administrative Expenses (RR million)

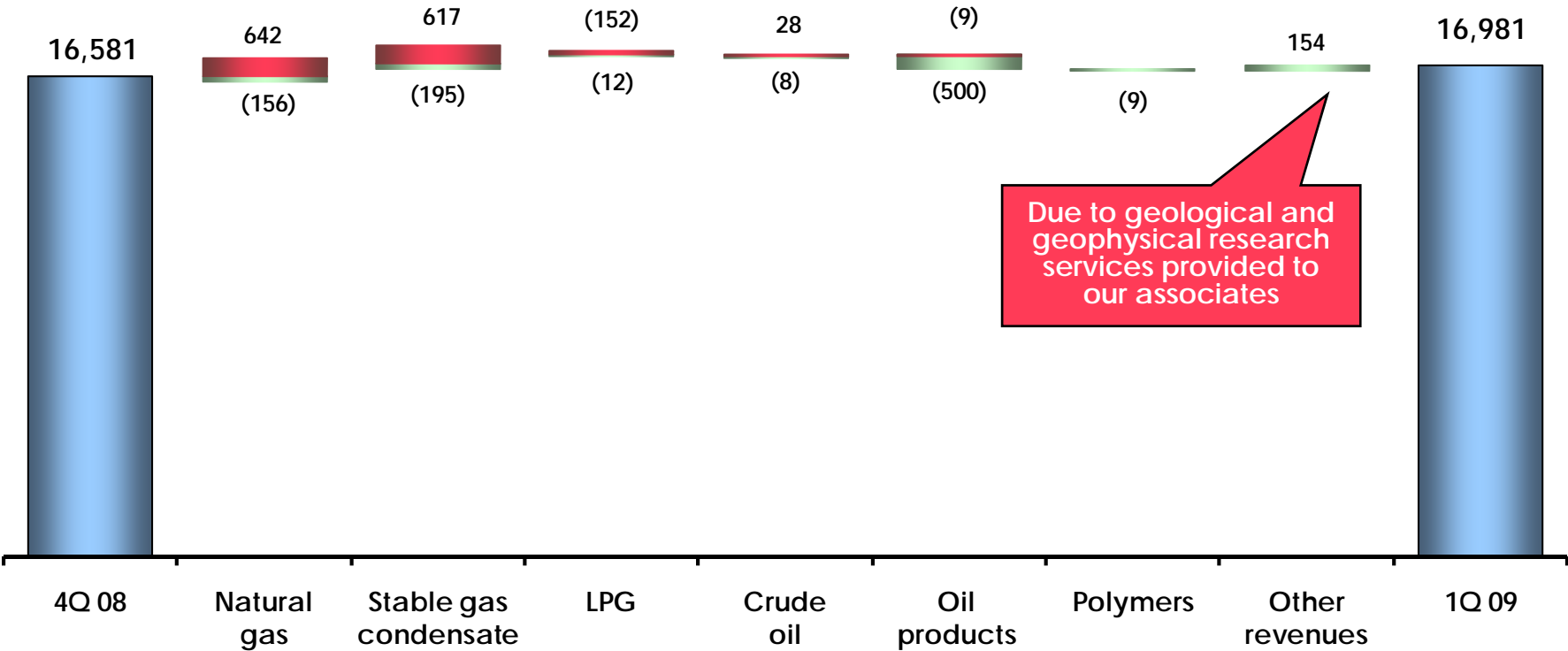


Financial Overview – 1Q 09 vs. 4Q 08

Revenues (RR million)



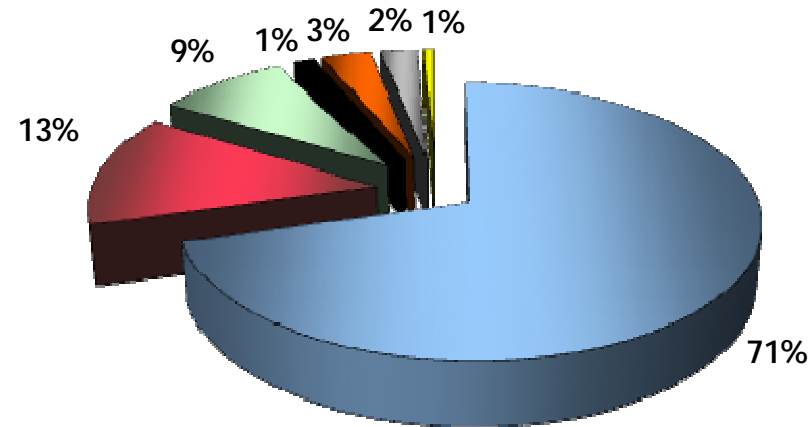
Change due to price
Change due to volume



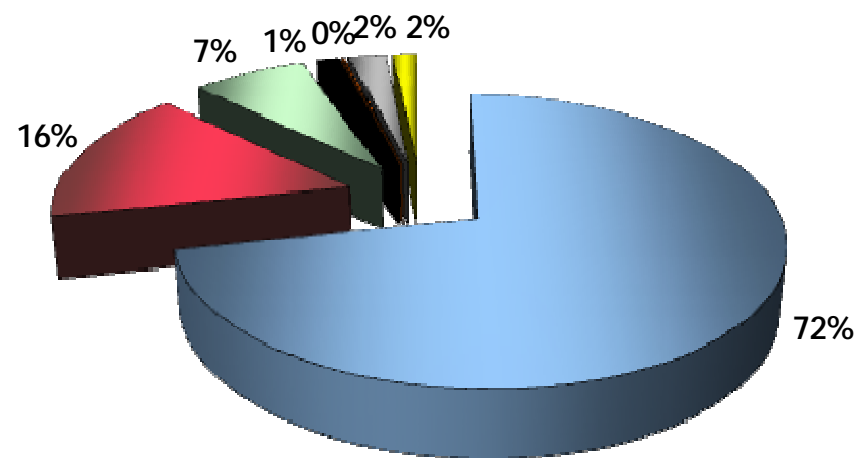
Total Revenues Breakdown

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

4Q08



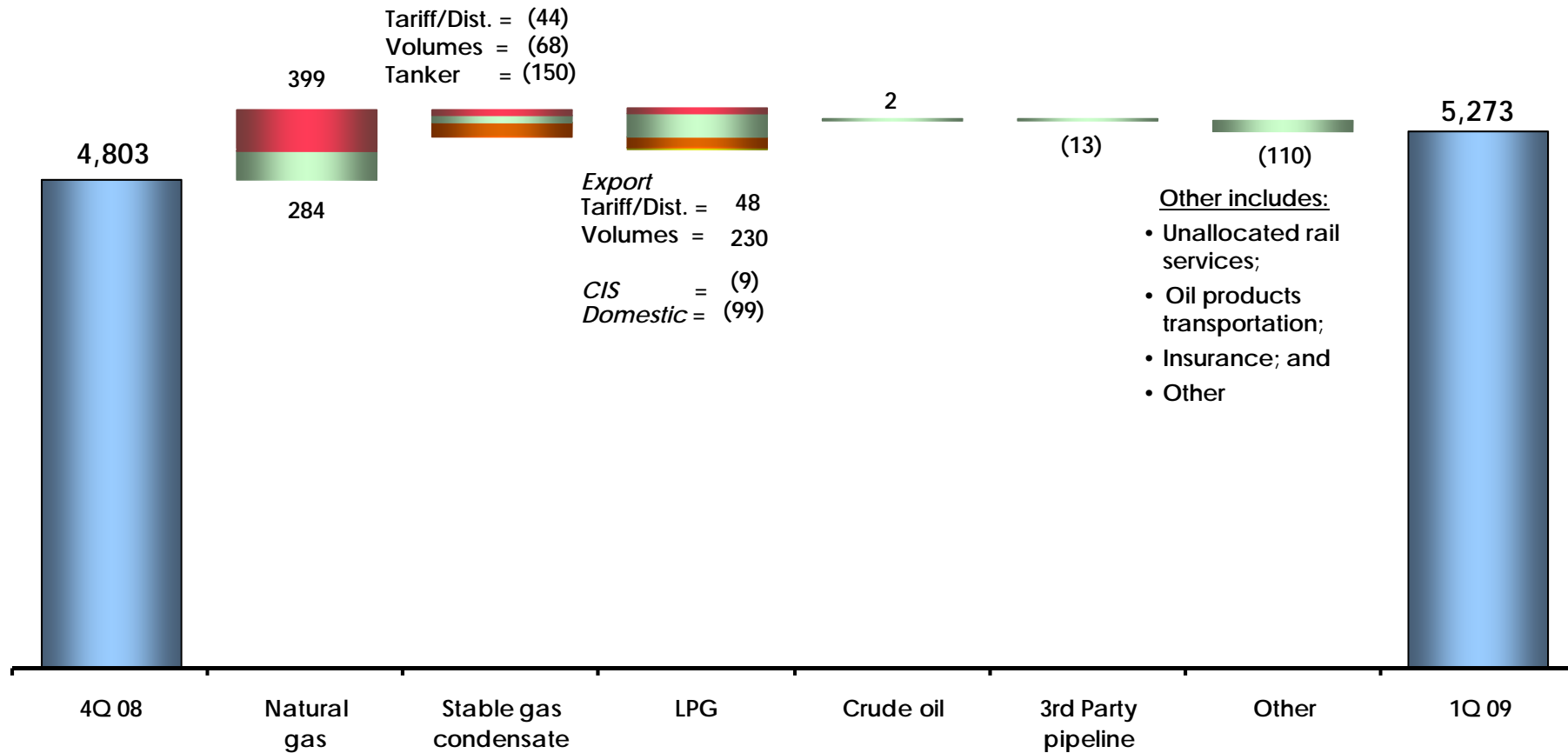
1Q09



Transportation Expenses (RR million)



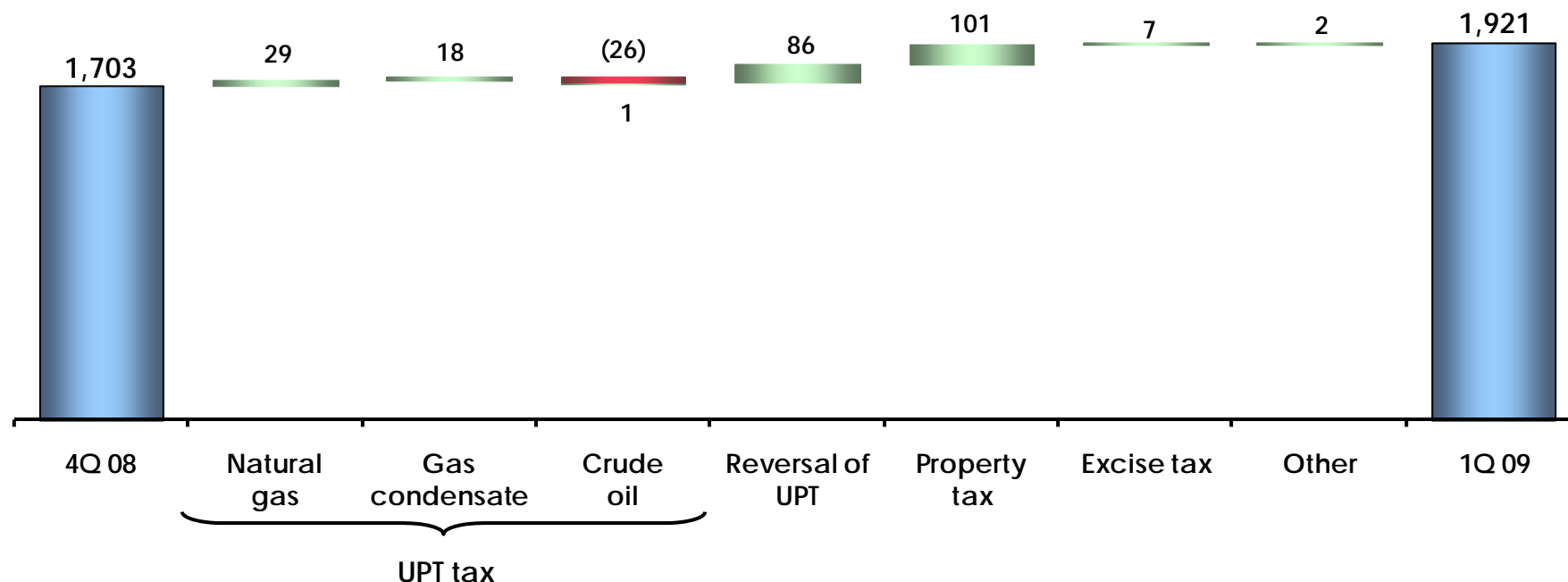
Change due to tariffs/distance
Change due to volume



Taxes Other Than Income Tax Expense (RR million)

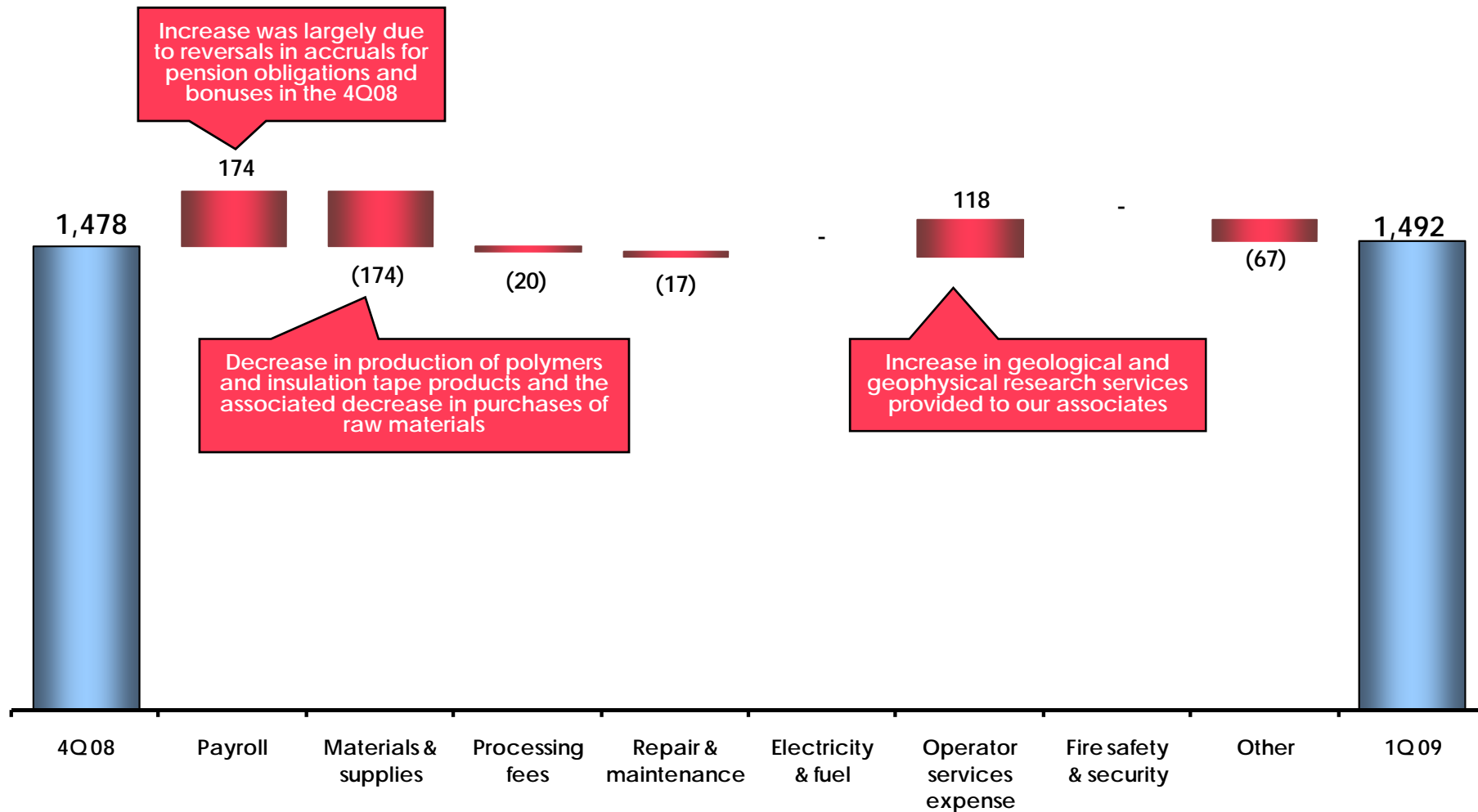


Change due to tax rate
Change due to production

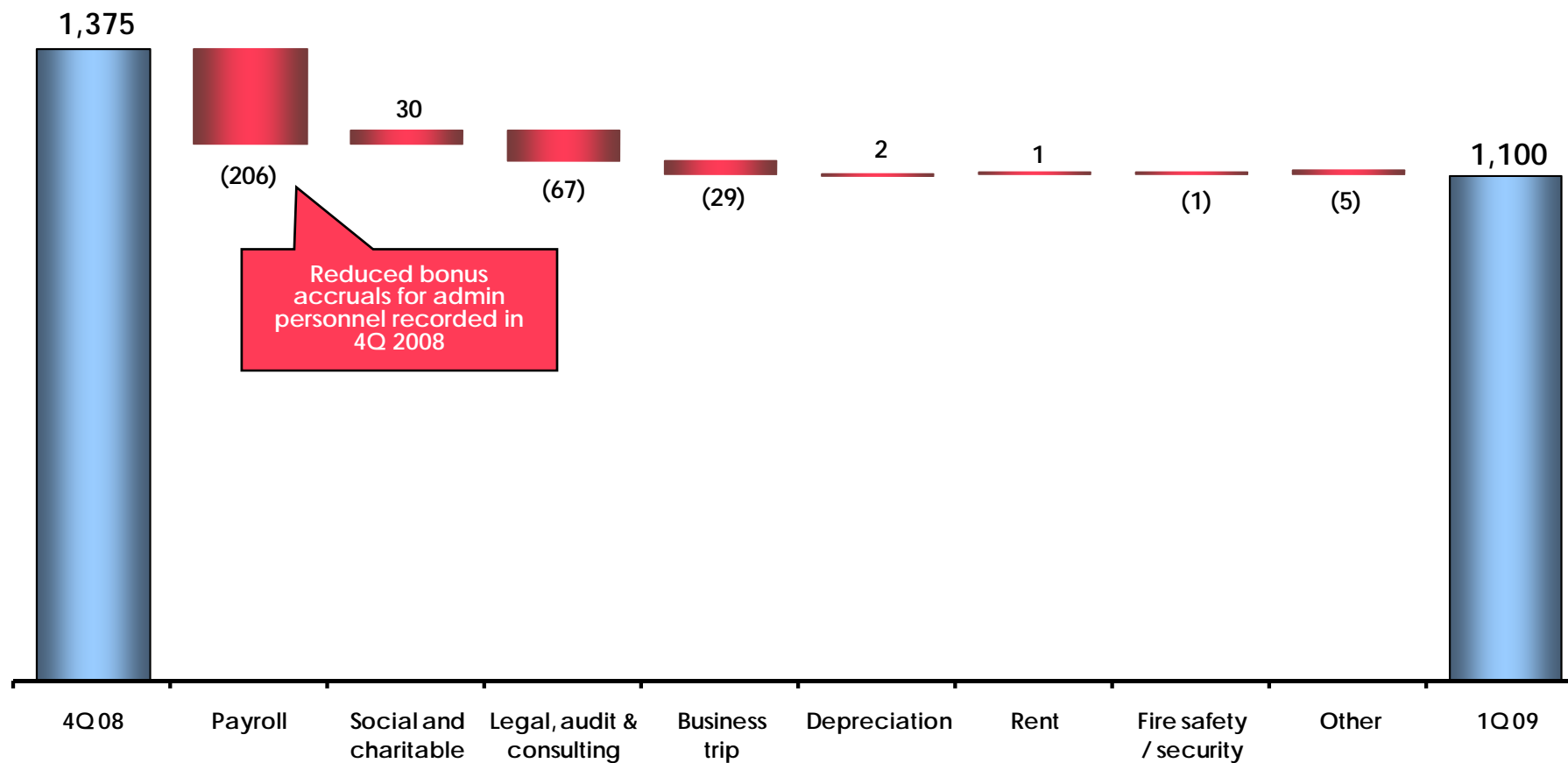


- The increase in UPT tax by RR 22 million, or 1.4%, was primarily due to an increase in UPT for natural gas and gas condensate due to increased natural gas and gas condensate production. The increases were partially offset by a decrease in UPT for crude oil due to decreases in the tax rate as a result of lower crude oil prices and production.

Materials, Services and Other Expenses (RR million)

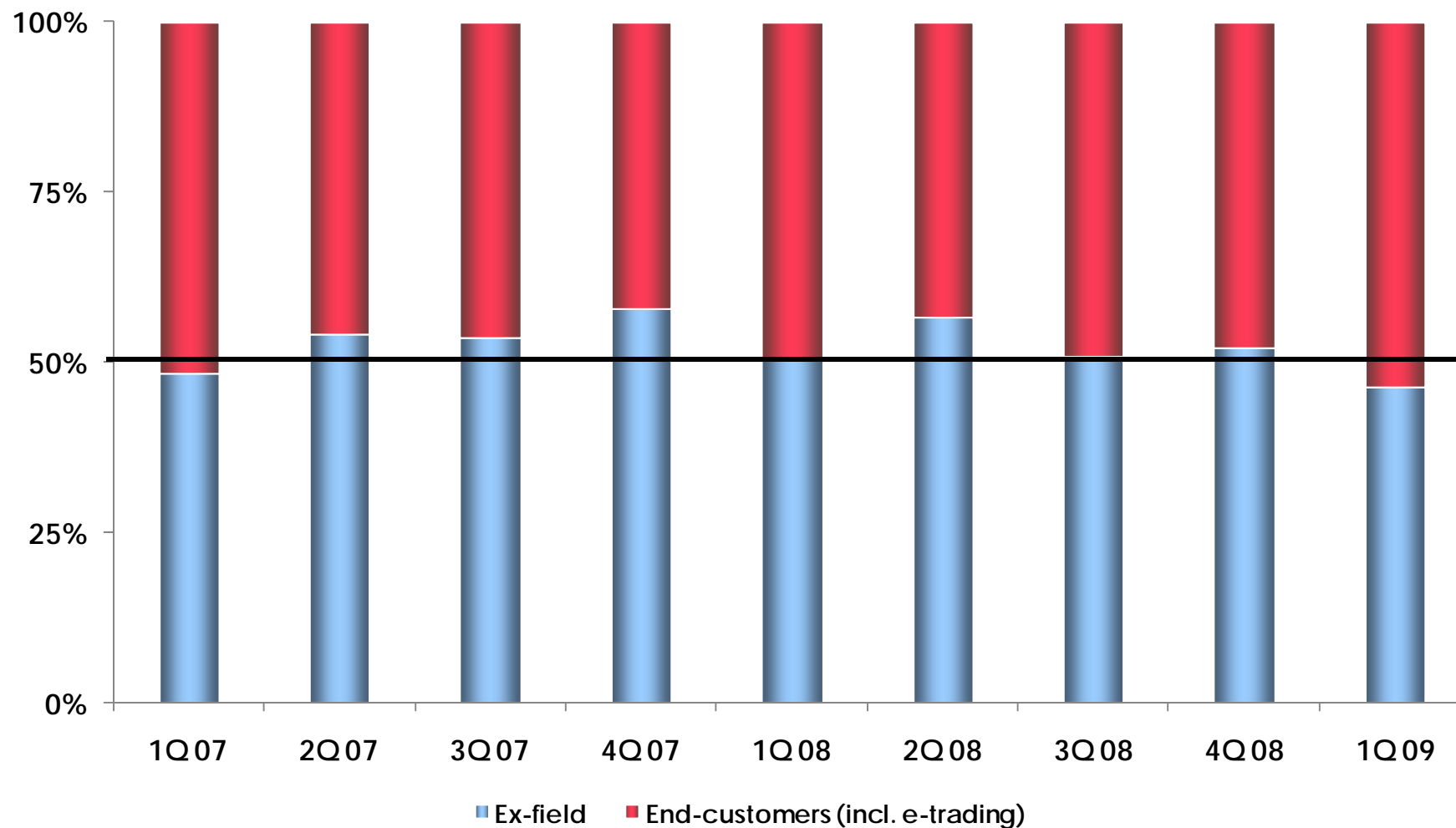


General and Administrative Expenses (RR million)

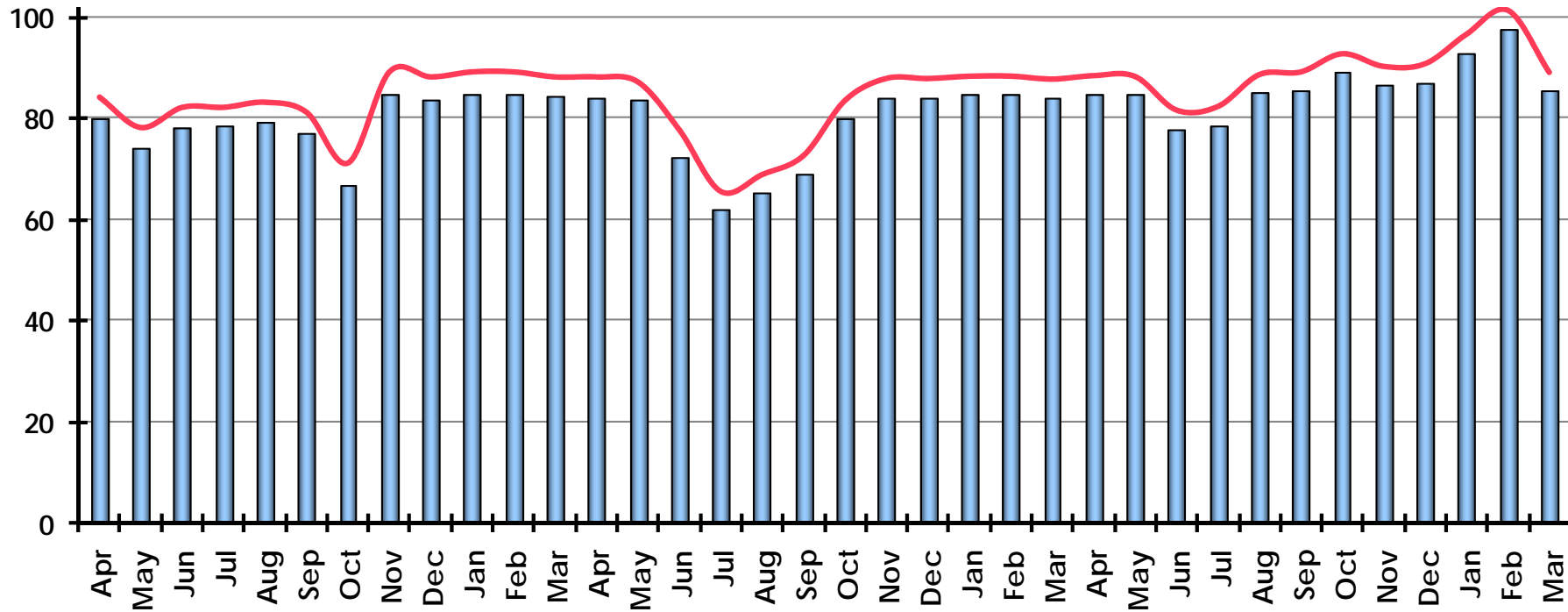


Appendices

Natural Gas Sales Volume Mix



Increasing Natural Gas Production (mmcm per day)



2006

2006 Avg.
79 mmcm/day
2,789 bcf/day

2007

2007 Avg.
78 mmcm/day
2,760 bcf/day

2008

2008 Avg.
84 mmcm/day
2,980 bcf/day

2009

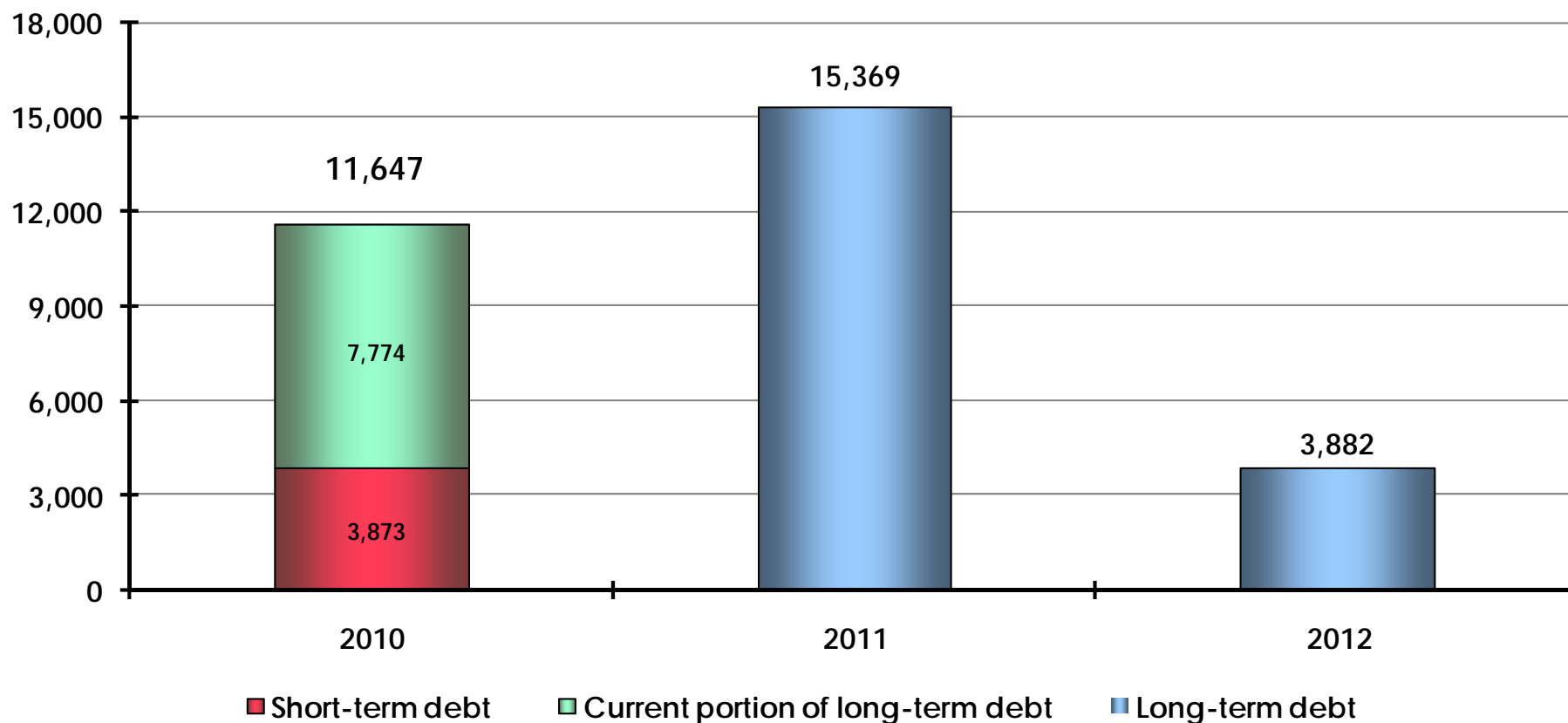
1Q 09 Avg.
92 mmcm/day
3,242 bcf/day



Condensed Balance Sheet (RR million)

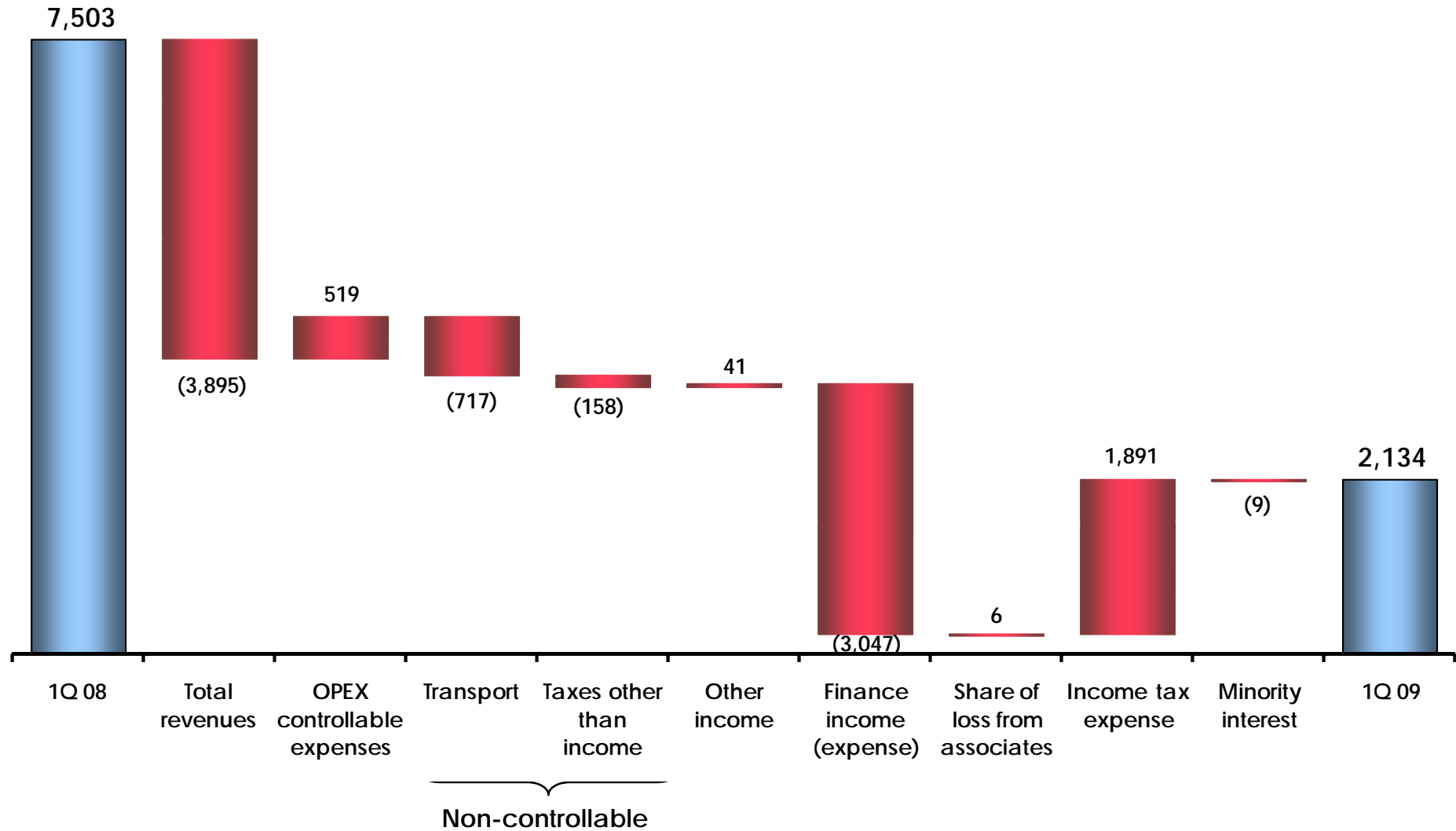
	31 March 2009	31 December 2008	+ / (-)	+ / (-)%
Total current assets	28,146	25,428	2,718	10.7%
<i>Incl. Cash and cash equivalents</i>	<i>14,097</i>	<i>10,992</i>	<i>3,105</i>	<i>28.2%</i>
Total non-current assets	116,179	113,578	2,601	2.3%
<i>Incl. Net PP&E</i>	<i>111,336</i>	<i>108,714</i>	<i>2,622</i>	<i>2.4%</i>
<i>Assets classified as held for sale</i>	<i>920</i>	<i>901</i>	<i>n/m</i>	<i>n/m</i>
Total assets	145,245	139,907	5,338	3.8%
Total current liabilities	17,679	14,169	3,510	24.8%
<i>Incl. ST debt</i>	<i>11,647</i>	<i>6,342</i>	<i>5,305</i>	<i>83.6%</i>
Total non-current liabilities	28,375	28,763	(388)	-1.3%
<i>Incl. Deferred income tax liability</i>	<i>7,035</i>	<i>6,720</i>	<i>315</i>	<i>4.7%</i>
<i>Incl. LT debt</i>	<i>19,251</i>	<i>19,935</i>	<i>(684)</i>	<i>n/m</i>
Liabilities assoc. with assets held for sale	331	335	n/m	n/m
Total liabilities	46,385	43,267	3,118	7.2%
Total equity	98,860	96,640	2,220	2.3%
Total liabilities & equity	145,245	139,907	5,338	3.8%

Total Debt Maturity Profile (RR million)

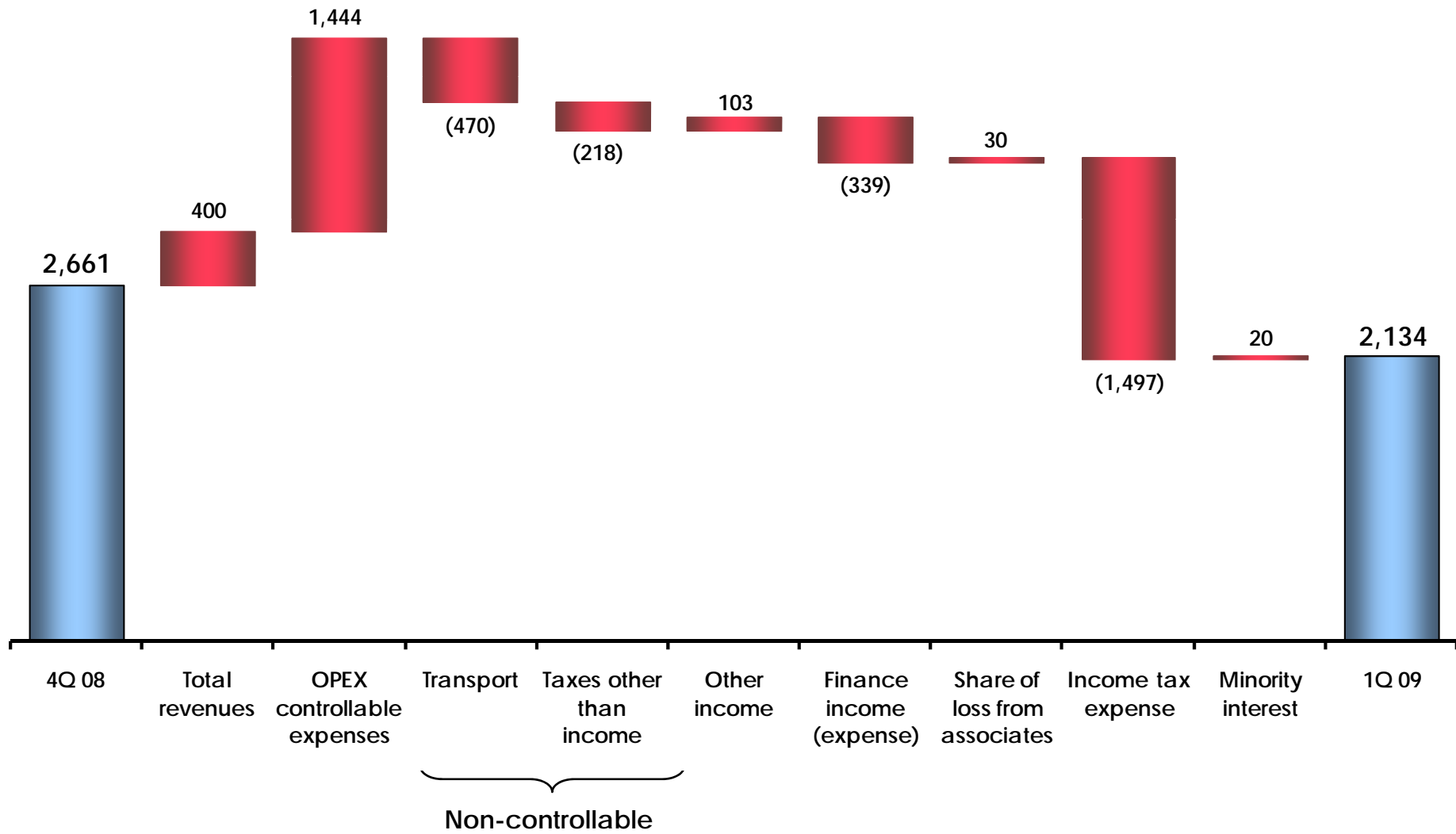


Current debt maturity profile as of 31 March 2009 with repayments in the 12 months ended 31 March 2010, 2011, 2012

Profit Attributable to NOVATEK Shareholders (RR million)



Profit Attributable to NOVATEK Shareholders (RR million)



Questions and Answers