First Quarter 2008
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
21 May 2008

Disclaimer

FORWARD–LOOKING STATEMENTS

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
- the effects of international political events;
- the effects of technological changes;
- the effects of changes in accounting standards or practices; and
- inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

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Summary Highlights from 1Q 08

- **Continued growth in revenues and earnings** driven by higher natural gas and liquids prices and liquids sales volumes growth
  - Natural gas sales increased by 12.0% Y-o-Y
  - Liquids sales increased by 89.1% Y-o-Y
- **Cash flow from operations** increased by 38.5% Y-o-Y to RR 9,613 million from RR 6,940 million
- **Capital expenditures** related to exploration and production increased by 60.4% Y-o-Y to RR 6,028 million
- **Net cash positive** – net cash position (cash & cash equivalents less long and short-term debt) increased to RR 177 million from RR (2,620) million as of 31 December 2007
- We **successfully funded** our CAPEX program from internally generated cash flows
- **EPS** increased by 72.7% Y-o-Y to RR 2.47 from RR 1.43
- **Our average netback price for natural gas** across end-customers, ex-field and e-trading remained strong for the period
- **Operating expenses** as a percent of total revenues decreased by 10.0% Y-o-Y from 62.8% to 52.8%

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Operational Overview

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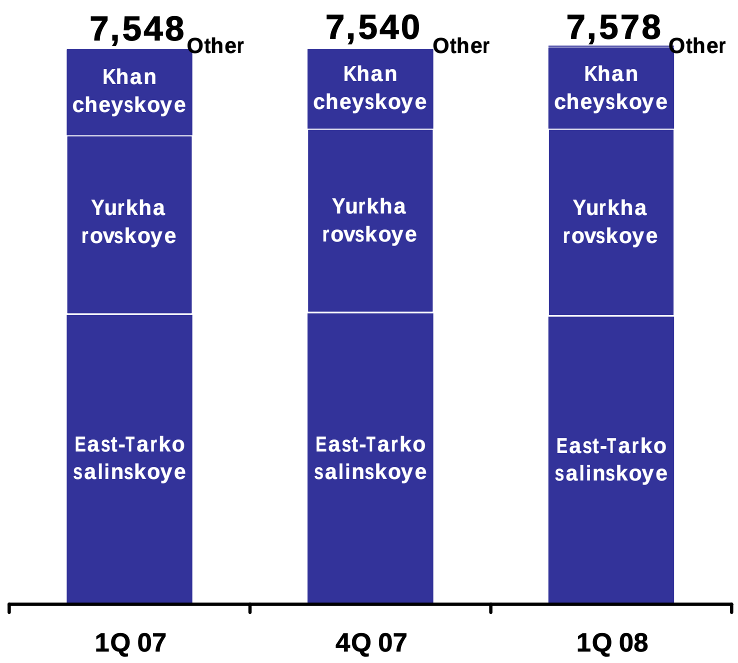
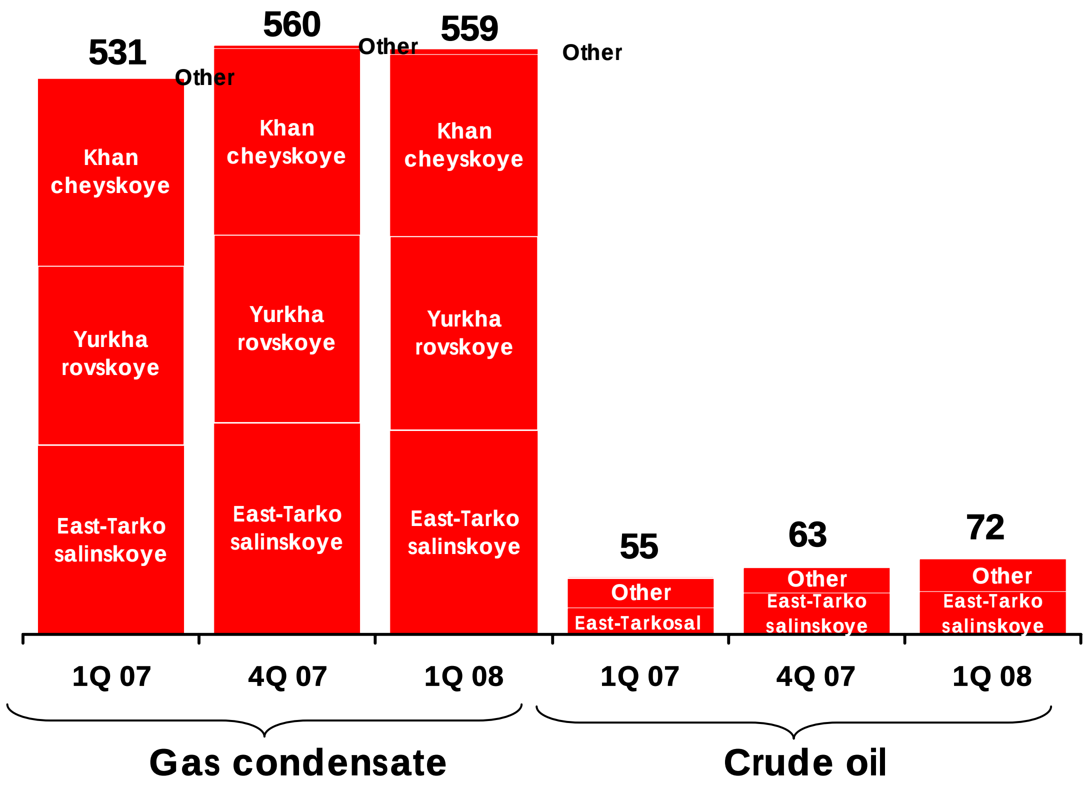
Hydrocarbon production





- Y-o-Y increase in natural gas production was primarily due to 4.9% organic growth at our Yurkharovskoye field

- Y-o-Y increase in gas condensate production due to changes in gas separation process at our East-Tarkosalinskoye field and from organic growth at our Yurkharovskoye field
- Y-o-Y increase in crude oil production due to new wells put into operation at our East-Tarkosalinskoye field

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 551 mt**
  - East Tarkosalinskoye and Khancheyskoye fields: 369 mt (100% of net production)
  - Yurkharovskoye: 180 mt (98% of net production)
- **Total plant output 546 mt**
  - stable gas condensate: 389 mt
  - LPG: 157 mt
- **Plant capacity**
  - Approximately 100%
- **7 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 6 tankers to US markets ~ 337 mt
  - 1 tanker to European markets ~ 55 mt
- **Inventory reconciliation**
  - 2 tankers in transit ~ 110 mt
  - Rail road cisterns and port storage facilities ~ 47 mt
  - Plant storage facilities ~ 15 mt
- **Majority of LPG volumes sold on the domestic market (78%)**

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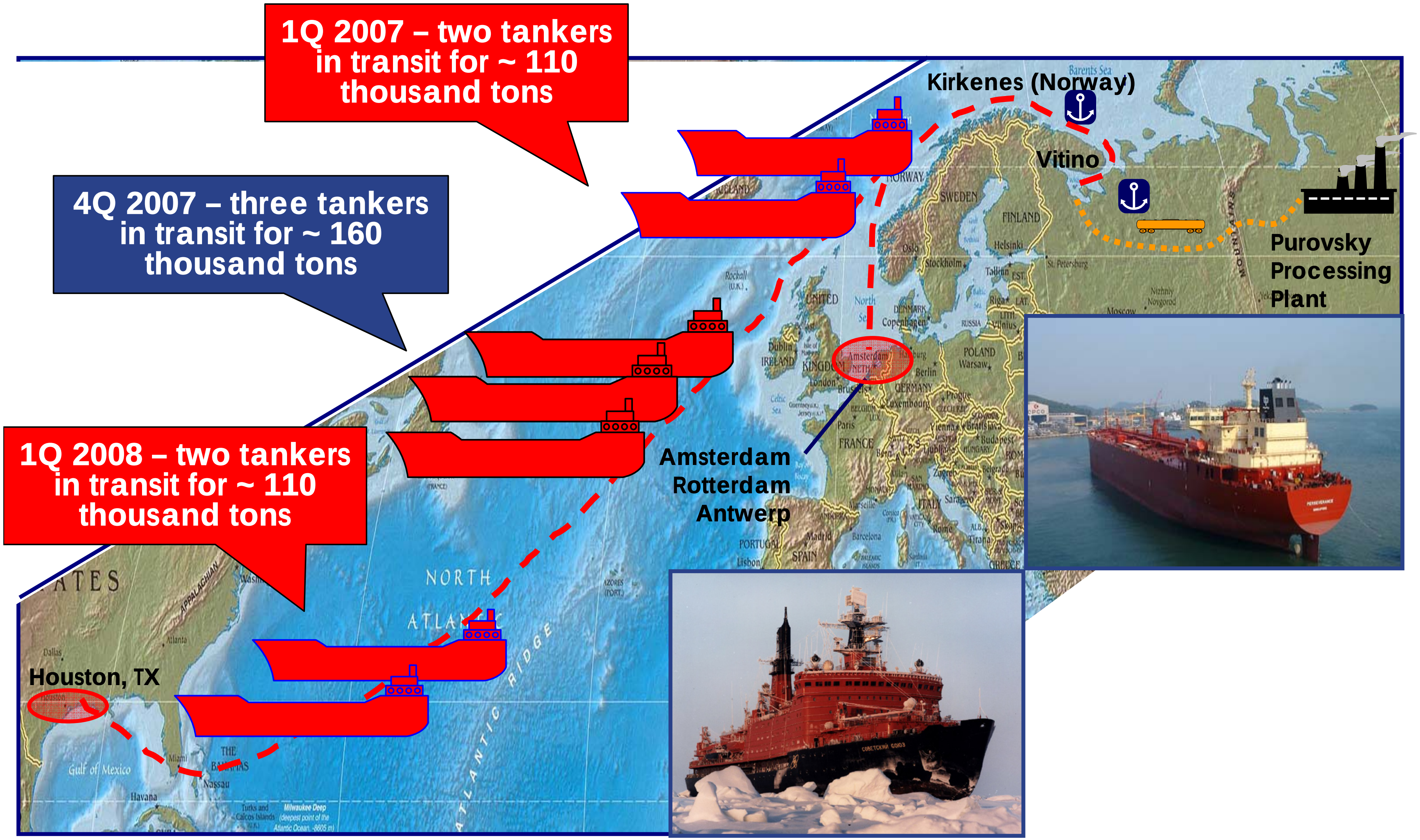
Stable gas condensate in transit



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Financial Overview - 1Q 08 vs. 1Q 07

Another record quarter (RR million)

1Q 07	1Q 08	+/(-)	+/(-)%		4Q 07	1Q 08	+/(-)	+/(-)%
14,885	20,167	5,282	35.5%	**Oil and gas sales**	16,264	20,167	3,903	24.0%
15,275	20,892	5,617	36.8%	**Total revenues & other income**	16,922	20,892	3,970	23.5%
9,579	11,023	1,444	15.1%	**Operating expenses**	9,975	11,023	1,048	10.5%
6,774	10,908	4,134	61.0%	**EBITDA** (1)	7,798	10,908	3,110	39.9%
44.3%	52.2%	-	-	**EBITDA margin**	46.1%	52.2%	-	-
24.1%	24.9%	-	-	**Effective income tax rate**	27.8%	24.9%	-	-
4,347	7,503	3,156	72.6%	**Profit attributable to NOVATEK**	5,054	7,503	2,449	48.5%
28.5%	35.9%	-	-	**Net profit margin**	29.9%	35.9%	-	-
1.43	2.47	1.04	72.7%	**Earnings per share**	1.66	2.47	0.81	48.8%
3,811	6,537	2,726	71.5%	**CAPEX**	6,744	6,537	(207)	-3.1%
(5,737)	(177)	5,560	-96.9%	**Net debt (cash)** (2)	2,620	(177)	(2,797)	-106.8%

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. *Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents*

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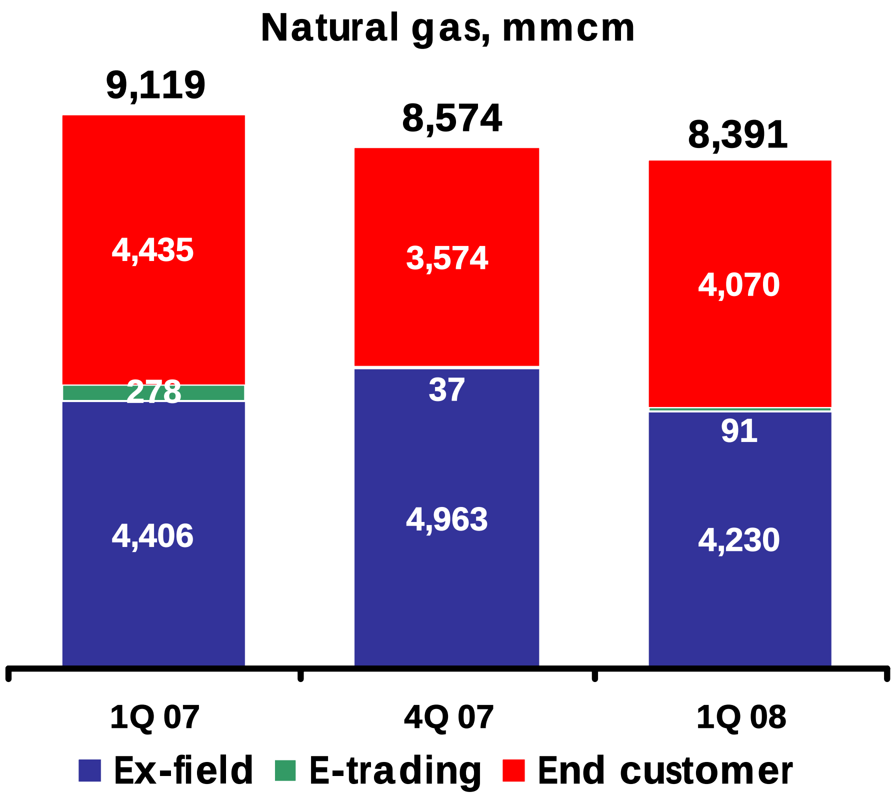
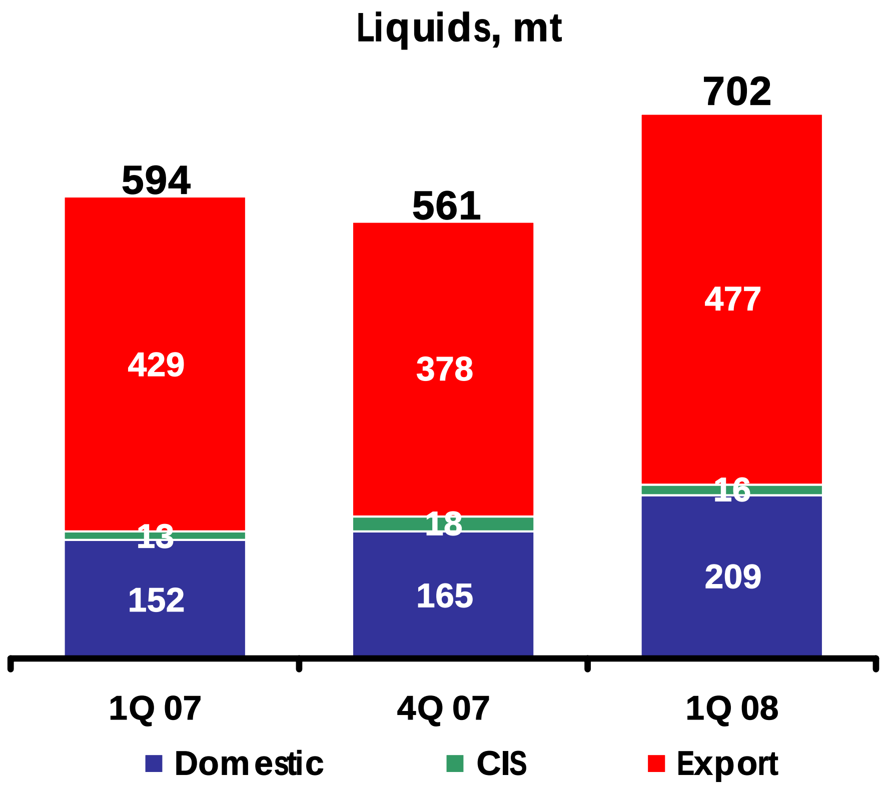
Market distribution – sales volumes





- Y-o-Y change due to decrease in natural gas withdrawal from UGSF from 893 mmcm in 1Q 07 to 39 mmcm in 1Q 08
- Q-o-Q change due to decrease in natural gas sales to wholesale traders

- Y-o-Y growth in domestic sales was due to crude oil and LPG
- Y-o-Y increase in export sales primarily due to decrease in SGC balances and oil products trading on international markets
- Q-o-Q growth in export sales was due to SGC
- In 1Q 08 we sold 100% of crude oil volumes on the domestic market due to ability to achieve higher margins as compared with export sales

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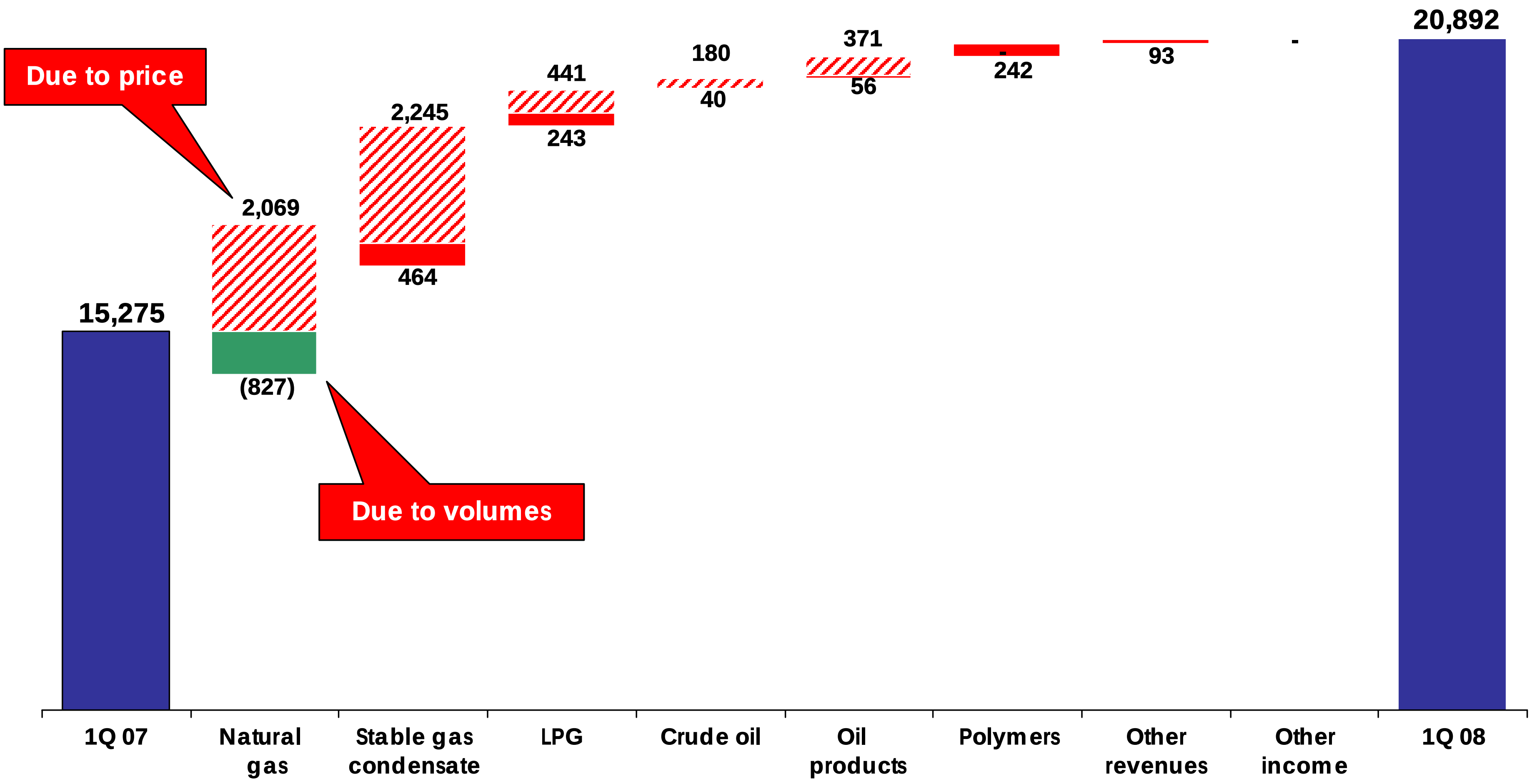
Revenues and other income (RR million)



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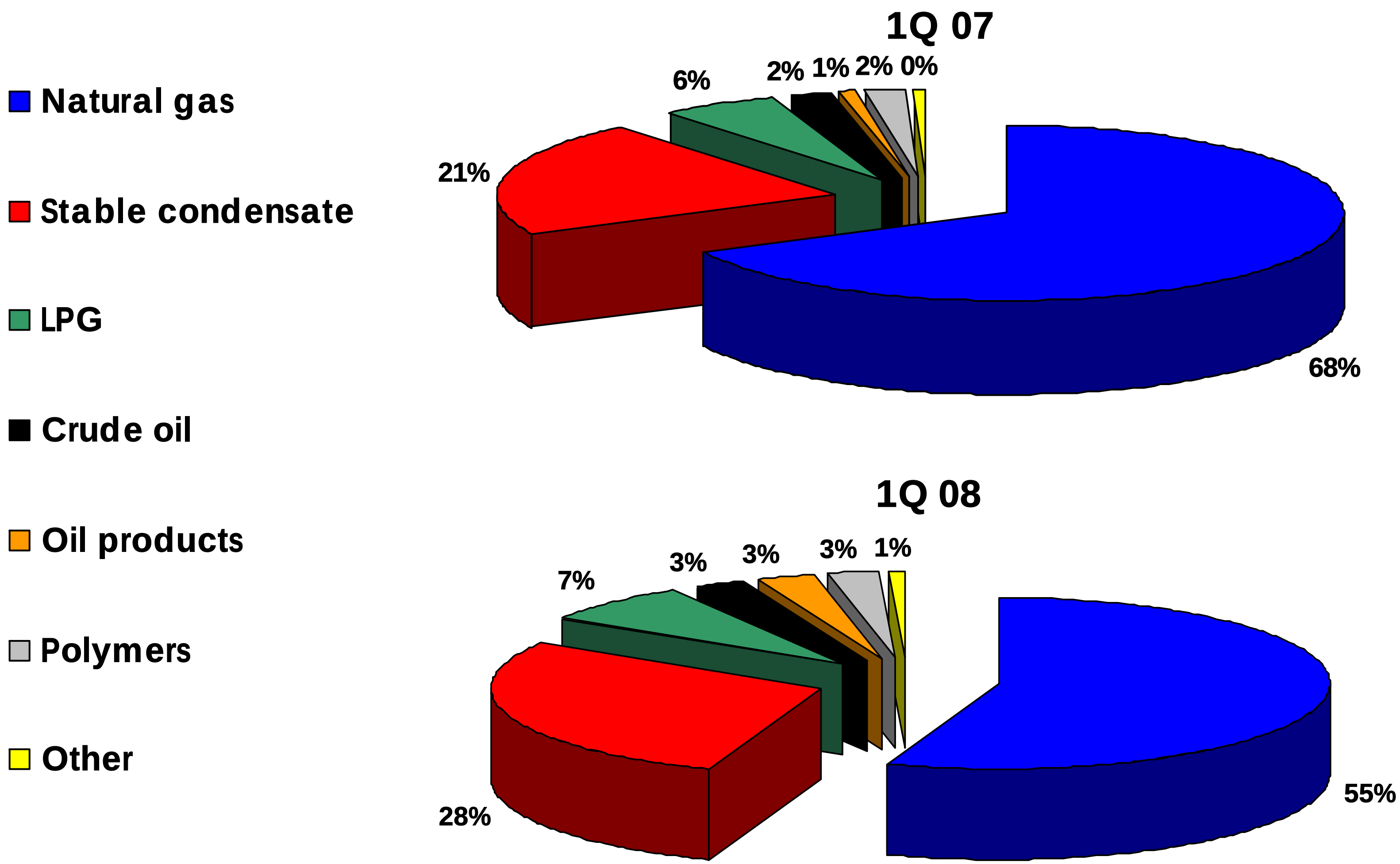
Total revenues breakdown



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Realized hydrocarbon prices (net of VAT and export duties)

1Q 07	1Q 08	+/(-)	+/(-)%		4Q 07	1Q 08	+/(-)	+/(-)%
				Domestic prices				
1,464	1,791	327	22.3%	**Natural gas end-customers, RR/mcm**	1,542	1,791	249	16.1%
1,312	1,728	416	31.7%	**Natural gas e-trading, RR/mcm**	1,221	1,728	507	41.5%
793	980	187	23.6%	**Natural gas ex-field, RR/mcm**	775	980	205	26.5%
4,796	7,257	2,461	51.3%	**Crude oil, RR/ton**	7,011	7,257	246	3.5%
6,516	9,085	2,569	39.4%	**LPG, RR/ton**	9,657	9,085	(572)	-5.9%
6,480	4,126	(2,354)	-36.3%	**Oil products, RR/ton**	3,212	4,126	914	28.5%
				CIS market				
6,944	10,817	3,873	55.8%	**LPG, RR/ton**	13,288	10,817	(2,471)	-18.6%
				Export market				
8,393	13,488	5,095	60.7%	**Stable gas condensate, RR/ton**	13,277	13,488	211	1.6%
5,112	n/m			**Crude oil, RR/ton**	8,558	n/m		
9,026	13,032	4,006	44.4%	**LPG, RR/ton**	14,714	13,032	(1,682)	-11.4%

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

1Q 07	% of TR	1Q 08	% of TR		4Q 07	% of TR	1Q 08	% of TR
4,093	*26.8%*	**4,556**	*21.8%*	Transportation expenses	**3,429**	*20.3%*	**4,556**	*21.8%*
1,609	*10.6%*	**1,763**	*8.5%*	Taxes other than income	**1,730**	*10.3%*	**1,763**	*8.5%*
5,702	*37.4%*	**6,319**	*30.3%*	**Non-controllable expenses**	**5,159**	*30.6%*	**6,319**	*30.3%*
1,069	*7.0%*	**1,469**	*7.0%*	Materials, services & other	**1,542**	*9.2%*	**1,469**	*7.0%*
1,018	*6.7%*	**993**	*4.8%*	Depreciation and amortization	**808**	*4.8%*	**993**	*4.8%*
713	*4.7%*	**837**	*4.0%*	General and administrative	**1,138**	*6.8%*	**837**	*4.0%*
202	*1.3%*	**230**	*1.1%*	Exploration expense	**29**	*0.2%*	**230**	*1.1%*
37	*n/m*	**6**	*n/m*	Net impairment expense	**50**	*n/m*	**6**	*n/m*
275	*n/m*	**(2)**	*n/m*	Change in inventory	**(336)**	*n/m*	**(2)**	*n/m*
9,016	*59.1%*	**9,852**	*47.2%*	**Subtotal operating expenses**	**8,390**	*49.8%*	**9,852**	*47.2%*
563	*3.7%*	**1,171**	*5.6%*	Purchases of natural gas and liquid hydrocarbons	**1,585**	*9.4%*	**1,171**	*5.6%*
9,579	*62.8%*	**11,023**	*52.8%*	**Total operating expenses**	**9,975**	*59.2%*	**11,023**	*52.8%*

- **Total operating expenses as % of TR decreased on a Y-o-Y and Q-o-Q basis due to a significant increase in revenues resulting from higher average realized prices and focused cost control**
- **Transportation expense increased Y-o-Y and Q-o-Q due to higher gas sales to end-customers and realization of SGC volumes in transit**
- **Y-o-Y purchases of natural gas and liquids increased by RR 608 million, or 108%, mainly due to purchases of oil products (naphtha) on the international markets for resale; Q-o-Q purchases decreased by RR 414 million, or 26.1%, due to a reduction in the purchase of natural gas from 3rd parties as we met domestic demand by own production**
- **Change in inventory fluctuations due to withdrawal of natural gas from UGSF in 1Q 2007 and an increased SGC in transit or storage in 4Q 2007. In 1Q 08, we reduced our SGC volumes in transit but slightly increased our oil products balances in transit**

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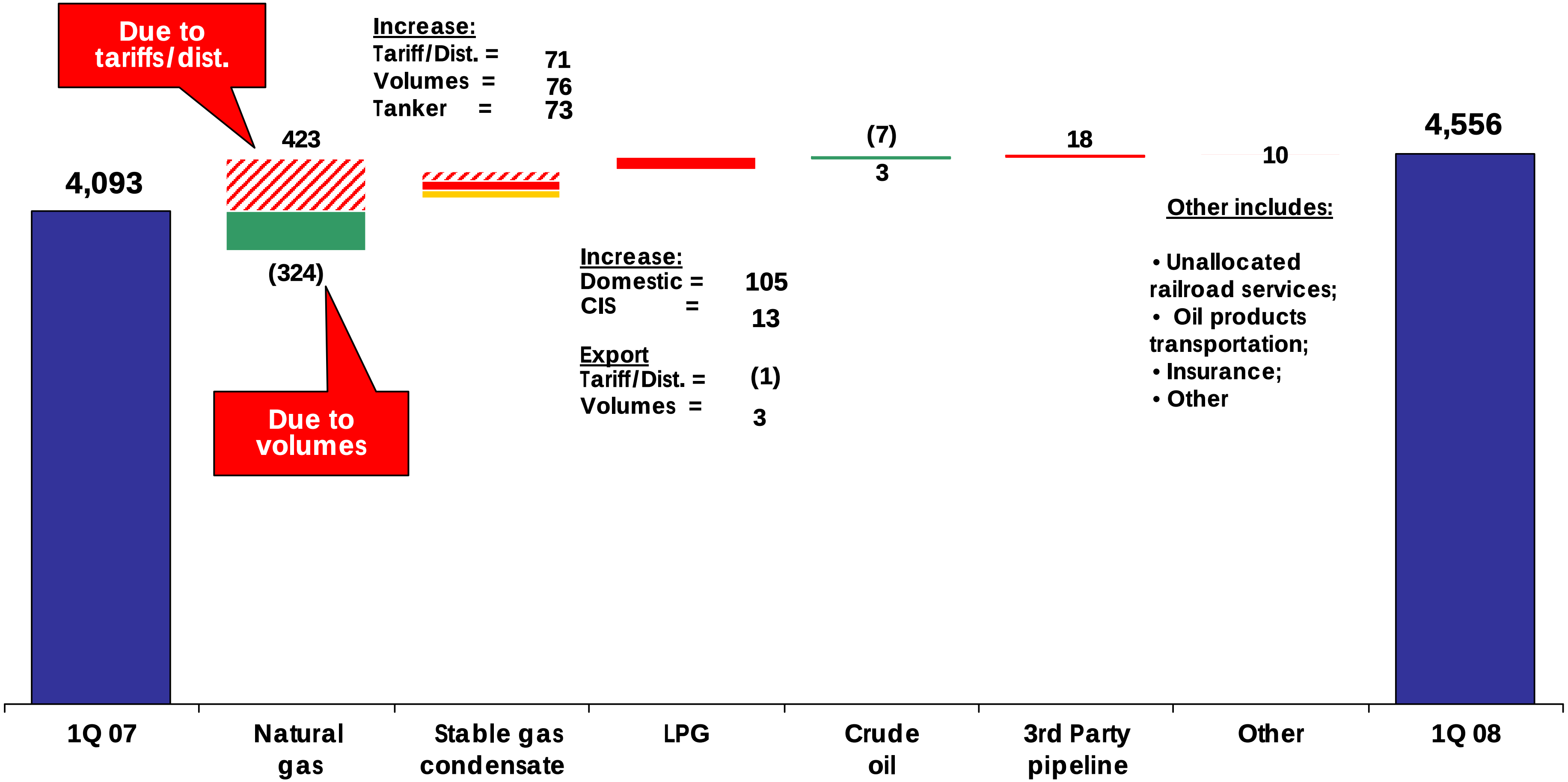
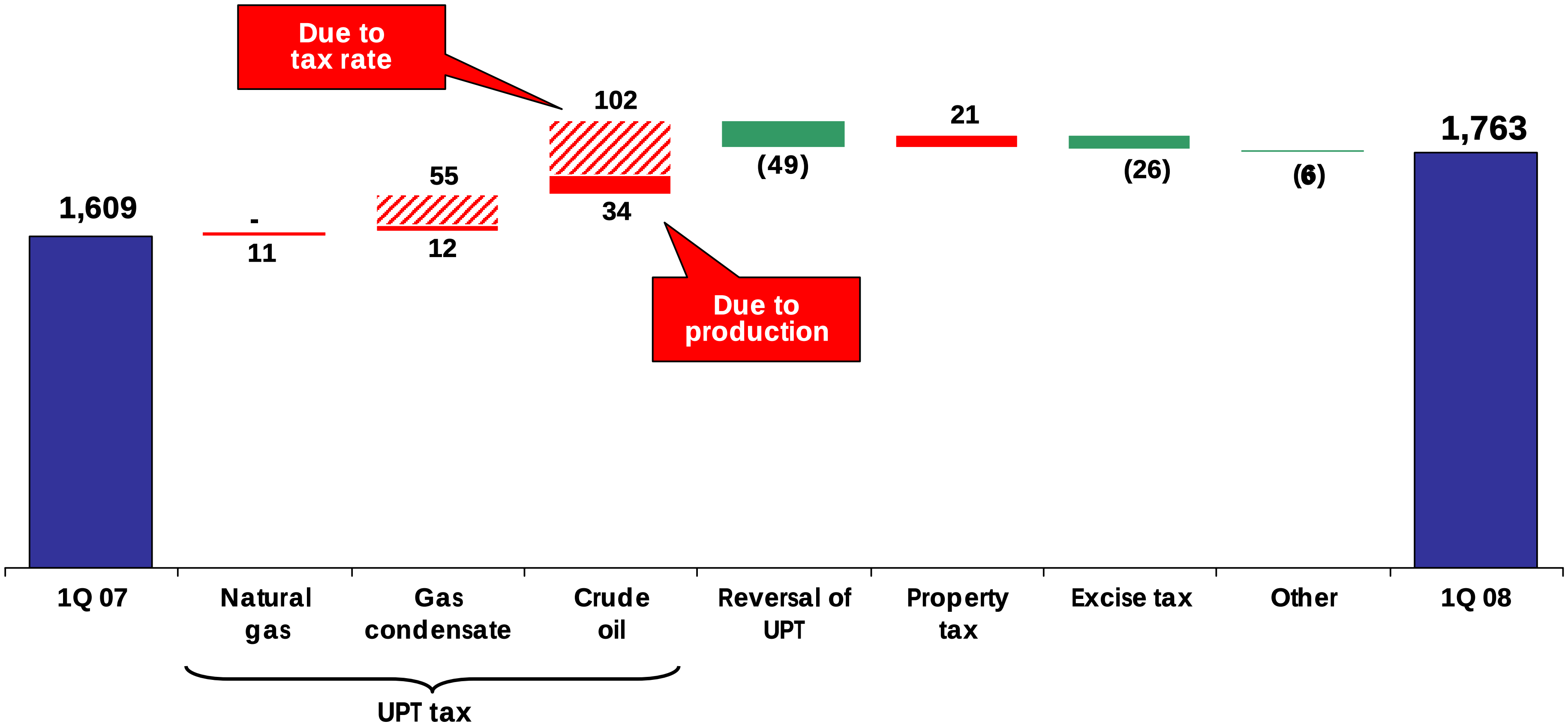
Transportation expenses (RR million)



Taxes other than income tax (RR million)



- Increase in UPT tax by RR 165 million, or 11.5%, was primarily due to higher crude oil volumes produced and an increase in the crude oil tax rate
- Natural gas accounted for RR 1,119 million of UPT tax in 1Q 08 while liquids accounted for RR 487 million
- Property tax increased by RR 21 million, or17.4%,, mainly due to additions of PPE at NOVATEK-YURKHAROVNEFTEGAS and NOVATEK-TARKOSALENEFTEGAS

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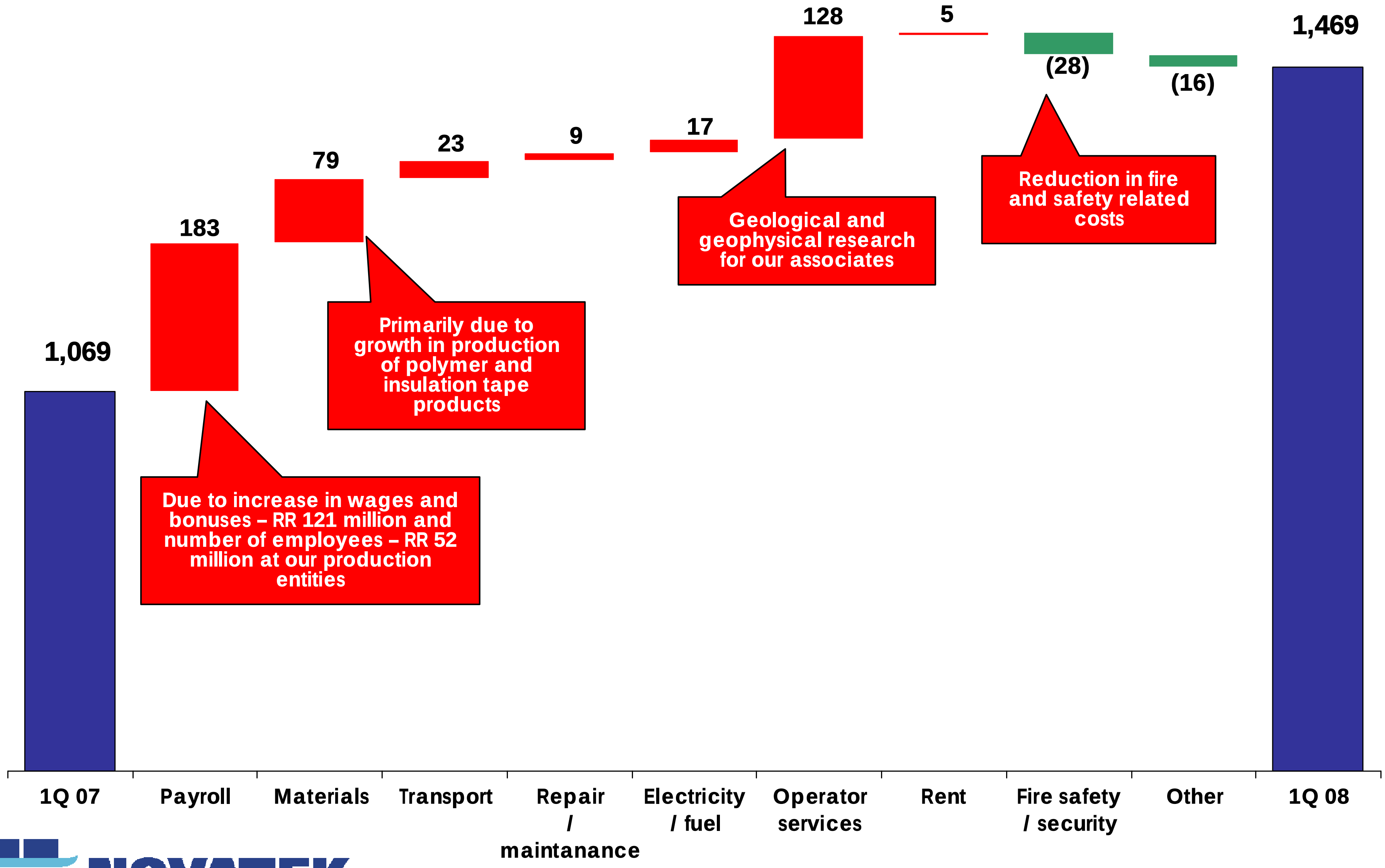
Materials, services and other (RR million)



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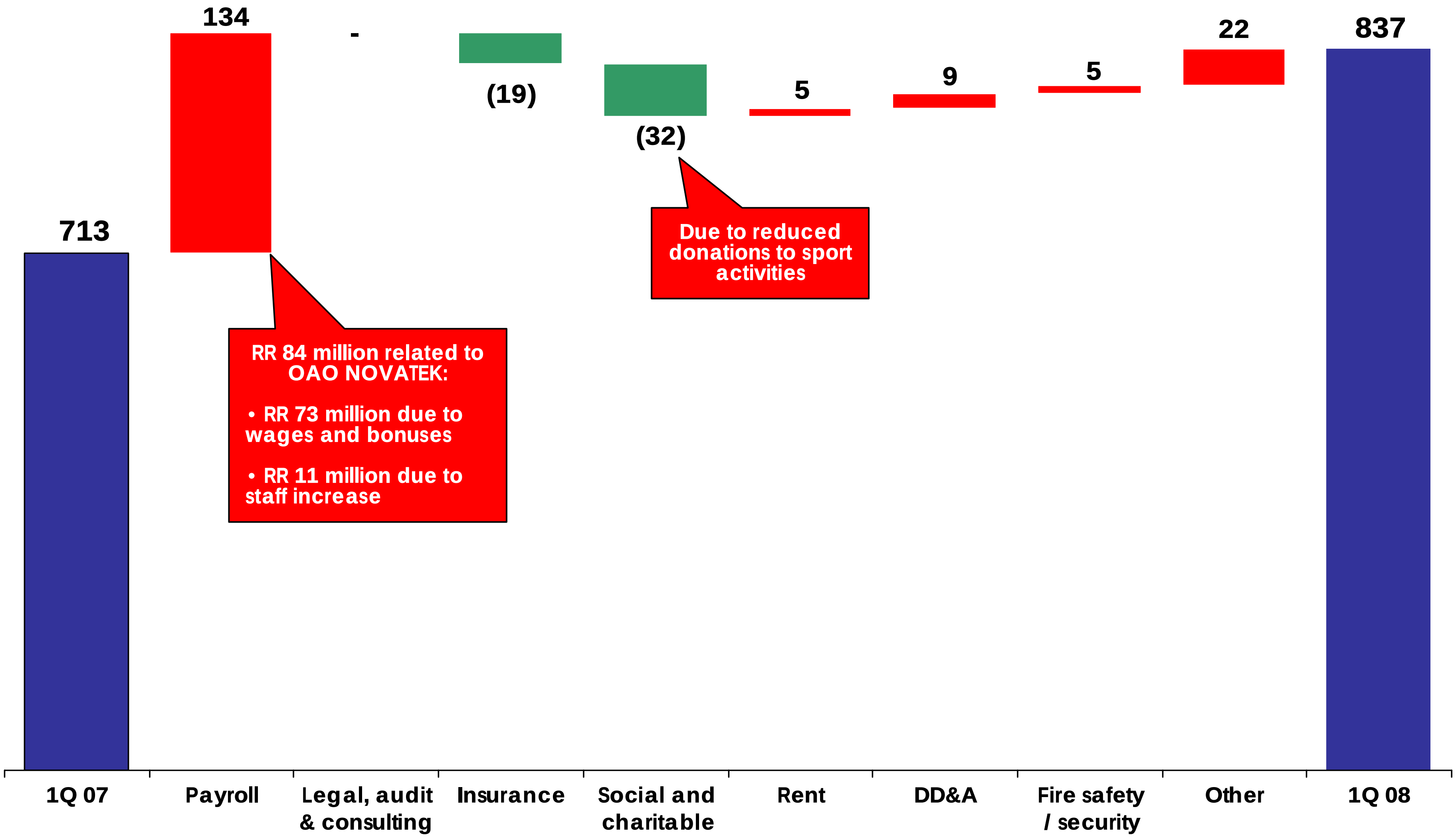
General and administrative expenses (RR million)



Appendices

Financial Overview – 1Q 08 vs. 4Q 07

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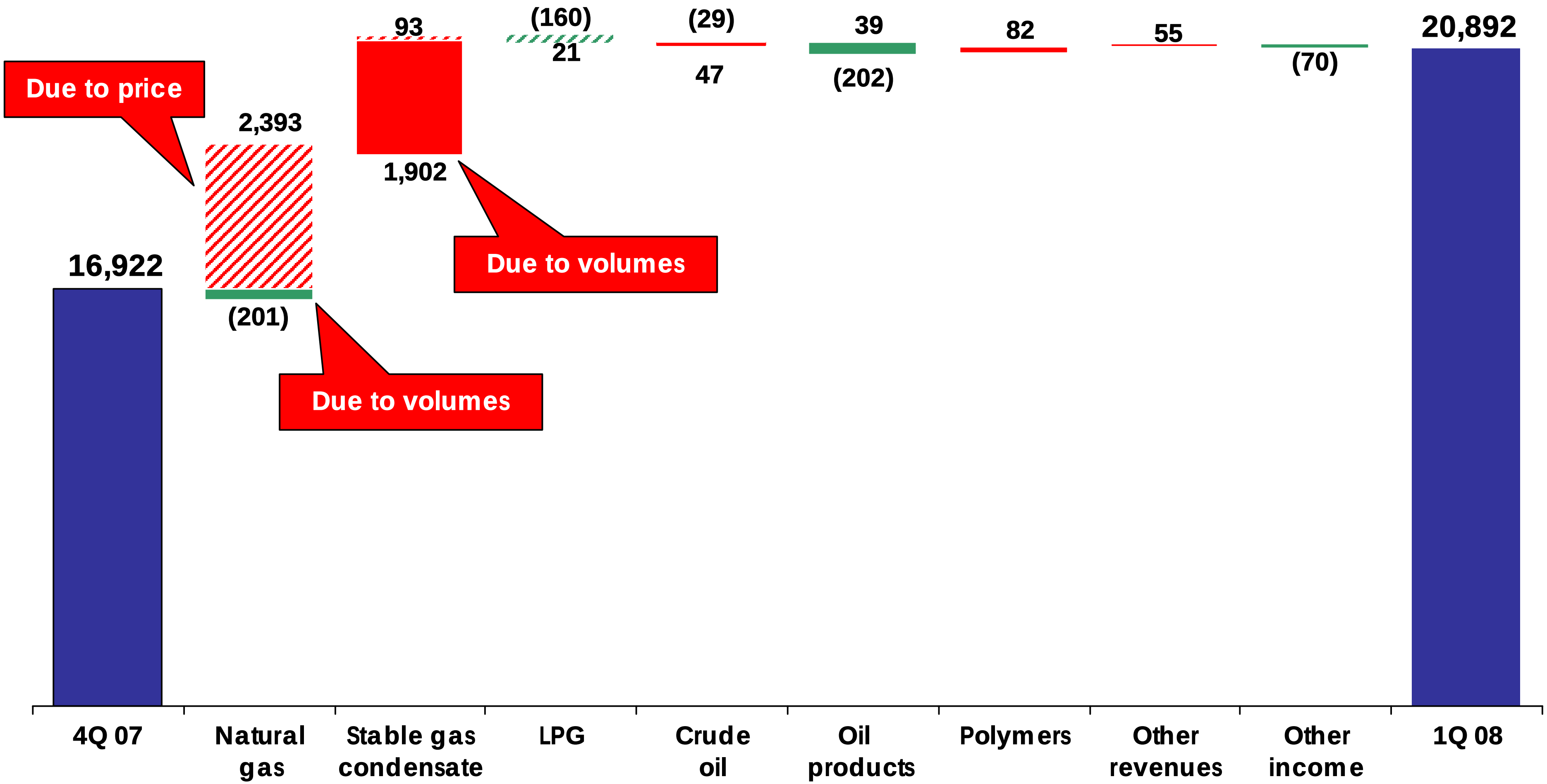
Revenues and other income (RR million)



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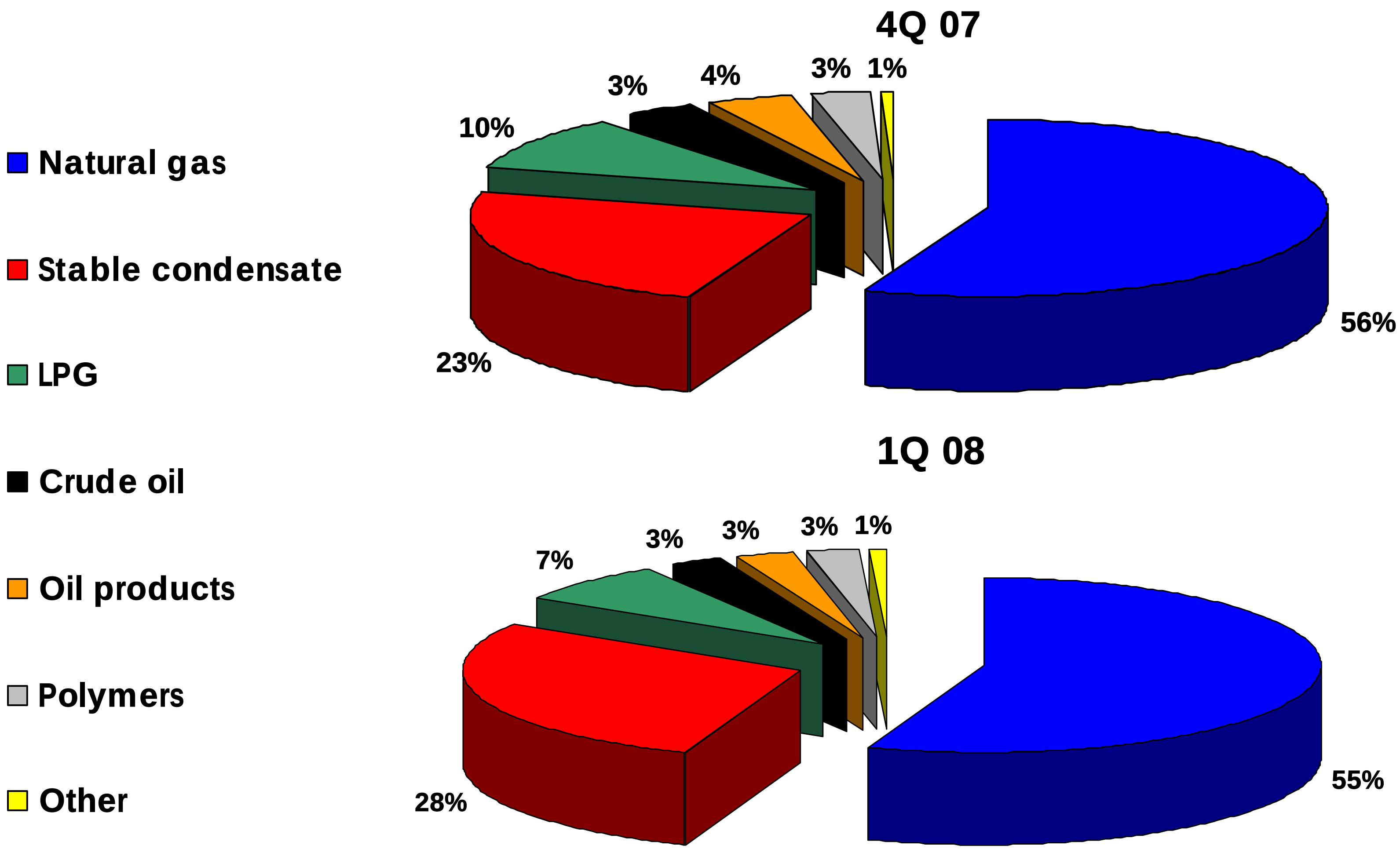
Total revenues breakdown



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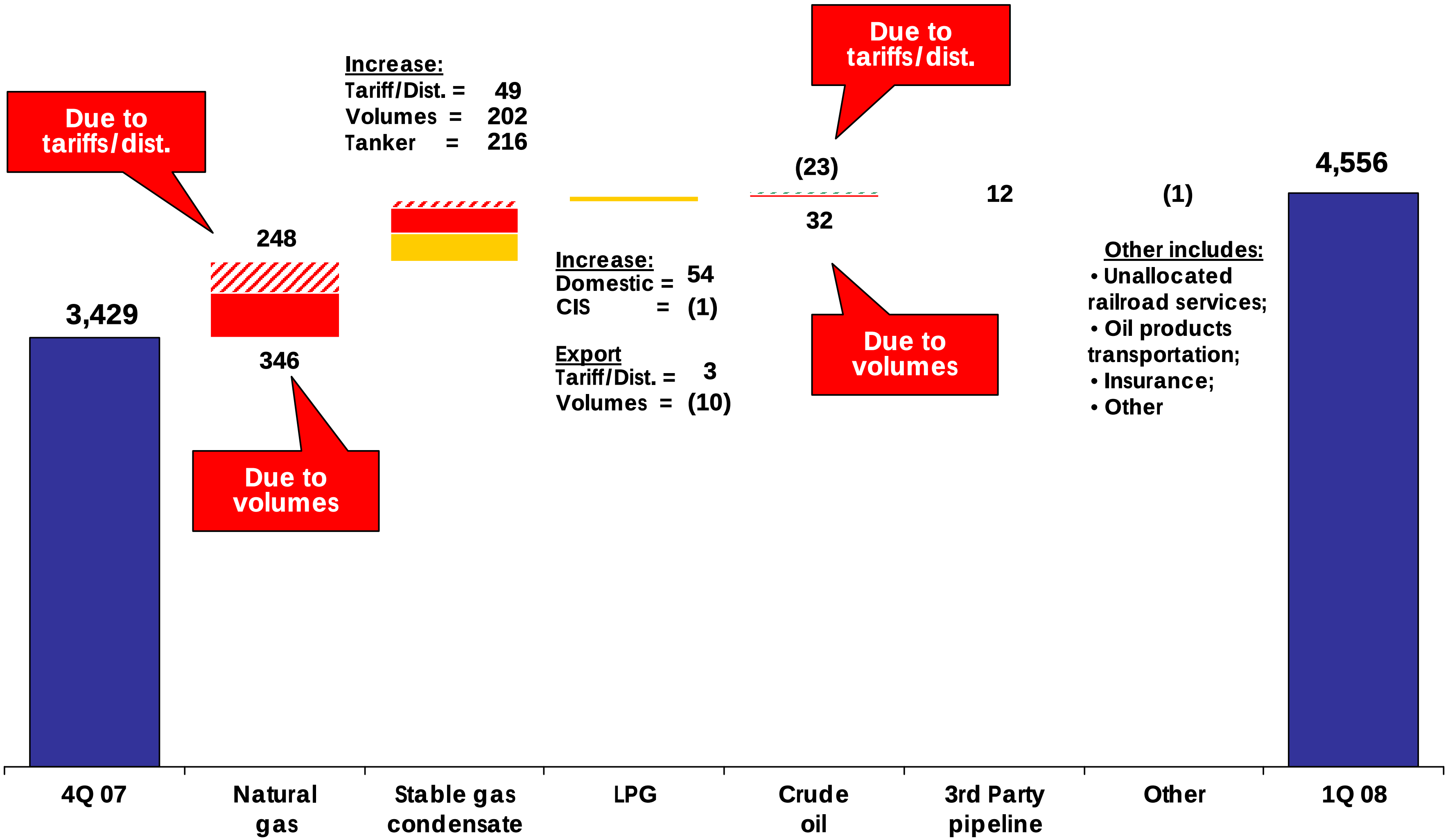
Transportation expenses (RR million)



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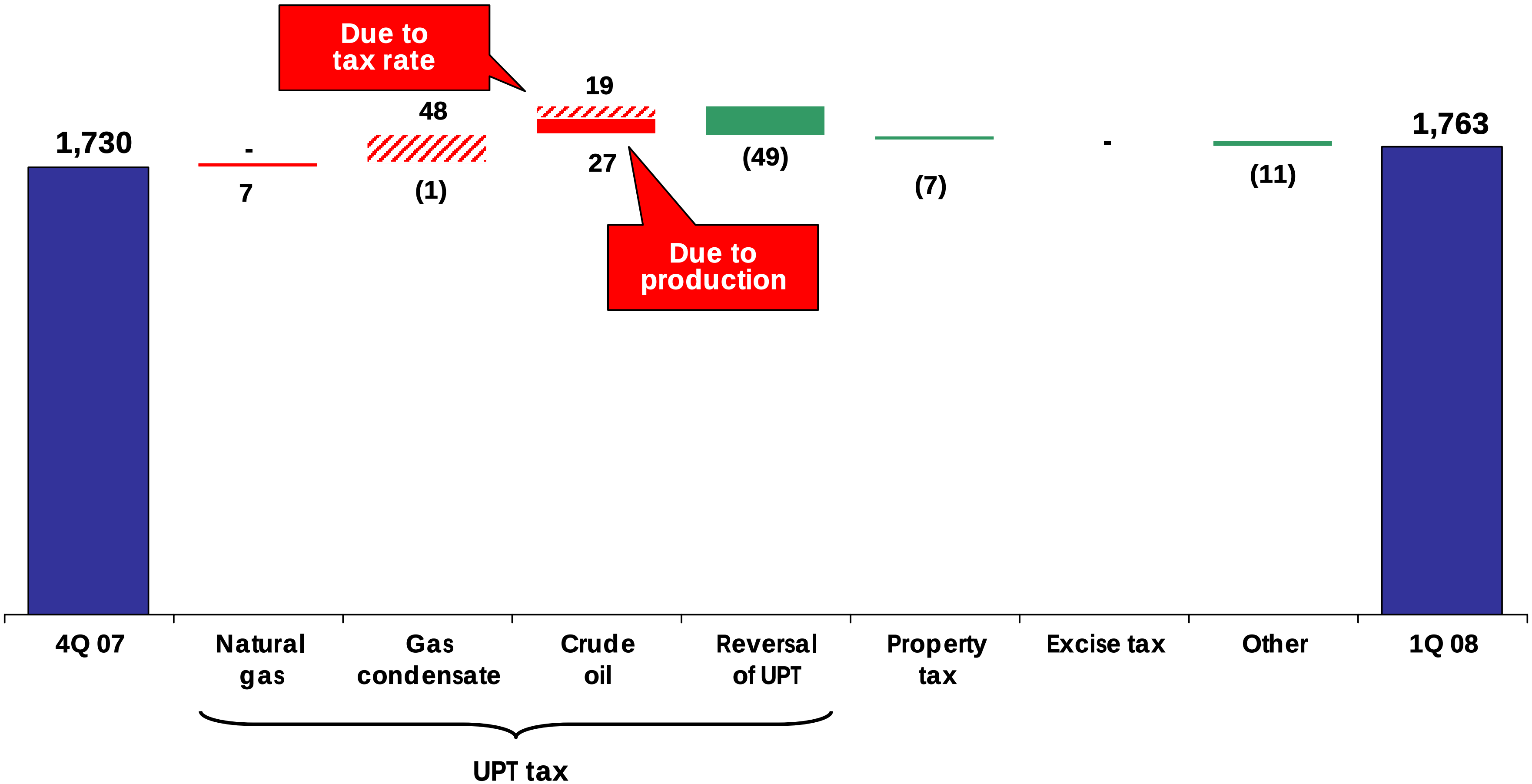
Taxes other than income tax (RR million)



- Net increase in UPT tax of RR 51 million, or 3.3%, was due to higher crude oil production, higher UPT paid on gas condensate sales and offset by the reversal in UPT
- Natural gas accounted for RR 1,119 million of UPT in 1Q 08 tax, while liquids accounted for RR 535 million as compared to RR 1,112 million and RR 444 million in 4Q 07, respectively

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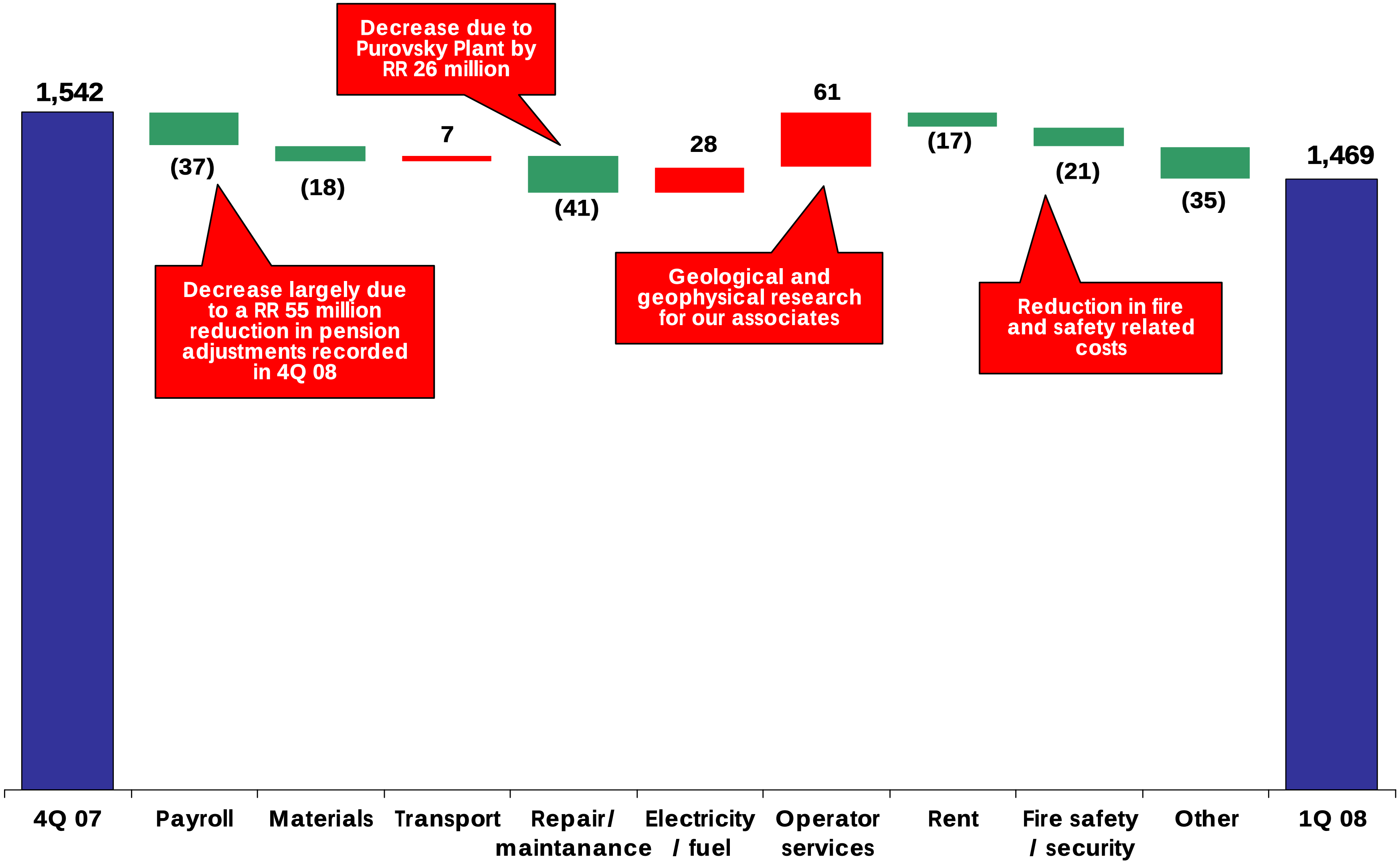
Materials, services and other (RR million)



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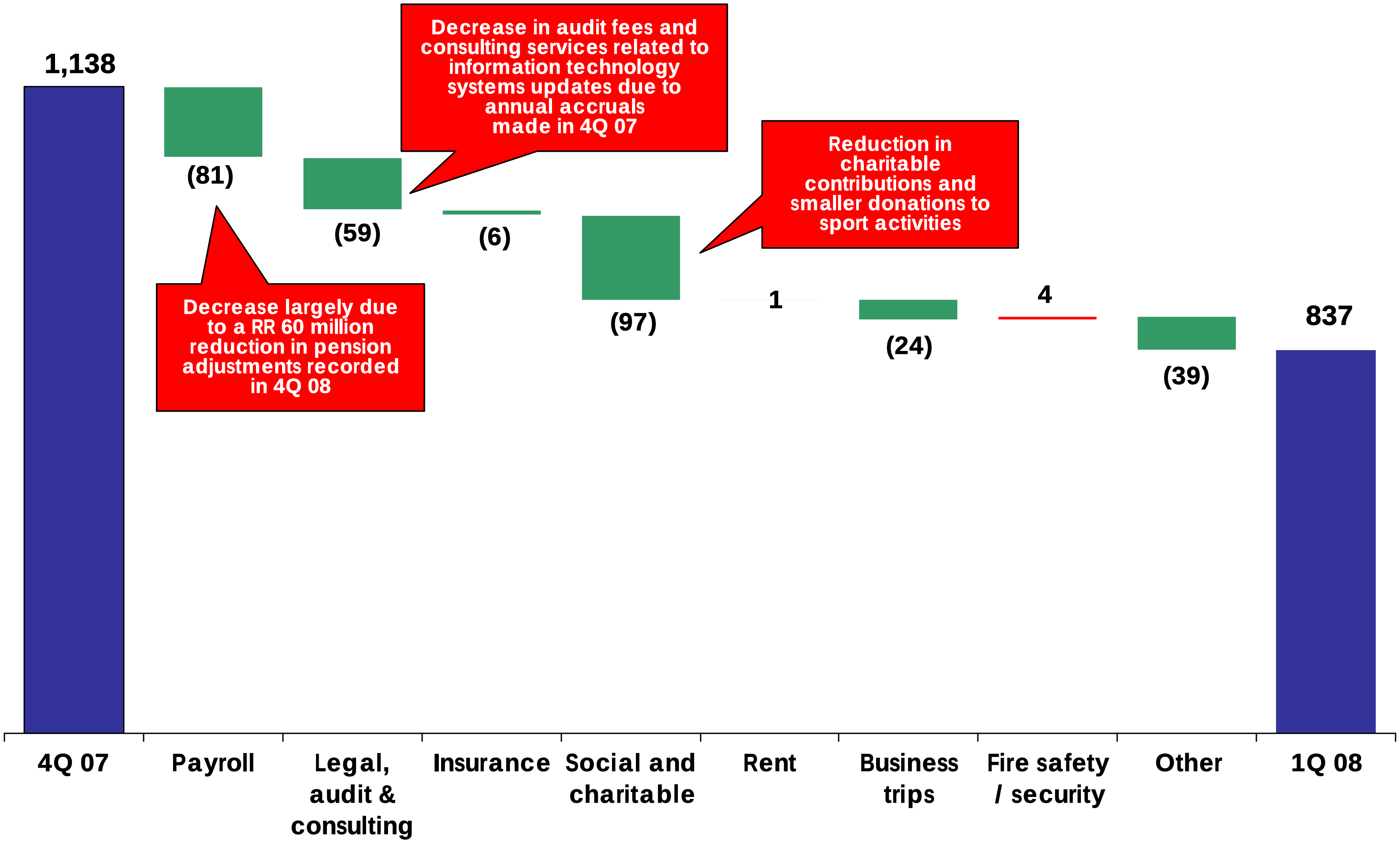
General and administrative expenses (RR million)



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Miscellaneous Information

Condensed balance sheet (RR million)

	31 March 2008	31 December 2007	+/(-)	+/(-)%
Total current assets	**18,524**	**17,038**	**1,486**	**8.7%**
Incl. Cash and cash equivalents	*5,234*	*3,982*	*1,252*	*31.4%*
Total non-current assets	**92,822**	**86,937**	**5,885**	**6.8%**
Incl. Net PP&E	*88,174*	*82,669*	*5,505*	*6.7%*
Total assets	**111,346**	**103,975**	**7,371**	**7.1%**
Total current liabilities	**11,821**	**12,075**	**(254)**	**-2.1%**
Incl. ST debt	*5,055*	*6,560*	*(1,505)*	*-22.9%*
Total non-current liabilities	**10,170**	**10,088**	**82**	**0.8%**
Incl. Deferred income tax liability	*8,204*	*8,083*	*121*	*1.5%*
Incl. LT debt	*2*	*42*	*(40)*	*-95.2%*
Total liabilities	**21,991**	**22,163**	**(172)**	**-0.8%**
Total equity	**89,355**	**81,812**	**7,543**	**9.2%**
Total liabilities & equity	**111,346**	**103,975**	**7,371**	**7.1%**

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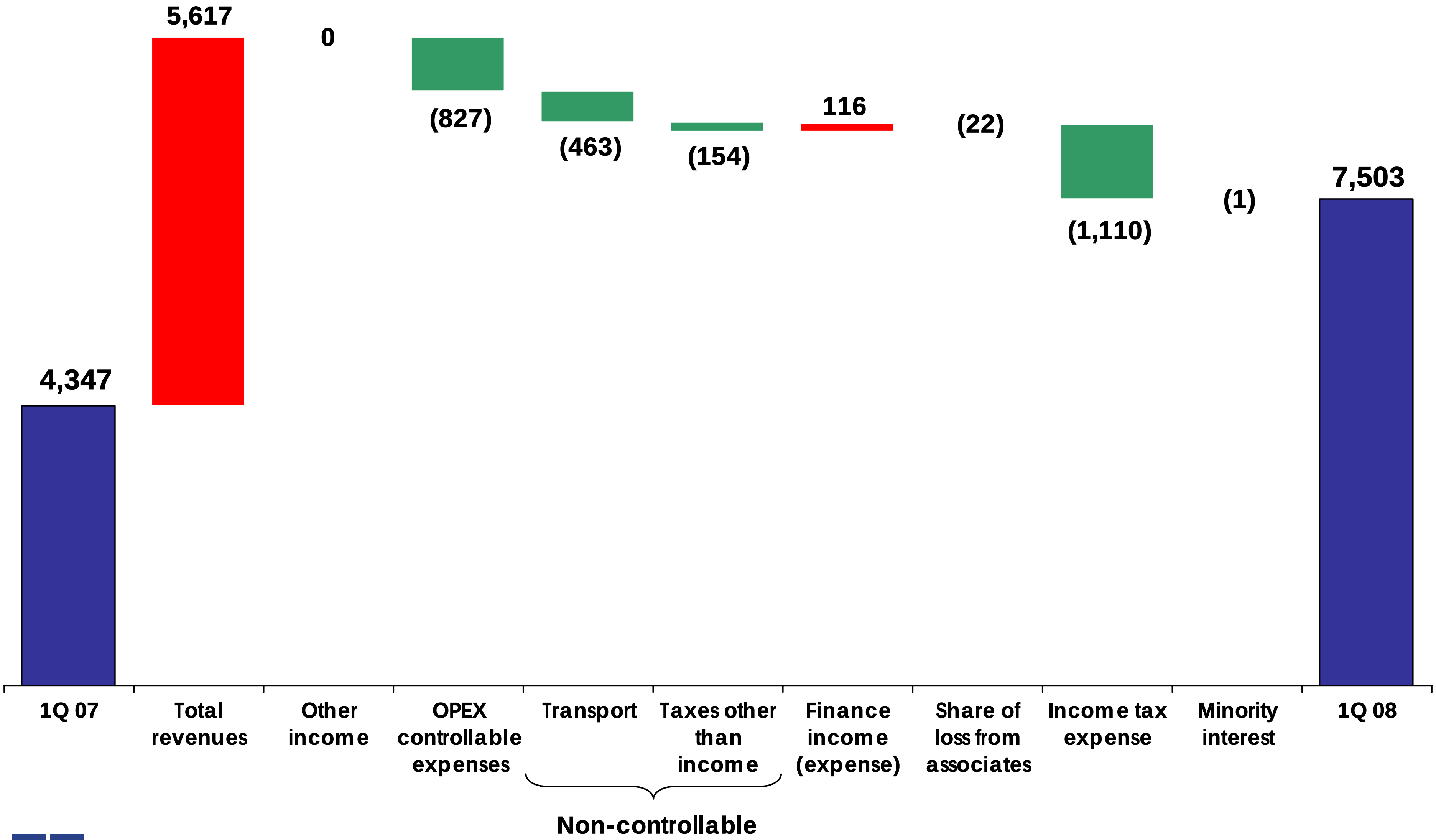
Profit attributable to NOVATEK shareholders (RR million)



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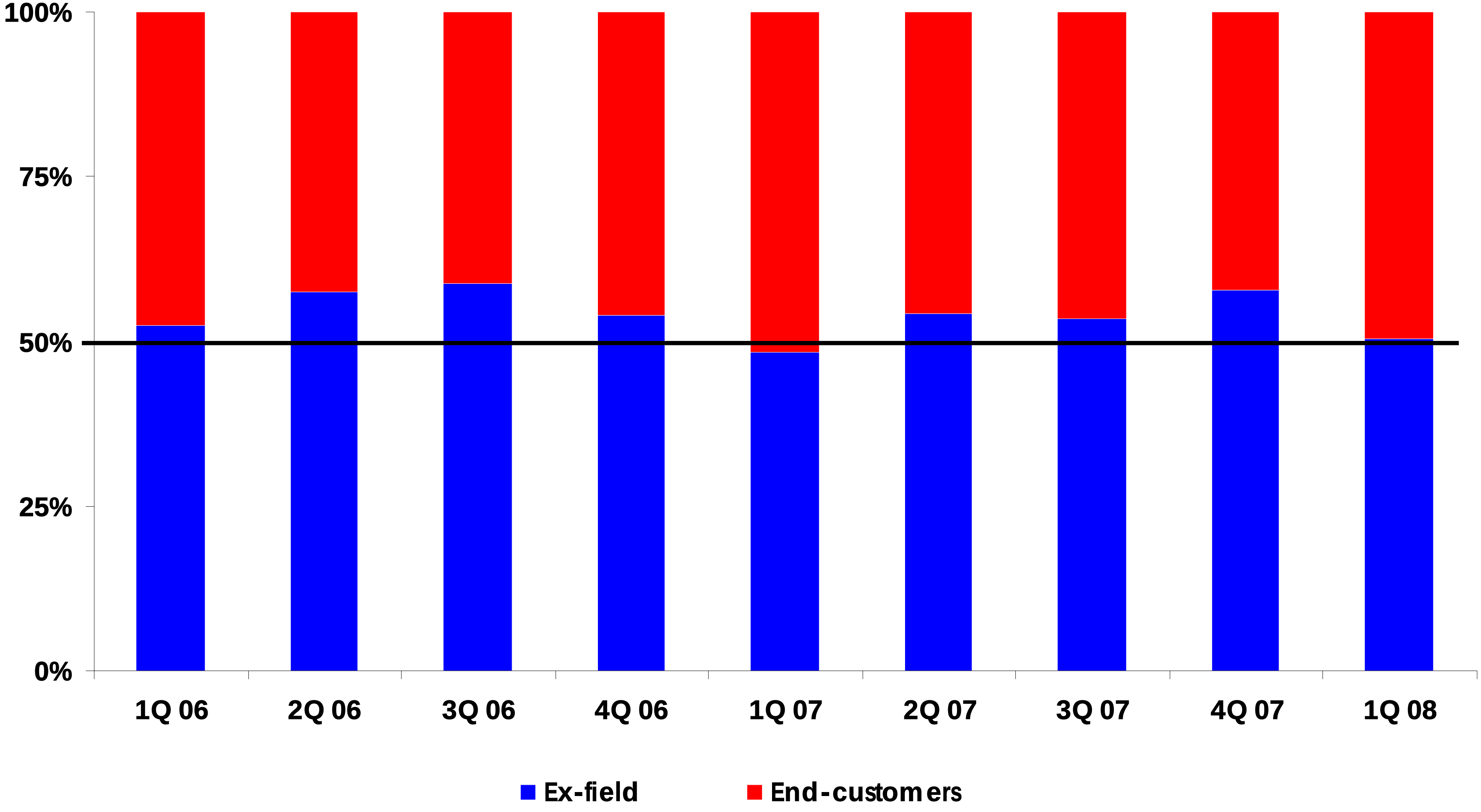
Natural gas sales volume mix



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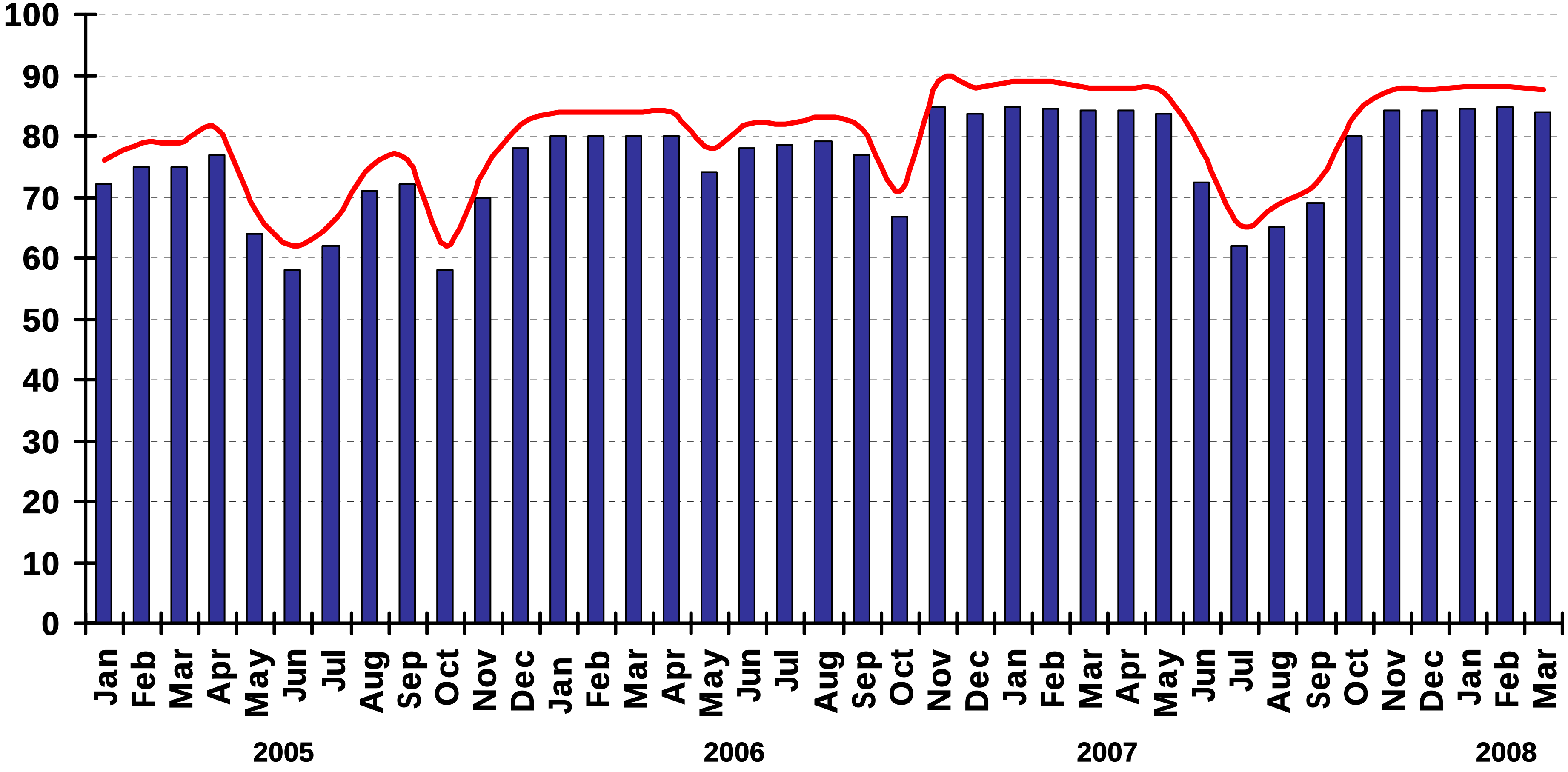
Increasing natural gas production (mcm per day)



2005 Avg.
69 mmcm/day
2,436 bcf/day

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

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

1Q 08 Avg.
84 mmcm/day
2,983 bcf/day

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