Second Quarter 2011
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
16 August 2011

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.

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Summary Results – 2Q 2011

- **Increase in revenues and earnings** driven by higher natural gas and liquids sales volumes and prices
- **Natural gas and Liquids sales** increased Y-o-Y by 59.9% and 64.4%, respectively
- **Cash flow from operations** increased Y-o-Y by 138.5%
- **Capital expenditures** related to exploration and production increased Y-o-Y by 27.7%
- **EPS and EBITDA** increased Y-o-Y by 101.9% and 69.6%, respectively
- **End-customer sales volumes** amounted to 54.5% of total natural gas volumes sold
- **Natural gas and liquids production** increased organically due to the launch of the 3rd stage of the 2nd phase development at our Yurkharovskoye field in October 2010
- **Net natural gas (incl. share in production of our associate, Sibneftegas) and liquids production** increased Y-o-Y by 44.9% and 17.9%, respectively
- **Equity share of production** from associated companies amounted to 10.9% of total natural gas production volumes
- **Purovsky Plant output** increased Y-o-Y by 17.9%

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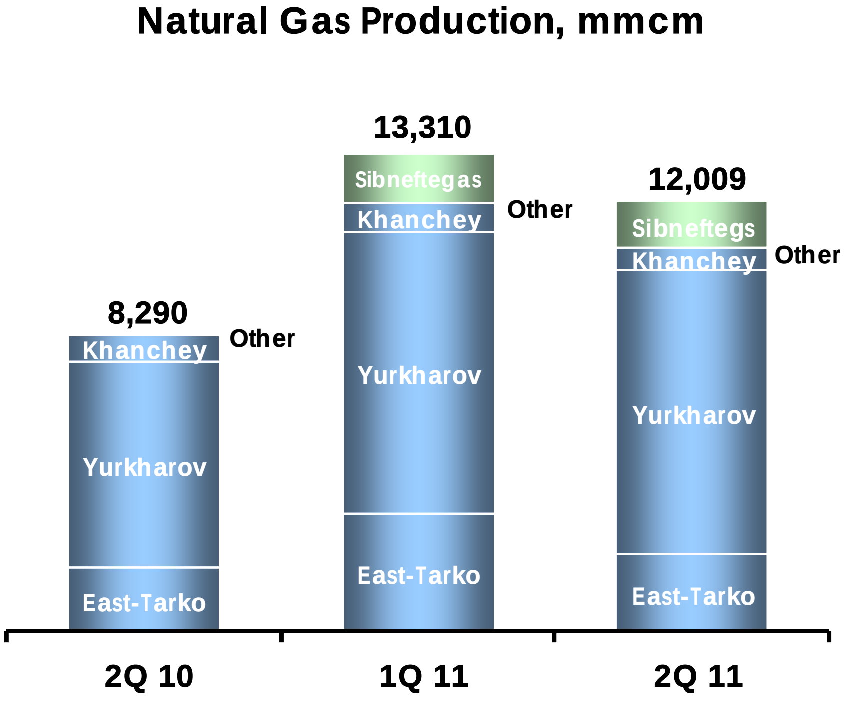
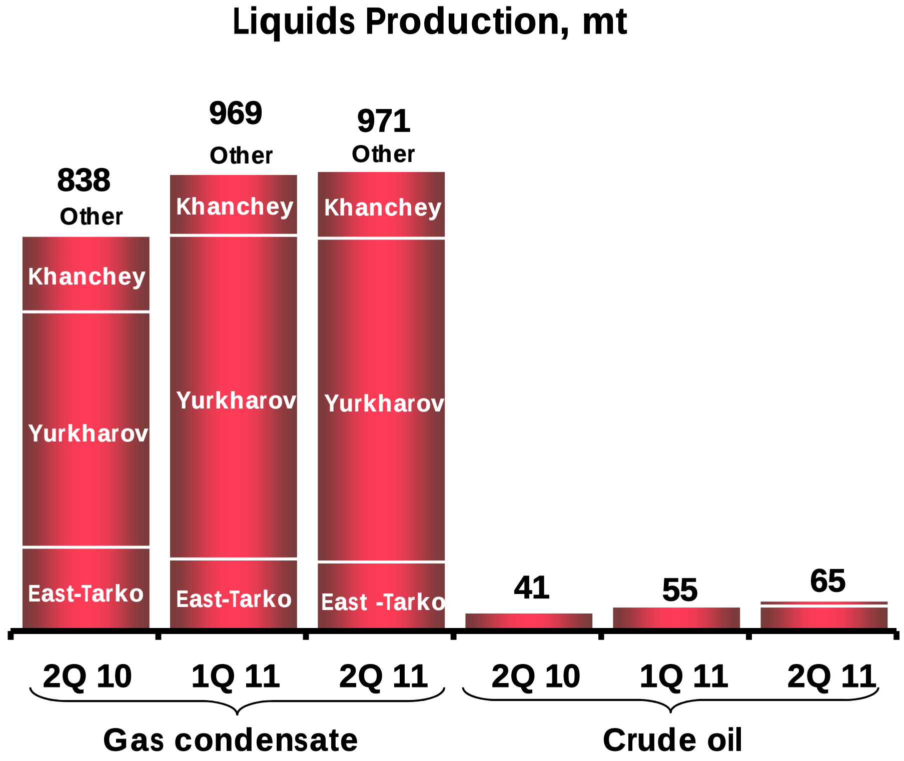
Operational Overview

Hydrocarbon Production





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

- Significant capacity increase at Yurkharov resulting from the launch of the third stage of the field's second phase development in October 2010
- Our pro rata equity share in the production of our associated company Sibneftegas

Liquids production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Partially offset by a decrease in gas condensate production at Khanchey due to lower natural gas production volumes (gas condensate yield per cm was higher Y-o-Y); and
- A decrease at East-Tarko as a result of natural declines in concentration of gas condensate

Note: 2Q10 natural gas production differs from previously reported due to additional volumes used for methanol production

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 982 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 297 mt (100% of net production)
  - Yurkharovskoye field: 679 mt (100% of net production)
  - Other : 6 mt
- **Total plant output: 976 mt**
  - Stable gas condensate: 748 mt
  - LPG: 224 mt
  - Methanol: ~ 4 mt
- **Plant capacity:** approximately 79%
- **721 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Europe ~ 358 mt
  - to Asian-Pacific Region ~ 302 mt
  - to the USA ~ 61 mt
- **Stable gas condensate inventory reconciliation**
  - Tankers in transit ~ 120 mt
  - Rail road cisterns and port storage facilities ~ 123 mt
  - Purovsky Plant storage facilities ~ 31 mt
- **Export volumes of LPG: ~ 53% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit"
30.06.2010
~ 180 thousand tons

60 mt — USA
60 mt — South America
60 mt — Singapore

"Goods in transit"
31.03.2011
~ 152 thousand tons

60 mt — USA
31 mt — Europe
61 mt — USA

"Goods in transit"
30.06.2011
~ 120 thousand tons

61 mt — USA
59 mt — Thailand

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Financial Overview – 2Q 11 vs. 2Q 10

Comparison of Quarterly Results (RR million)

	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	25,051	28,786	34,089	44,793	40,501	-9.6%	61.7%
Total revenues	25,706	29,441	34,135	44,861	40,576	-9.6%	57.8%
Operating expenses	15,717	17,587	19,267	23,421	22,439	-4.2%	42.8%
EBITDA (1)	11,699	14,017	16,604	23,104	19,844	-14.1%	69.6%
EBITDA margin	45.5%	47.6%	48.6%	51.5%	48.9%		
Effective income tax rate	20.9%	19.4%	22.5%	20.3%	20.1%		
Profit attributable to NOVATEK	7,139	10,105	12,107	18,853	14,421	-23.5%	102.0%
Net profit margin	27.8%	34.3%	35.5%	42.0%	35.5%		
Earnings per share	2.35	3.33	4.00	6.22	4.75	-23.5%	101.9%
CAPEX	6,052	7,196	6,628	6,342	7,611	20.0%	25.8%
Net debt (2)	26,906	21,547	61,988	69,388	75,109	8.2%	179.2%

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 statement of income, and depreciation, depletion and amortization and share-based compensation from the statement of cash flows**
2. **Net debt is calculated as long-term debt plus short-term debt less cash and cash equivalents**

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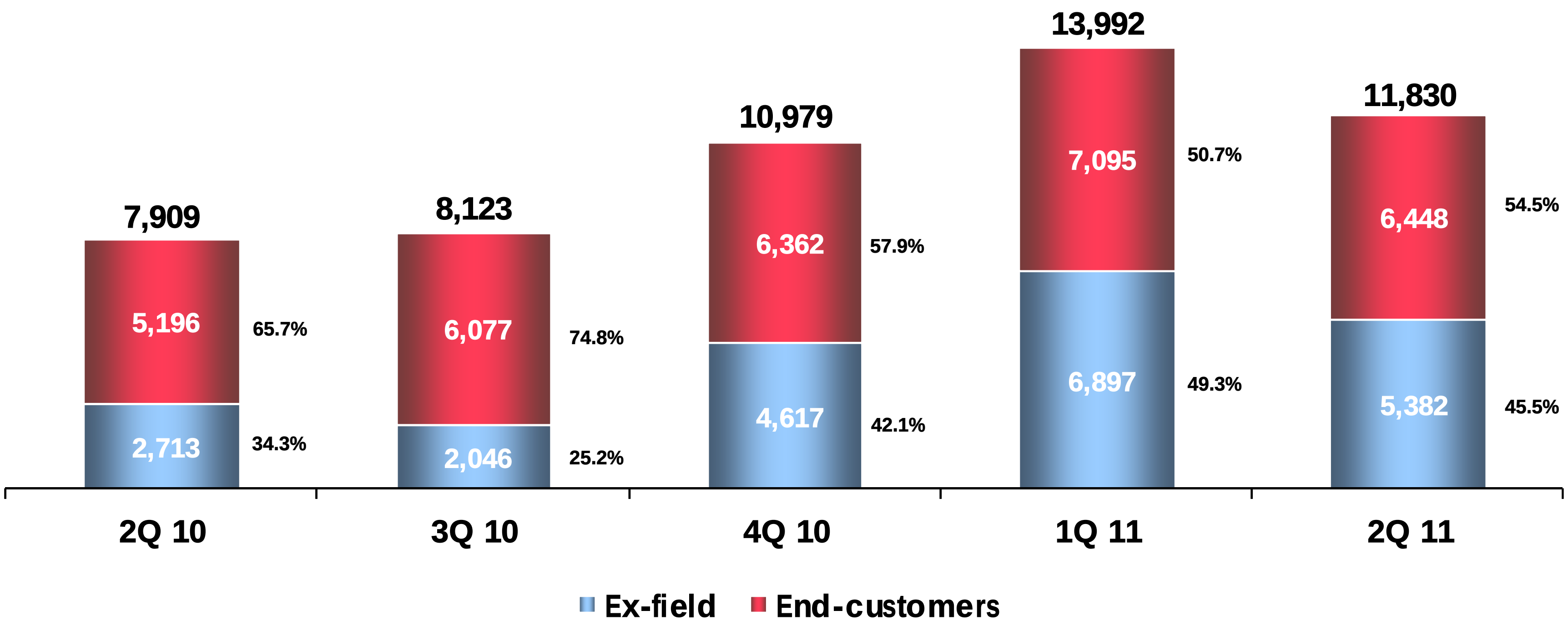
Market Distribution – Gas Sales Volumes (mmcm)



- Ex-field sales volumes as a % of total natural gas sales volumes increased Y-o-Y due to an increase in contracted volumes to our largest gas trader and the commencement from January 2011 of natural gas deliveries to ITERA under a long-term contract signed in April 2010
- Y-o-Y increase in natural gas sales volumes was due to a 29.0% increase in production and the purchase of our pro rata equity share in Sibneftegas' production starting from January 2011
- Q-o-Q decrease in natural gas sales volumes was due to a 10.4% seasonal decrease in production and an increase in our natural gas inventory balance
- End-customer sales volumes as a % of total gas sales volumes increased Q-o-Q due to planned reductions in traders' sales volumes

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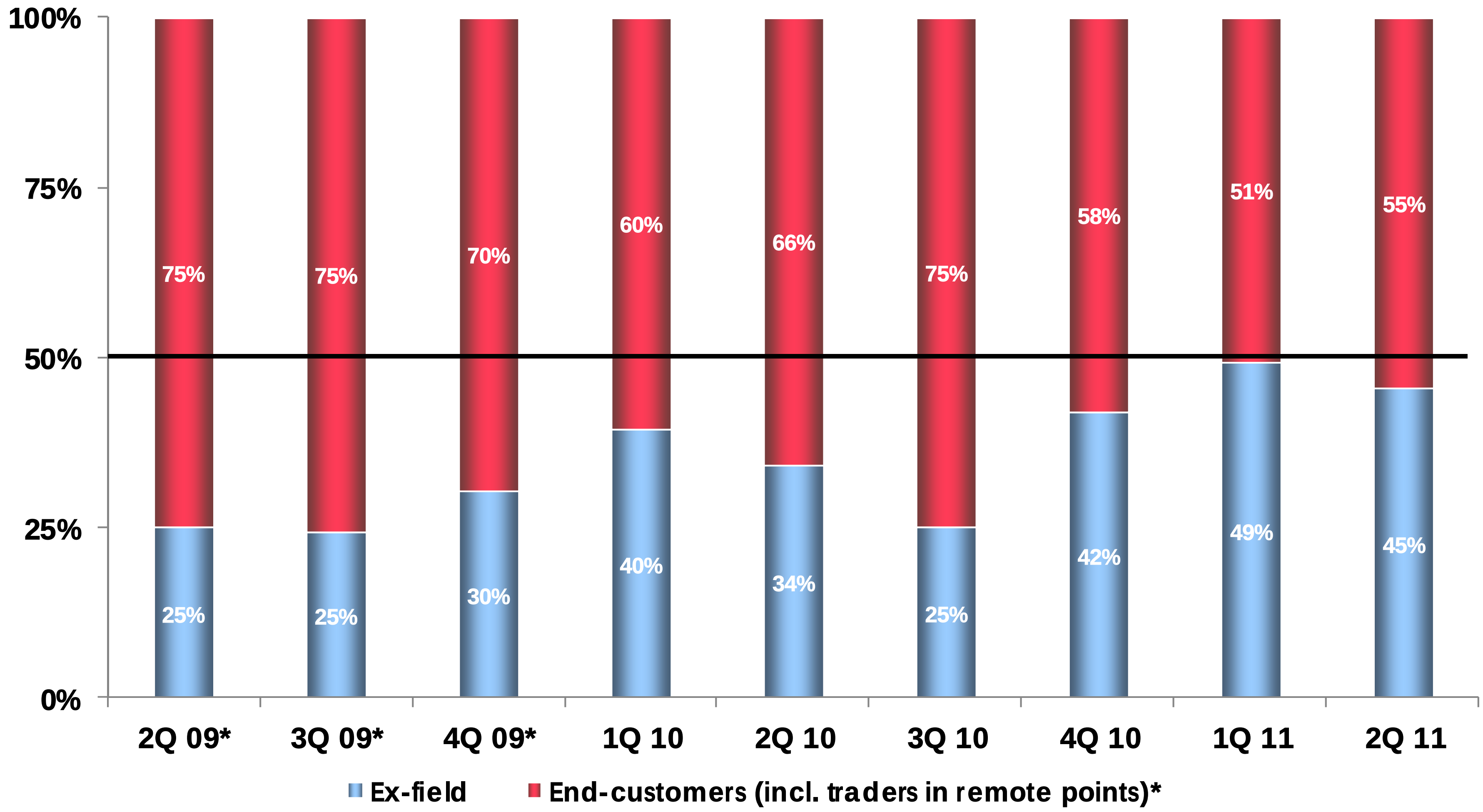
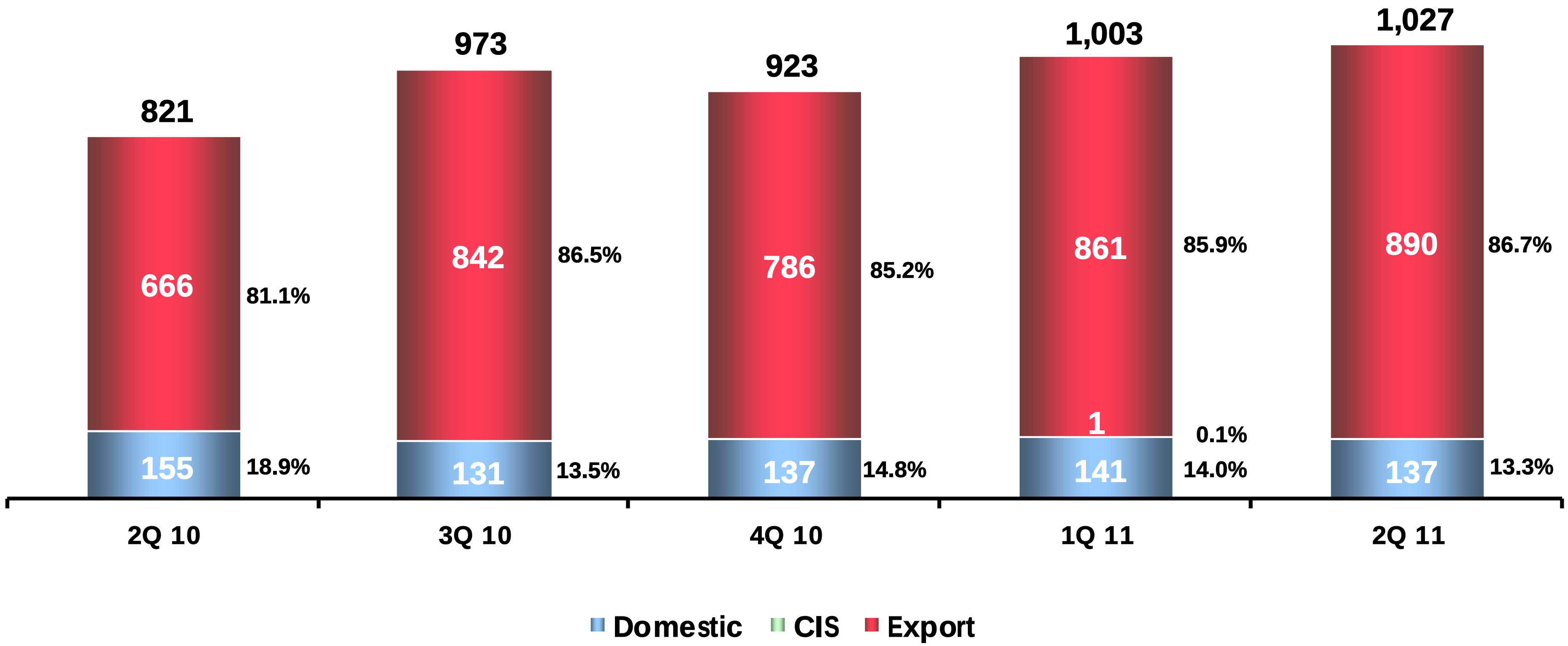
Natural Gas Sales Volume Mix



Market Distribution – Liquids Sales Volumes (mt)



Y-o-Y increase in liquids sales volumes was mainly due to a 17.9% increase in liquids production and an increase in our stable gas condensate inventory balance at the end of the 2Q 10

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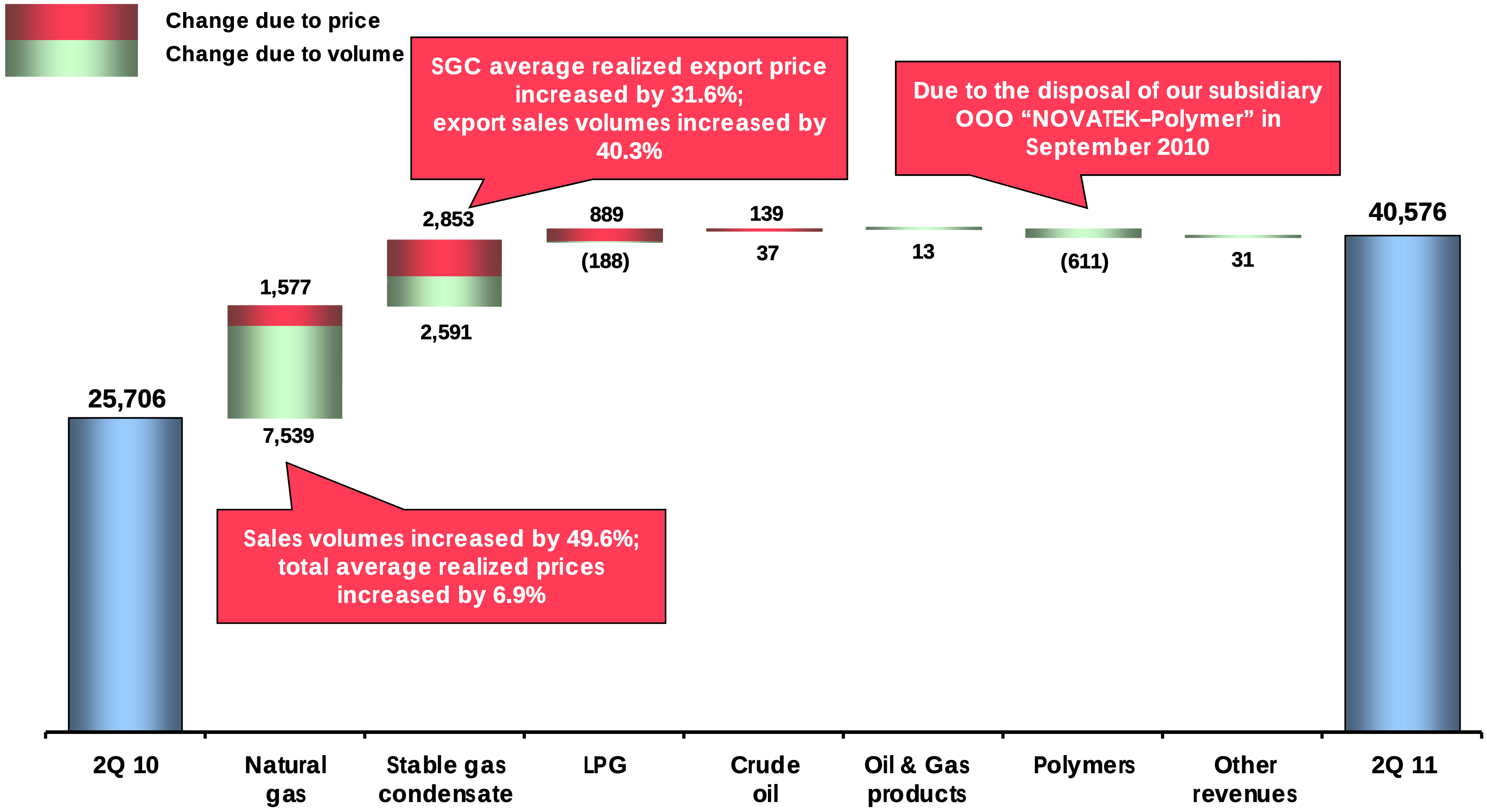
Total Revenues (RR million)



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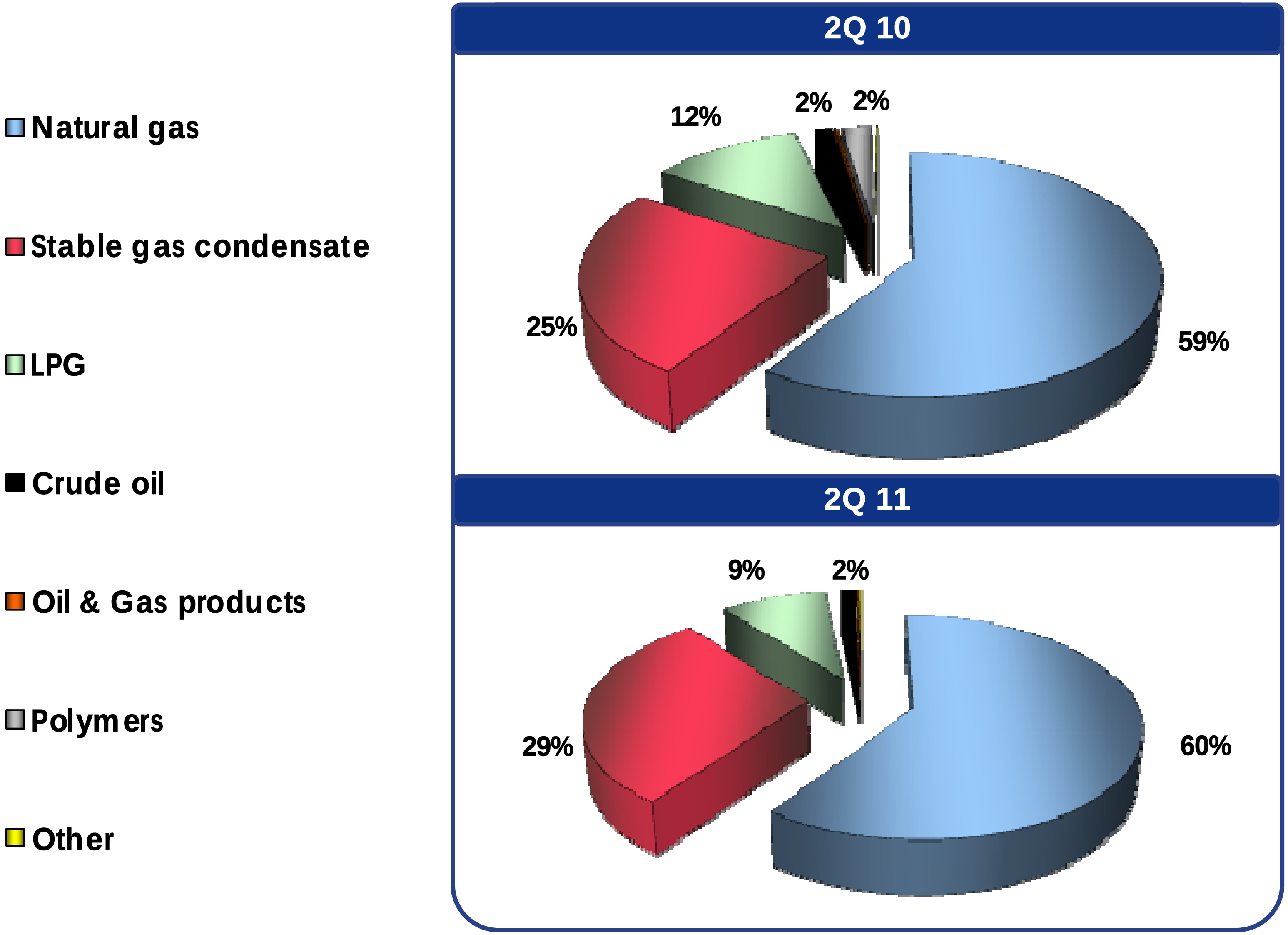
Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

2Q 10	2Q 11	+/(-)	+/(-)%		1Q 11	2Q 11	+/(-)	+/(-)%
				Domestic prices				
2,289	2,615	326	14.2%	**Natural gas end-customers, RR/mcm**	2,634	2,615	(19)	-0.7%
1,223	1,387	164	13.4%	**Natural gas ex-field, RR/mcm**	1,398	1,387	(11)	-0.8%
9,915	13,818	3,903	39.4%	**Stable gas condensate, RR/ton**	-	13,818	n/a	n/a
10,750	12,439	1,689	15.7%	**LPG (commercial price), RR/ton**	12,488	12,439	(49)	-0.4%
6,613	7,605	992	15.0%	**LPG (regulated price), RR/ton**	7,605	7,605	0	0.0%
7,262	9,822	2,560	35.3%	**Crude oil, RR/ton**	10,107	9,822	(285)	-2.8%
6,893	-	n/a	n/a	**Oil products, RR/ton**	-	-	n/a	n/a
				CIS market				
-	-	n/a	n/a	**LPG, RR/ton**	13,355	-	n/a	n/a
				Export market				
11,936	15,708	3,772	31.6%	**Stable gas condensate, RR/ton**	16,846	15,708	(1,138)	-6.8%
15,905	21,965	6,060	38.1%	**LPG, RR/ton**	20,383	21,965	1,582	7.8%
7,719	10,321	2,602	33.7%	**Crude oil, RR/ton**	11,285	10,321	(964)	-8.5%

Note: Prices are shown excluding trading activities

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Operating Expenses (RR million and % of Total Revenues (TR))

2Q 10	% of TR	2Q 11	% of TR		1Q 11	% of TR	2Q 11	% of TR
8,436	32.8%	11,053	27.2%	Transportation expenses	11,883	26.5%	11,053	27.2%
2,260	8.8%	4,046	10.0%	Taxes other than income tax	4,320	9.6%	4,046	10.0%
10,696	41.6%	15,099	37.2%	**Non-controllable expenses**	16,203	36.1%	15,099	37.2%
1,631	6.3%	2,117	5.2%	General and administrative	1,995	4.4%	2,117	5.2%
1,549	6.0%	1,987	4.9%	Depreciation and amortization	2,029	4.5%	1,987	4.9%
1,740	6.8%	1,540	3.8%	Materials, services & other	1,282	2.9%	1,540	3.8%
335	1.3%	273	0.7%	Exploration expenses	726	1.6%	273	0.7%
9	n/m	619	1.5%	Net impairment expense	12	n/m	619	1.5%
(264)	n/m	(128)	n/m	Change in natural gas, liquids, and polymer products and WIP	211	n/m	(128)	n/m
15,696	61.1%	21,507	53.0%	**Subtotal operating expenses**	22,458	50.1%	21,507	53.0%
21	n/m	932	2.3%	Purchases of natural gas and liquid hydrocarbons	963	2.1%	932	2.3%
15,717	61.1%	22,439	55.3%	**Total operating expenses**	23,421	52.2%	22,439	55.3%

- Transportation expenses increased Y-o-Y primarily due to a 24.1% and 40.3% increase in natural gas and stable gas condensate export volumes transported and sold, as well as an increase in natural gas transportation tariffs
- Taxes other than income tax increased Y-o-Y primarily due to an increase in the natural gas production tax rate effective 1January 2011 (from RR 147 per mcm to RR 237 per mcm) and an increase in natural gas production volumes
- Materials expense decreased Y-o-Y due to the disposal of our subsidiary NOVATEK-Polymer and increased Q-o-Q due to scheduled maintenance and repair activities, as well as an increase in bonuses paid to our employees
- Purchases of natural gas and liquid hydrocarbons increased Y-o-Y primarily due to the purchases of our pro rata equity share of natural gas produced by our associated company, Sibneftegas
- Net impairment expense increased Y-o-Y and Q-o-Q due to asset write-offs at the Sredniy-Chaselskiy license area and the impairment of our investment in the El-Arish project

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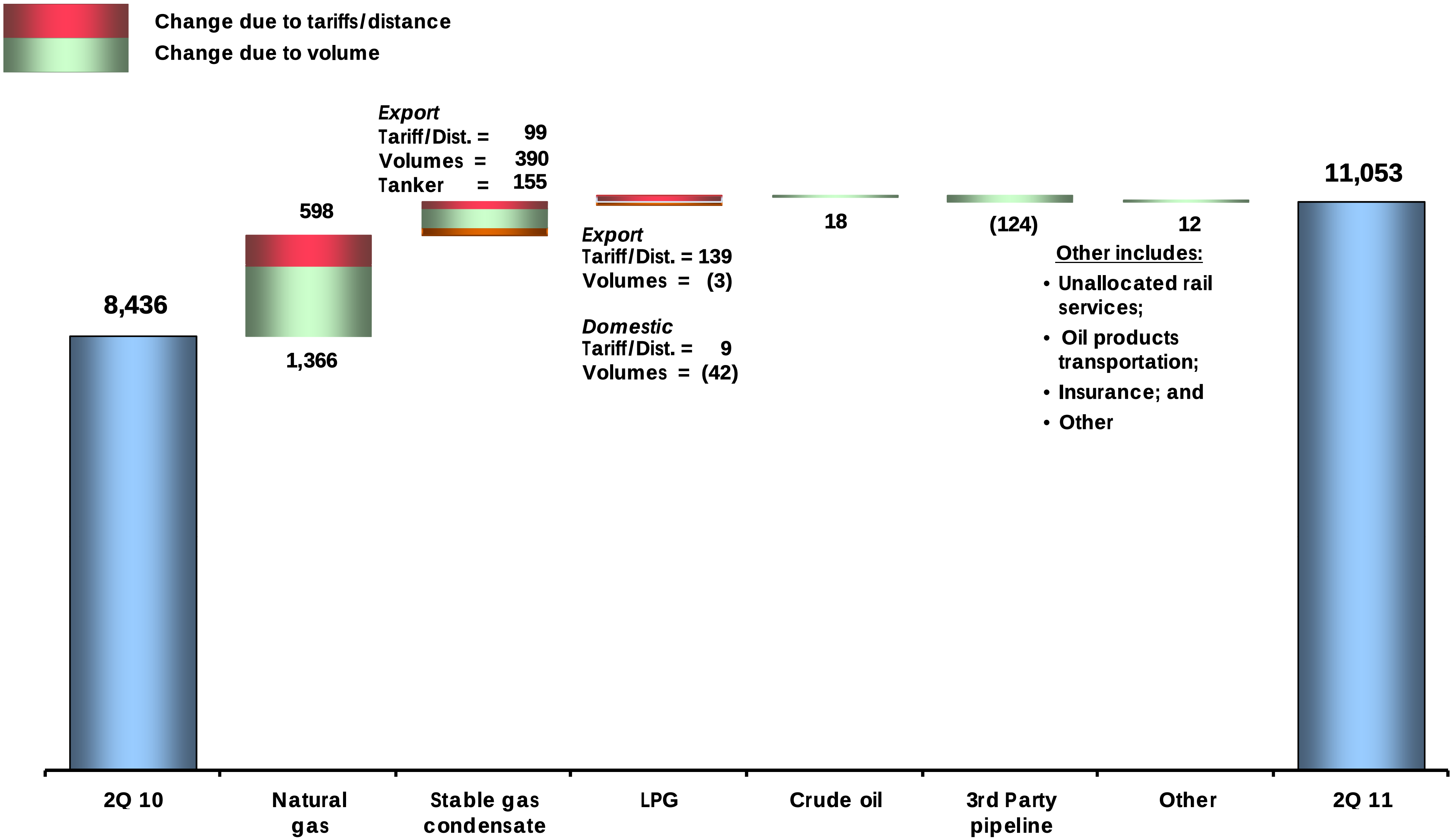
Transportation Expenses (RR million)



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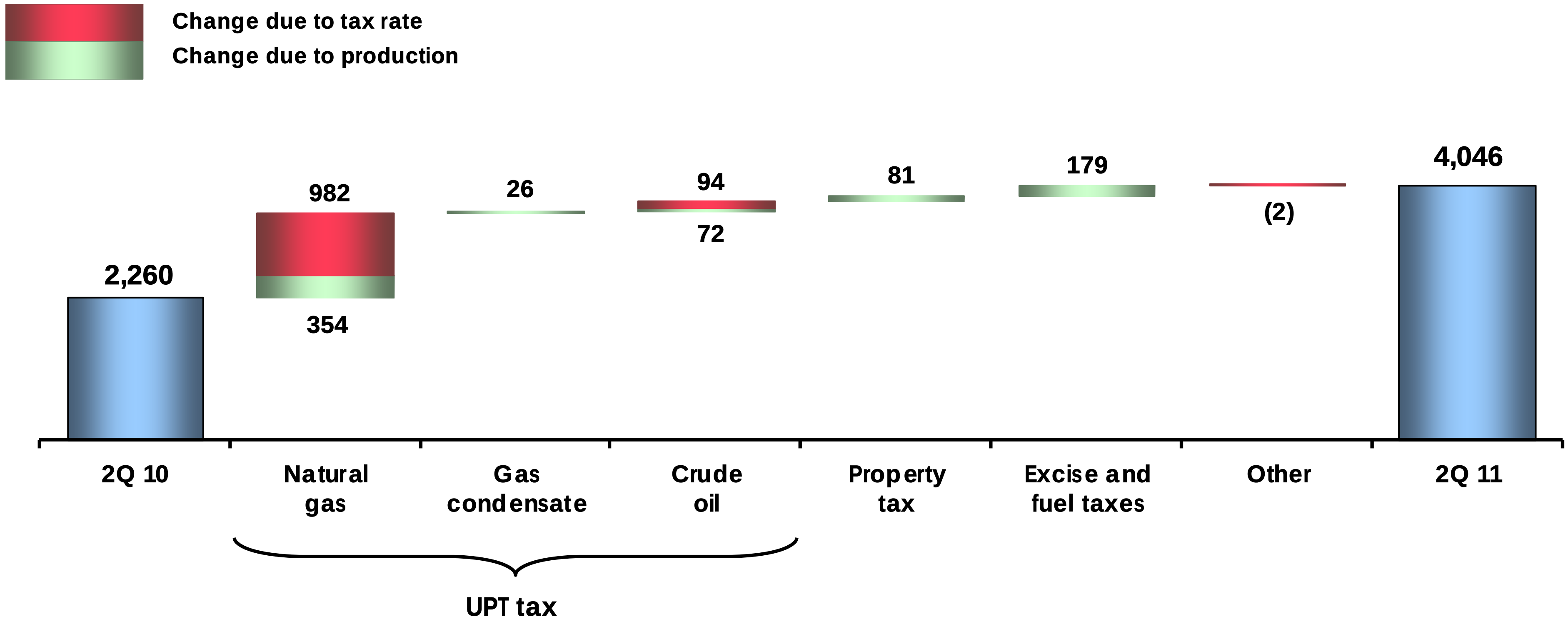
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas was primarily due to a 61.2% increase in the natural gas production tax rate effective 1 January 2011 (from RR 147 per mcm to RR 237 per mcm) and an increase in our natural gas production volumes
- Our excise and fuel taxes expense related to LPG export sales through our subsidiary Novatek Polska increased by RR 179 million due to the expansion of trading activities. The excise and fuel taxes are payable when LPG enters Polish territory
- Property tax expense increased by RR 81 million, or 23.3%, primarily due to additions of PP&E at our production subsidiaries

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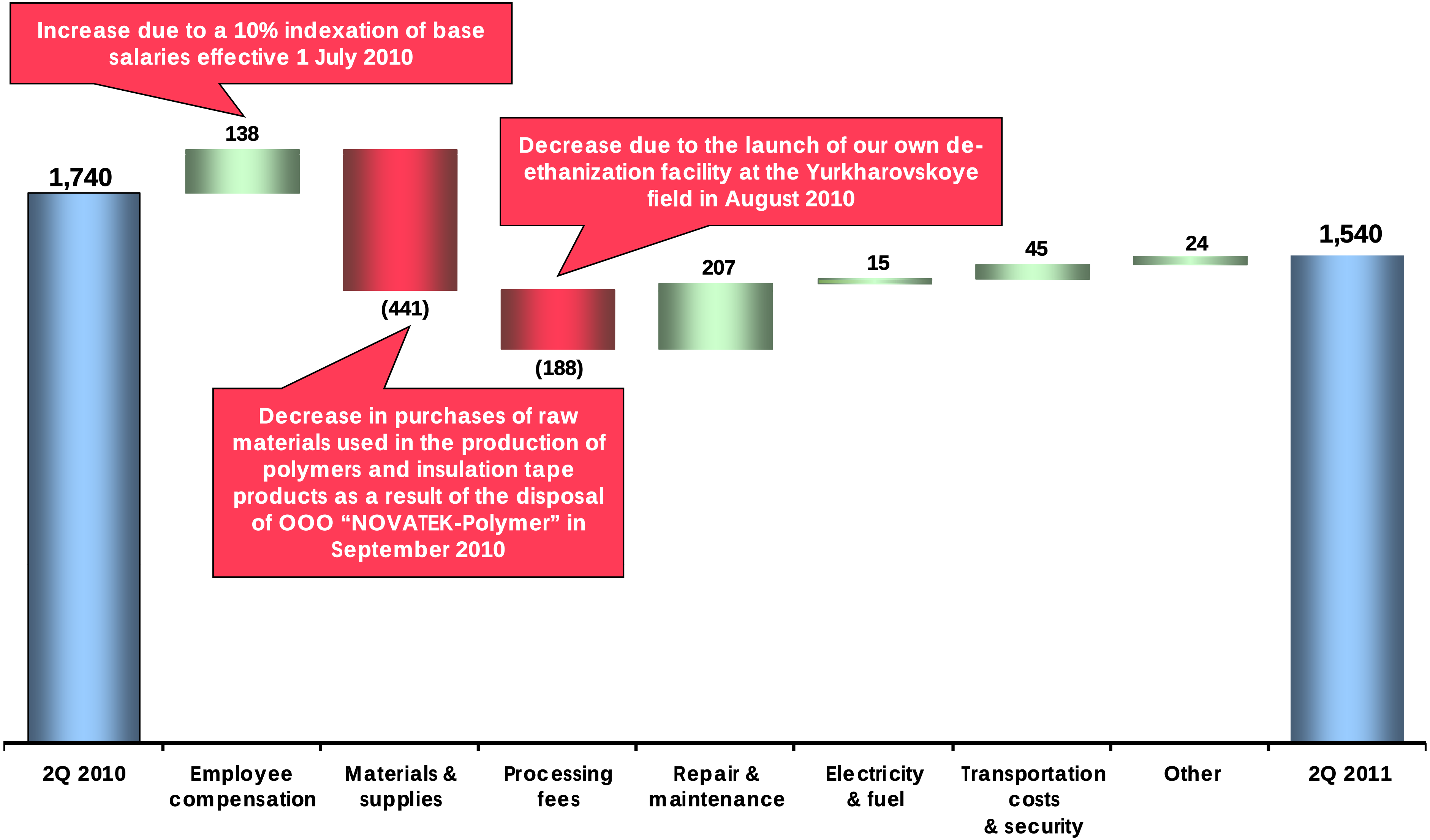
Materials, Services and Other Expenses (RR million)



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General and Administrative Expenses (RR million)

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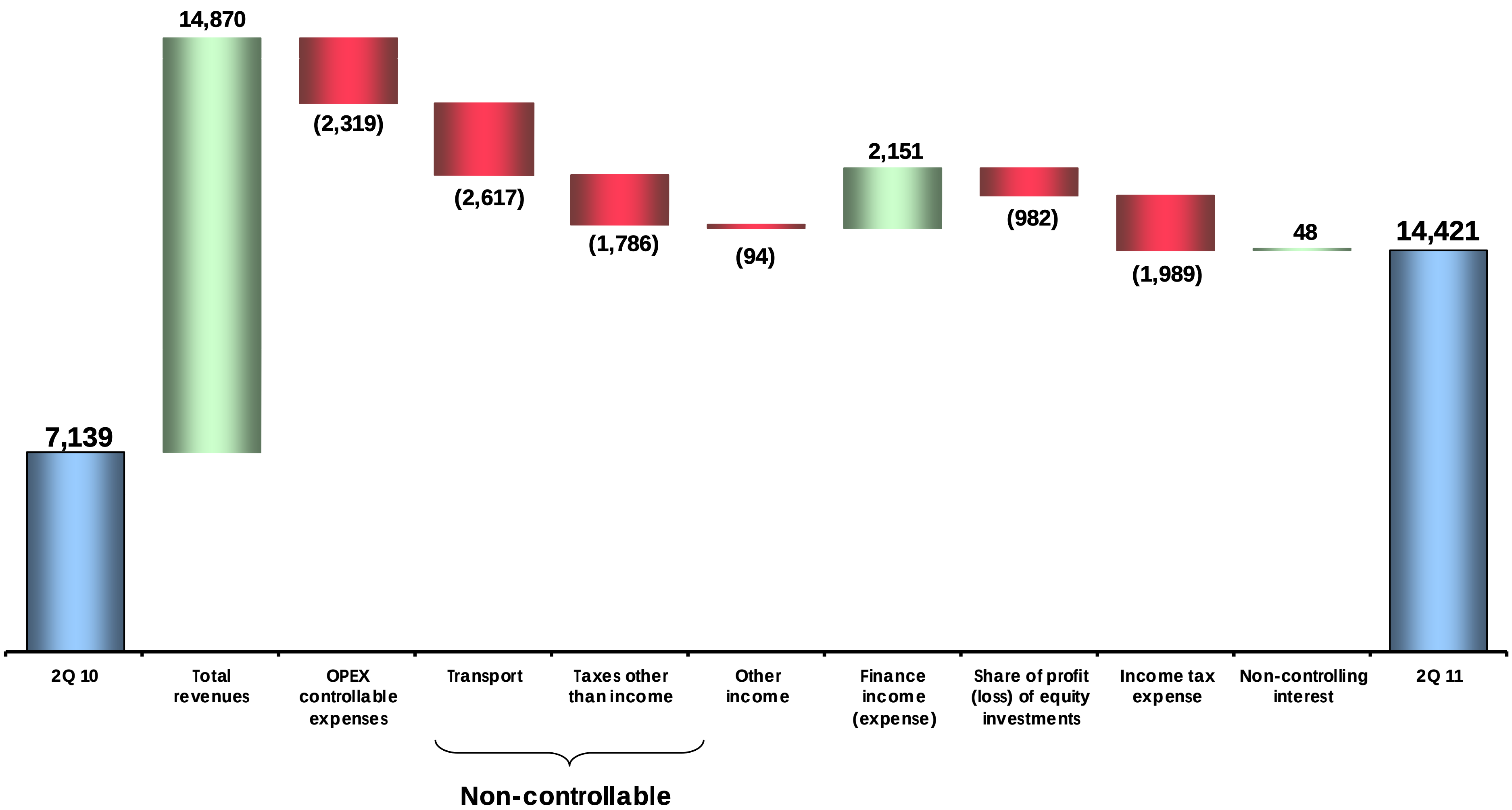
Profit Attributable to NOVATEK Shareholders (RR million)



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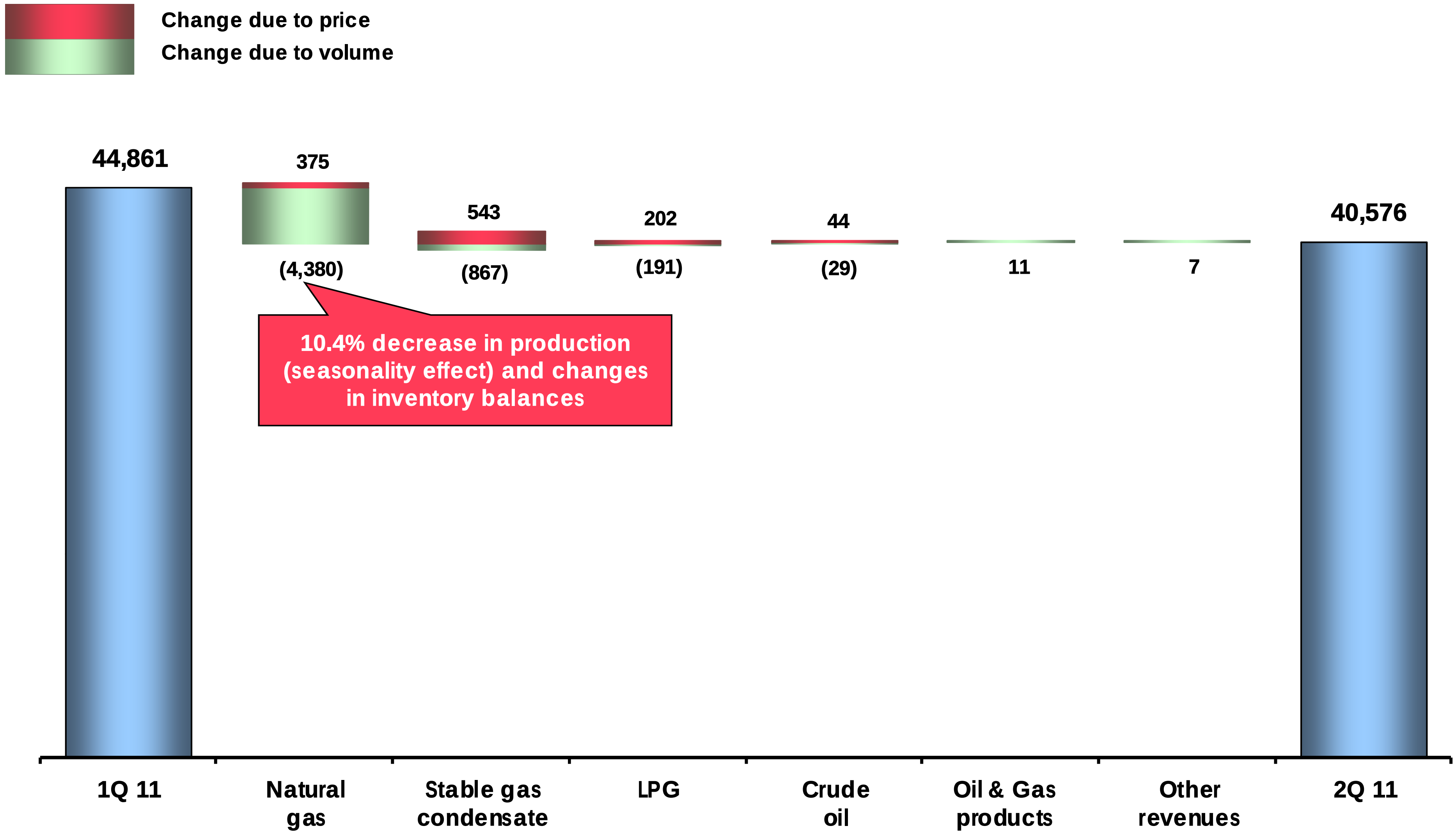
Financial Overview – 2Q 11 vs. 1Q 11

Total Revenues (RR million)



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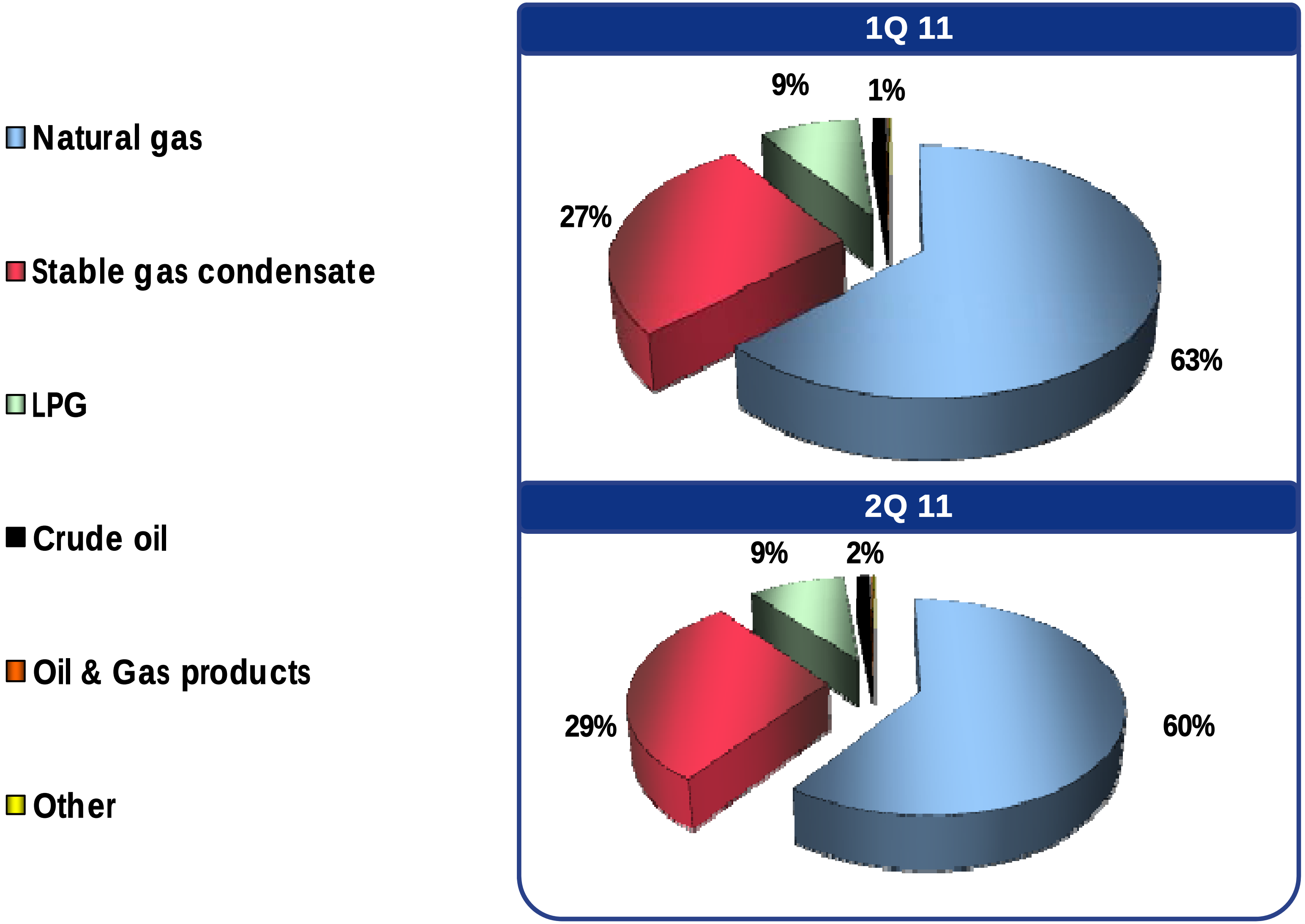
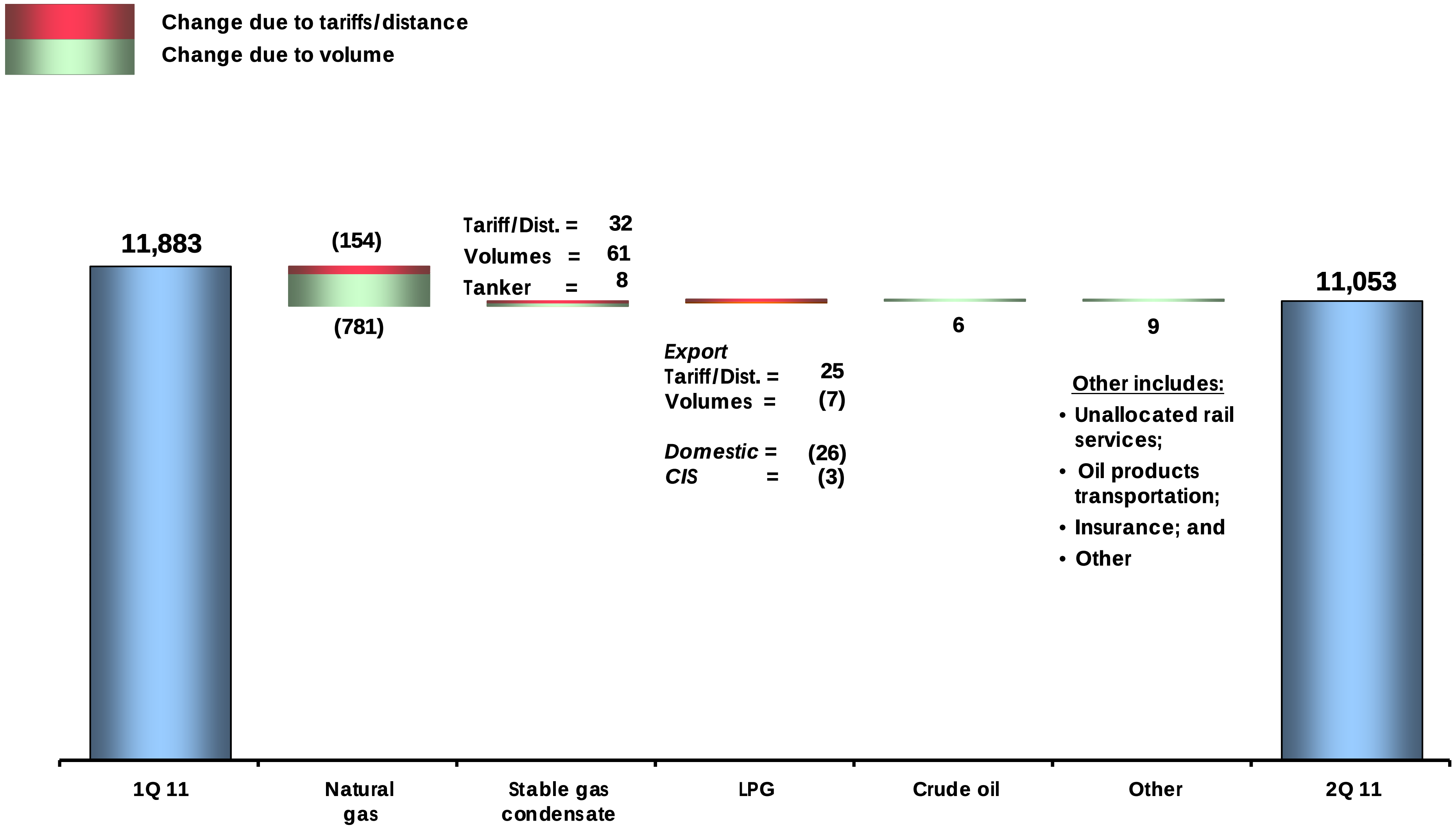
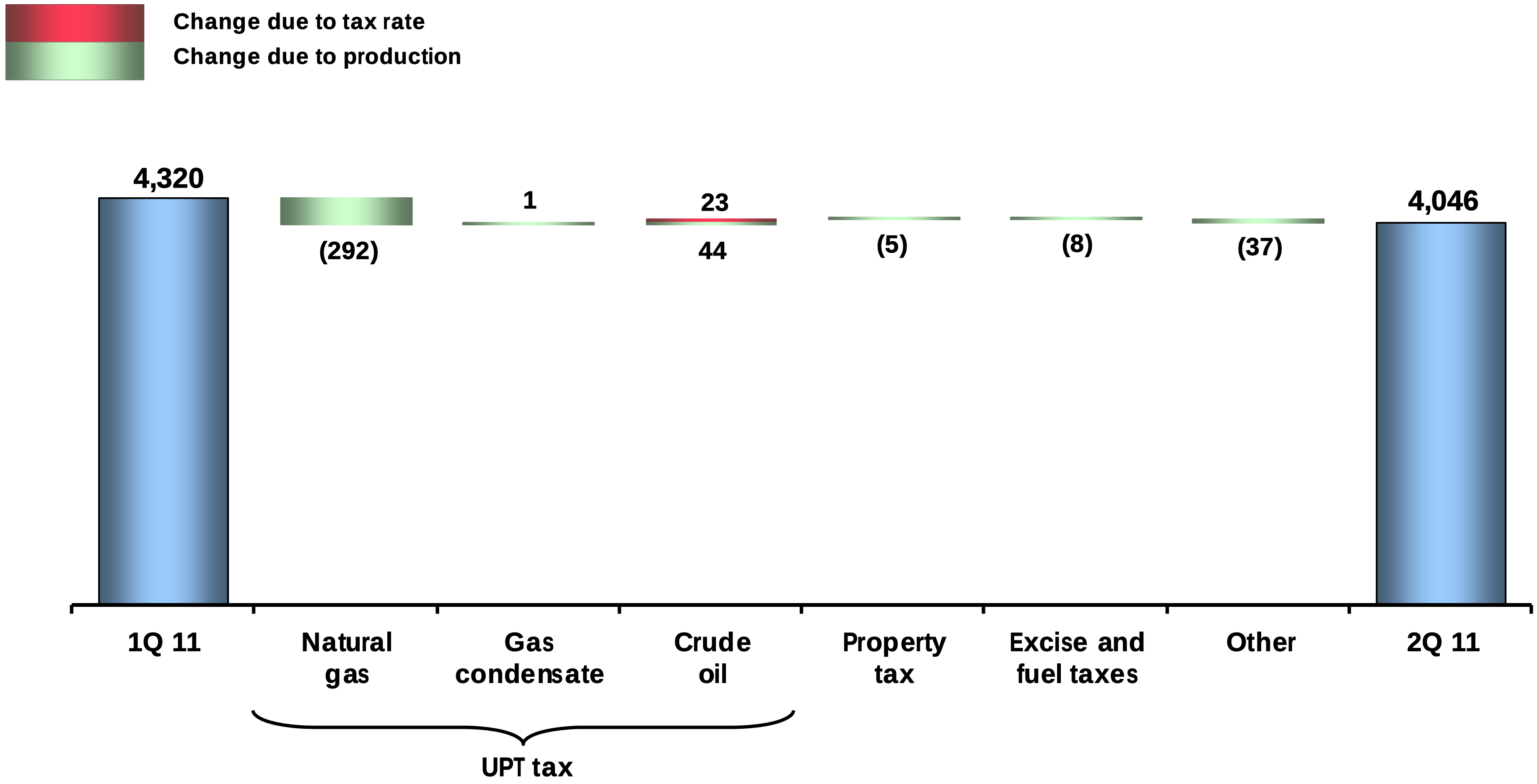
Total Revenues Breakdown



Transportation Expenses (RR million)



Taxes Other Than Income Tax Expense (RR million)



- The decrease in UPT tax for natural gas was primarily due to a 10.4% decrease in natural gas production (seasonality effect)

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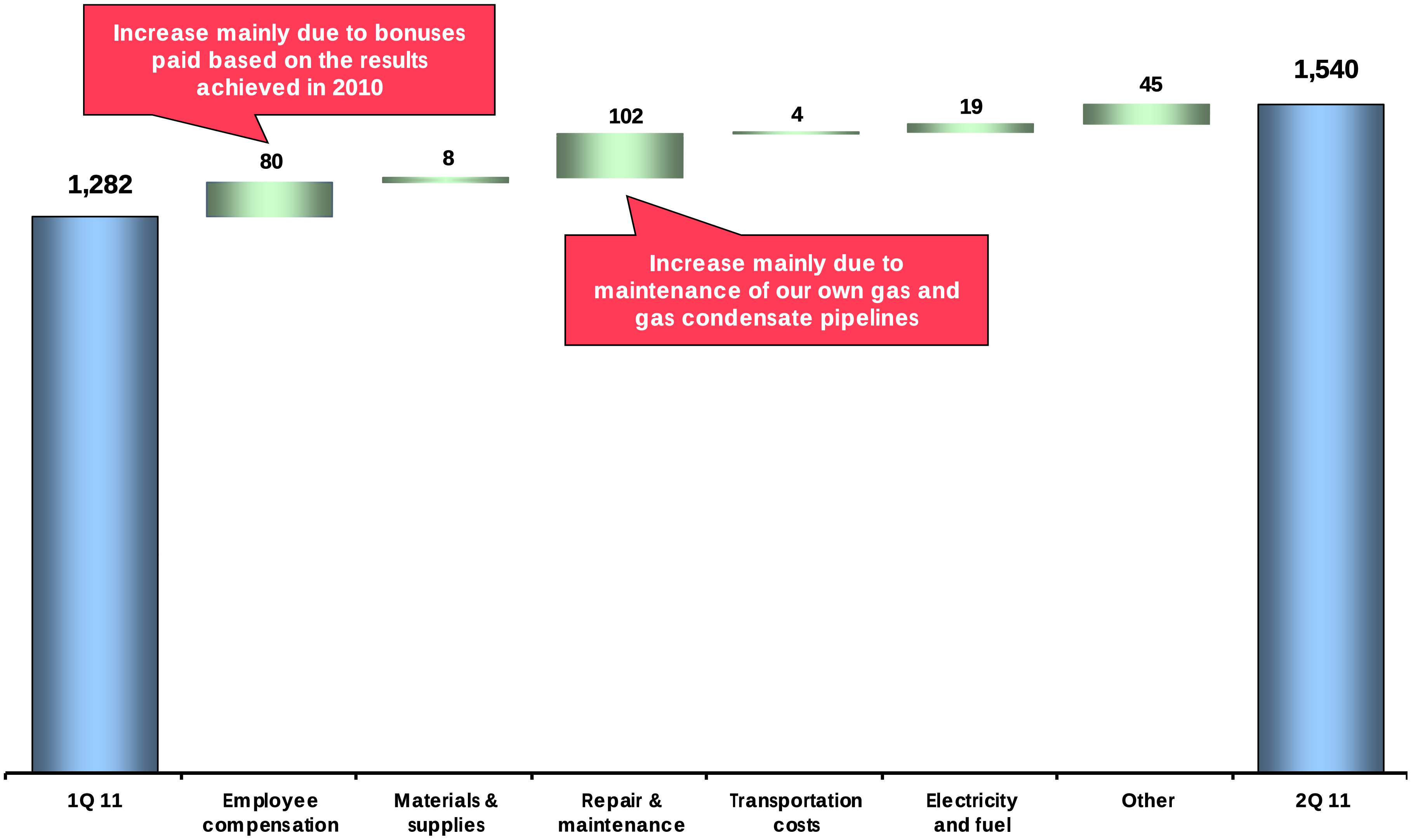
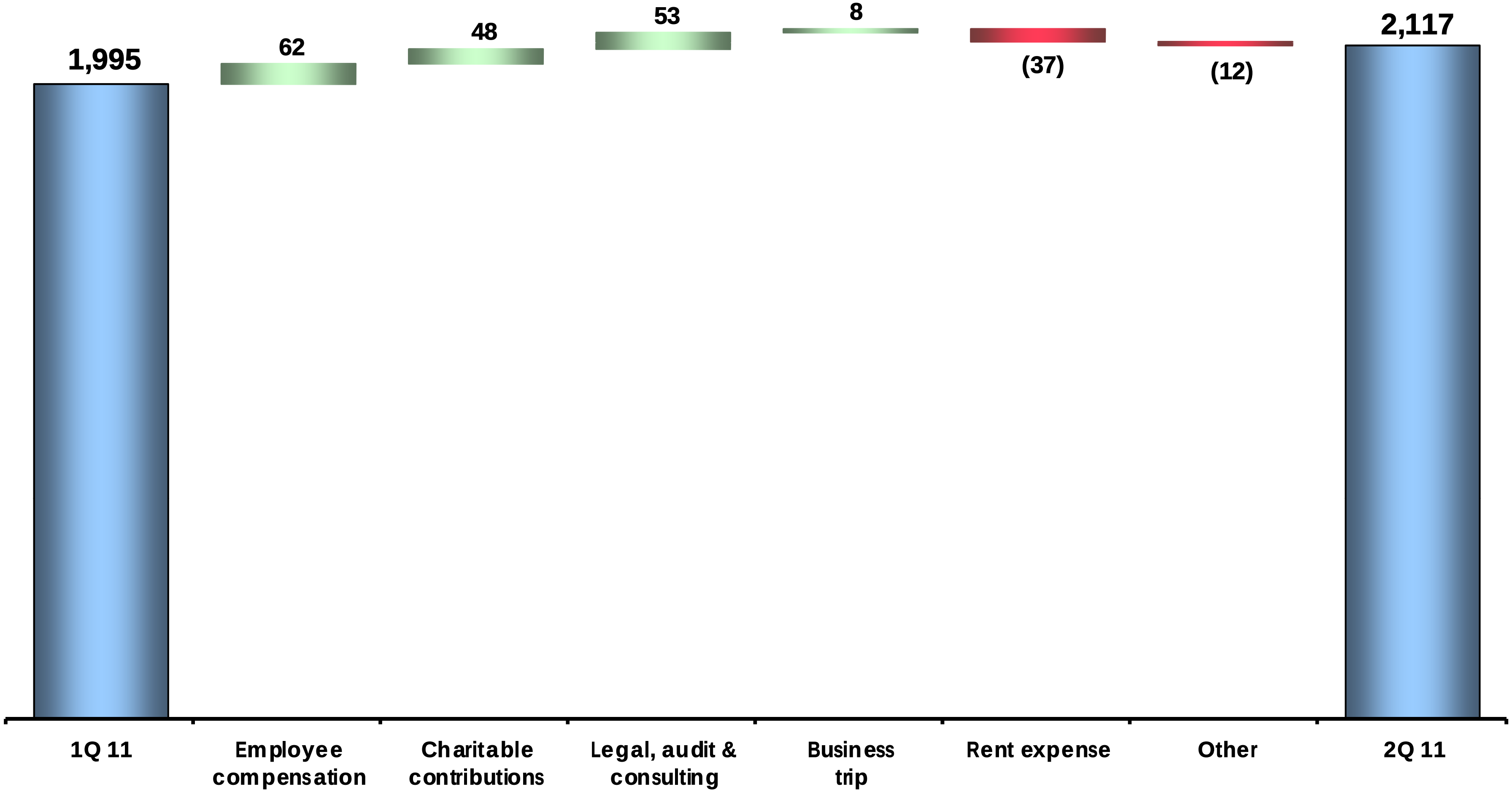
Materials, Services and Other Expenses (RR million)



General and Administrative Expenses (RR million)



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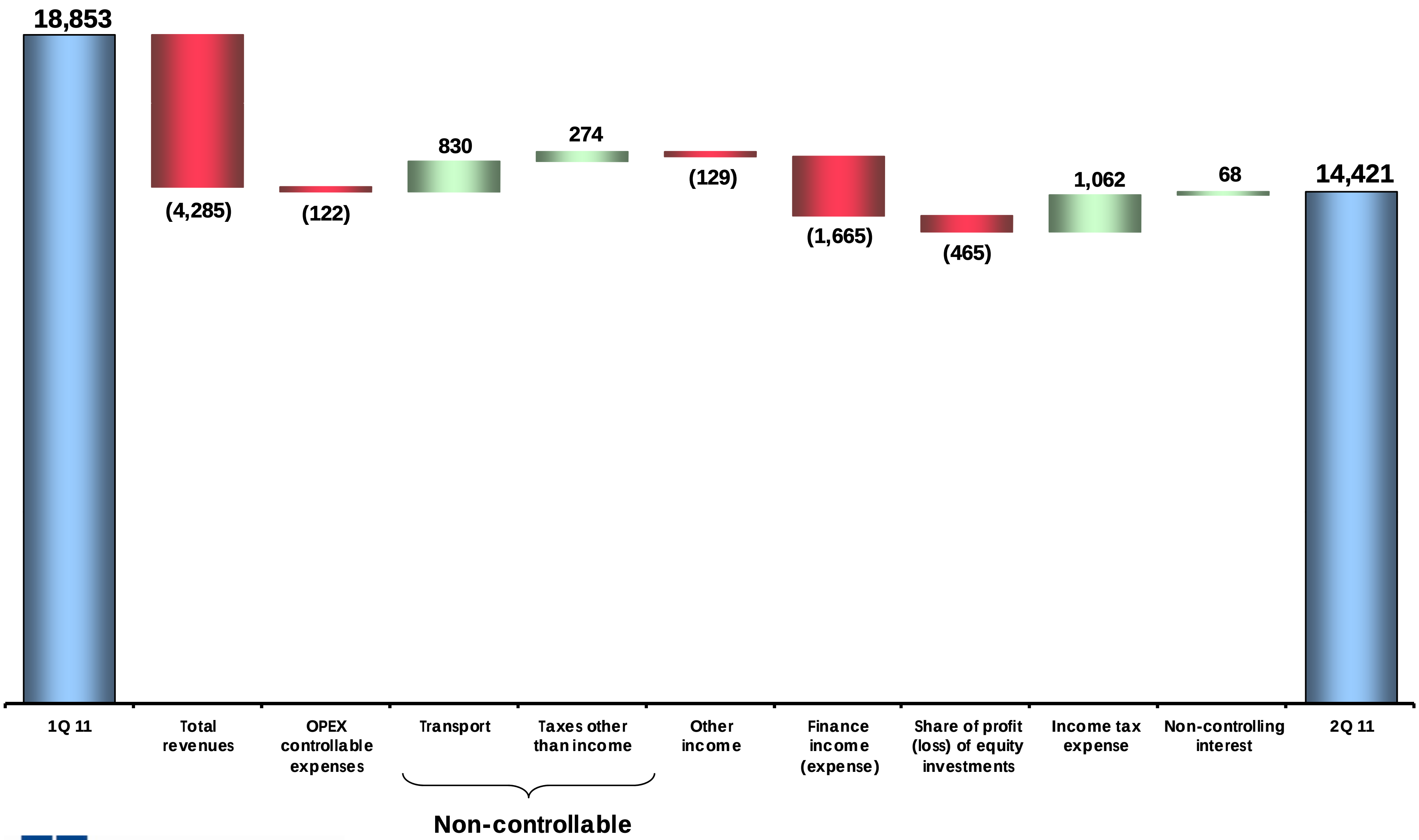
Profit Attributable to NOVATEK Shareholders (RR million)



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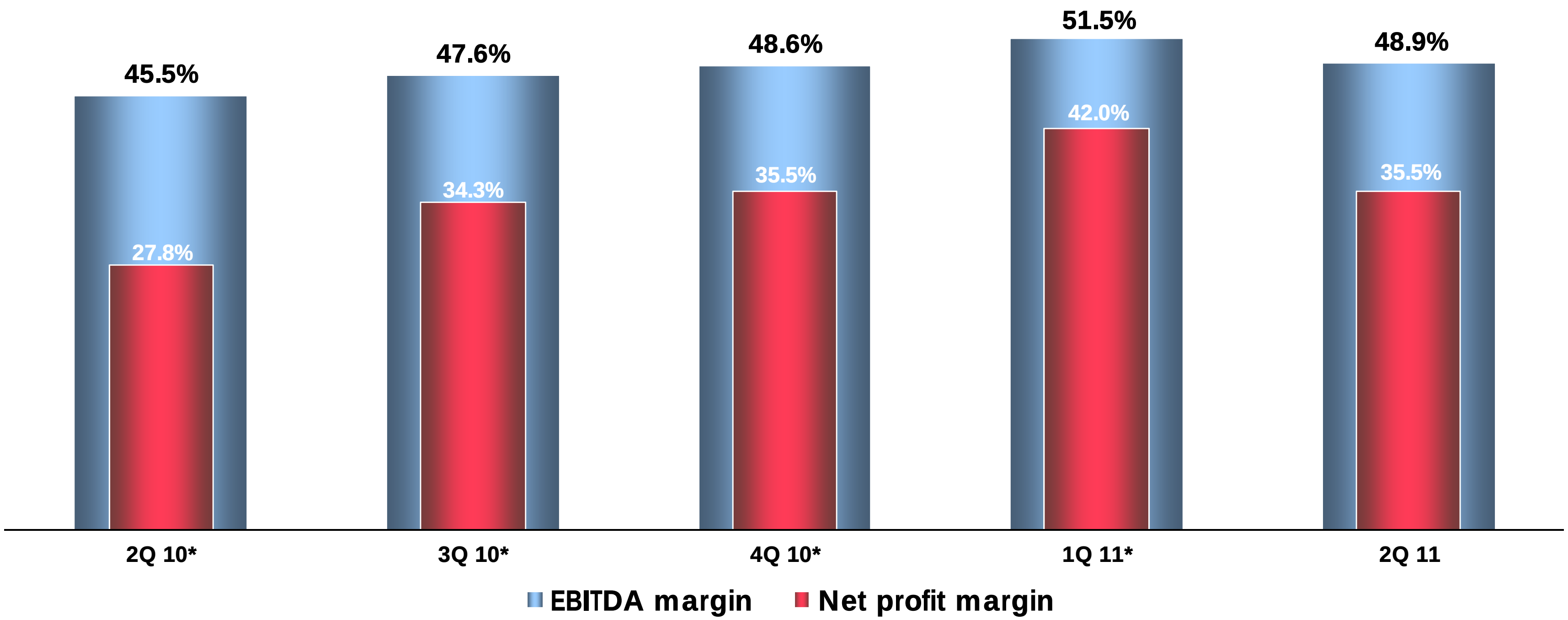
Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

Note*: EBITDA margin in the 2010 periods and in 1Q 11 differs from previously reported due to the change in EBITDA calculation

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 statement of income, and depreciation, depletion and amortization and share-based compensation from the statement of cash flows

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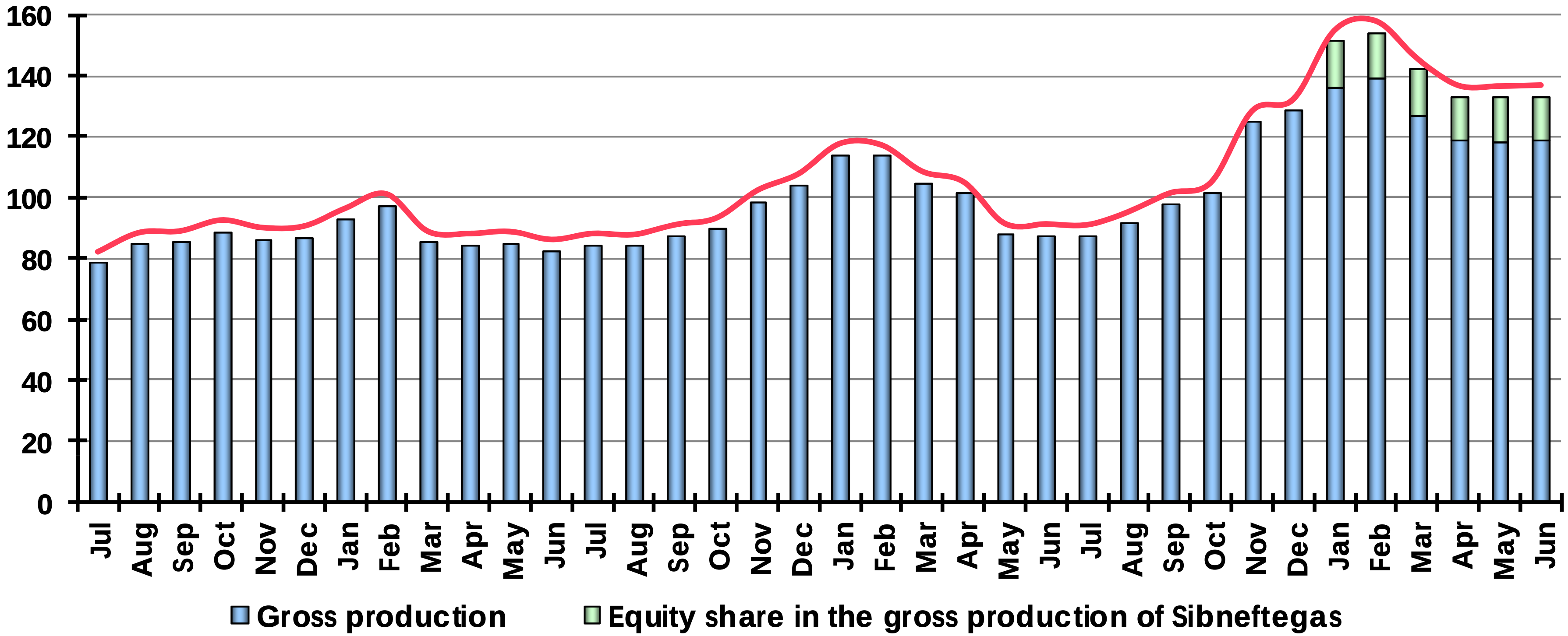
Increasing Natural Gas Production (mmcm per day)



2008	2009	2010	2011
2008 Avg. 84 mmcm/day 2,980 bcf/day	2009 Avg. 90 mmcm/day 3,171 bcf/day	2010 Avg. 103 mmcm/day 3,655 bcf/day	2Q 11 Avg. 133 mmcm/day 4,706 bcf/day
			6M 11 Avg. 141 mmcm/day 4,986 bcf/day

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Condensed Balance Sheet (RR million)

	30 June 2011	31 December 2010	+/(-)	+/(-)%
Total current assets	**47,289**	**29,565**	**17,724**	**59.9%**
Incl. Cash and cash equivalents	*14,230*	*10,238*	*3,992*	*39.0%*
Total non-current assets	**260,257**	**255,608**	**4,649**	**1.8%**
Incl. Net PP&E	*194,189*	*185,573*	*8,616*	*4.6%*
Total assets	**307,546**	**285,173**	**22,373**	**7.8%**
Total current liabilities	**21,879**	**57,441**	**(35,562)**	**-61.9%**
Incl. ST debt and curr. portion of LT debt	*11,738*	*25,152*	*(13,414)*	*-53.3%*
Total non-current liabilities	**91,980**	**59,946**	**32,034**	**53.4%**
Incl. Deferred income tax liability	*10,885*	*9,473*	*1,412*	*14.9%*
Incl. LT debt	*77,601*	*47,074*	*30,527*	*64.8%*
Total liabilities	**113,859**	**117,387**	**(3,528)**	**-3.0%**
Total equity	**193,687**	**167,786**	**25,901**	**15.4%**
Total liabilities & equity	**307,546**	**285,173**	**22,373**	**7.8%**

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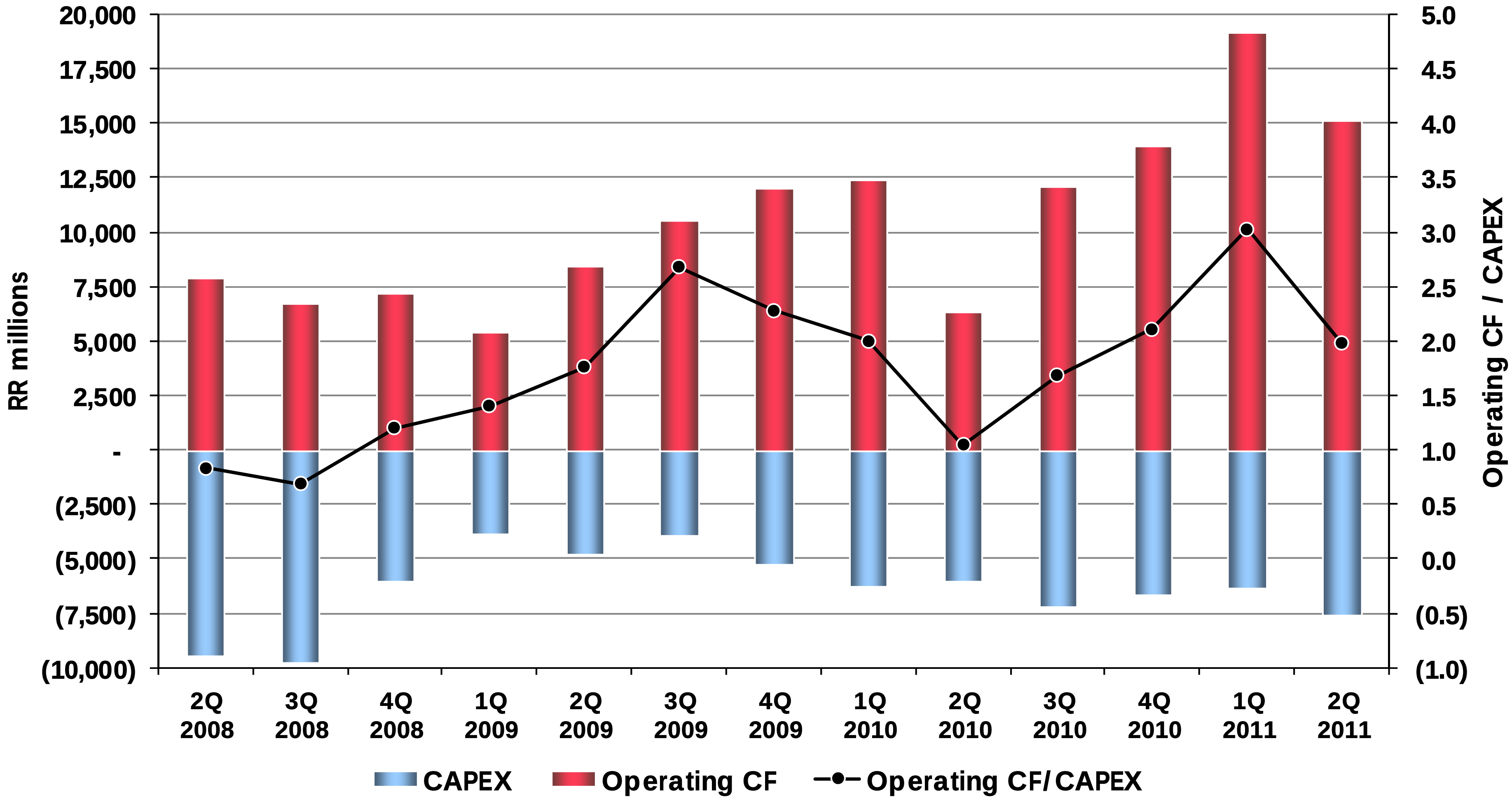
Internally Funded Investment Program



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

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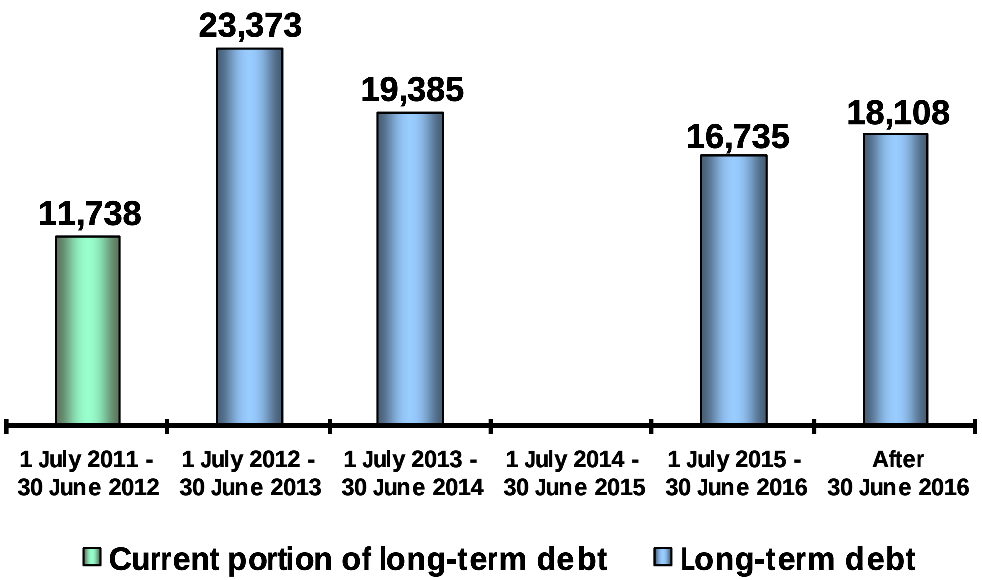
Total Debt Maturity Profile (RR million)



The Group has available funds:

- ✓ Credit Agricole Corporate and Investment Bank - USD 100 million until June 2012
- ✓ ZAO "UniCredit Bank" - USD 150 million until August 2012
- ✓ ZAO "BNP PARIBAS Bank" - USD 100 million until August 2012

Debt repayment schedule:

Up to 30 June 2012 - Unicredit loan, Sumitomo Mitsui Banking Corporation Europe Limited and Gazprombank credit lines

Up to 30 June 2013 – RR denominated bonds, Unicredit loan, Sumitomo Mitsui Banking Corporation Europe Limited, Gazprombank and OAO Nordea Bank credit lines

Up to 30 June 2014 – Sberbank loan, Sumitomo Mitsui Banking Corporation Europe Limited and OAO Nordea Bank credit lines

After 30 June 2014 – 2 tranches of Eurobonds

Note: Current debt maturity profile as of 30 June 2011 with repayments in the 12 months ended 30 June 2012, 2013, 2014, 2015, 2016 and after 30 June 2016

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Questions and Answers

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