



Morgan Stanley's EMEA Conference "A Decade Delivering Clean Energy"



*Mark Gyetvay, Chief Financial Officer and Member of the Board of Directors
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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.

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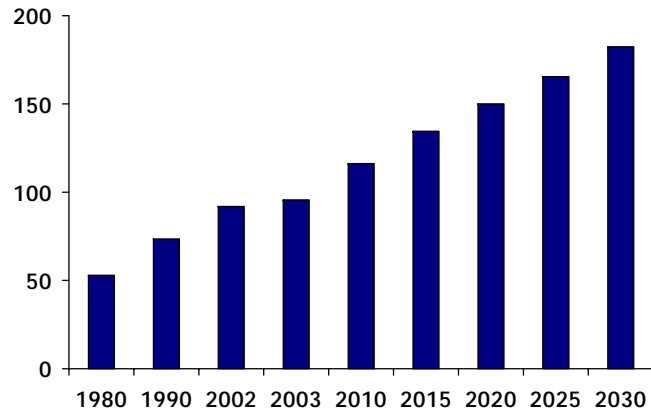
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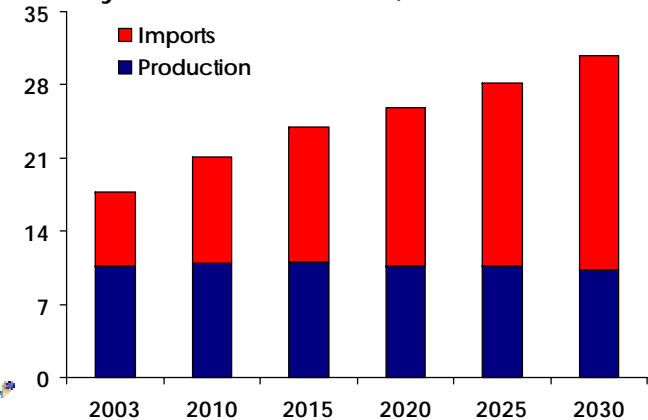
General Gas Market – Russia and Abroad

Natural gas – fastest growing primary energy source

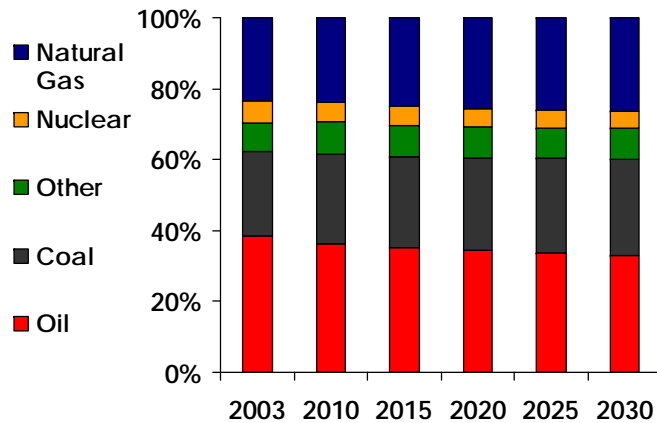
World Natural Gas Consumption
1980 – 2030, TCF



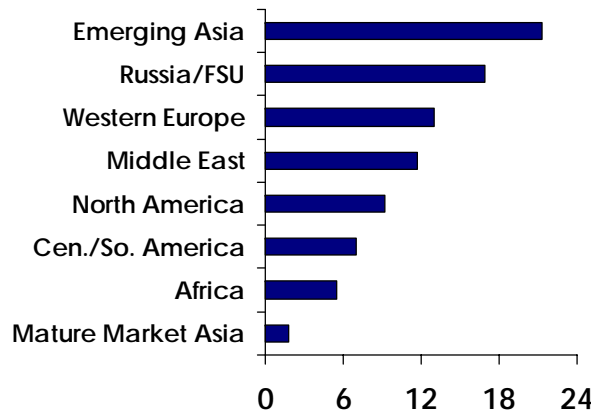
Natural Gas Consumption OECD Europe
by Source 2003 – 2030, TCF



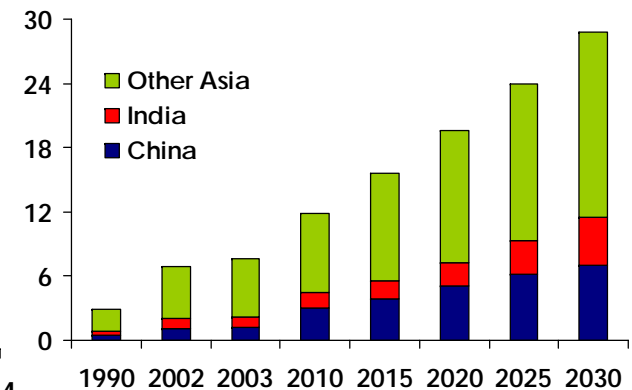
World Energy Consumption by Fuel
2003 – 2030 Percentage of Total



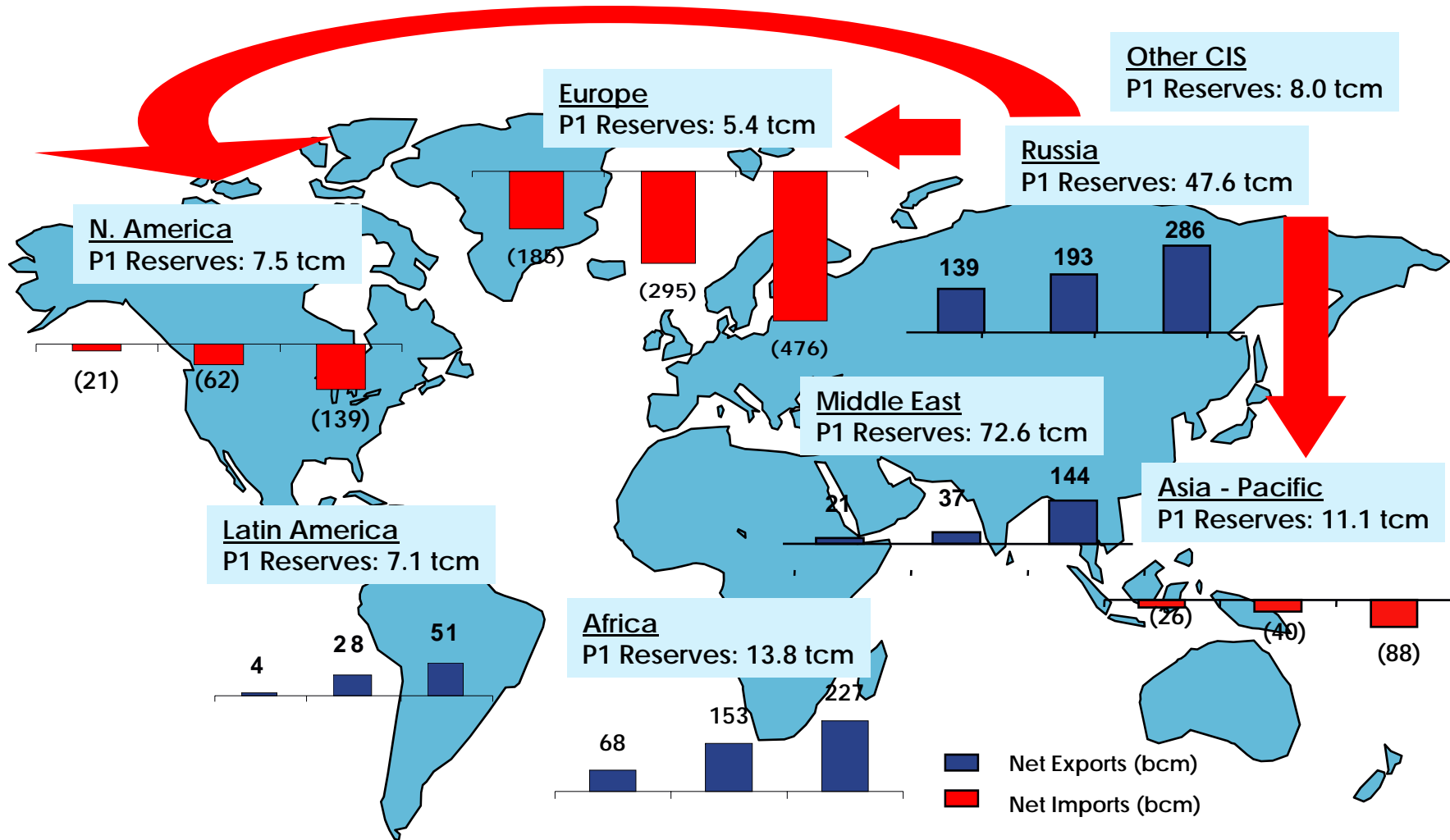
Increases in Natural Gas Consumption
by region and Country Group 2003 - 2030, TCF



Natural Gas Consumption in
Emerging Asia 1990 – 2030, TCF



Global gas balance – “Call on Russian Gas”



Source: US Department of Energy (Production and demand), Oil and Gas Journal (P1 reserves as of 1/1/2006)
 Note: Net Export/Import figures refer to 2000, 2010 and 2020, respectively

Natural gas - supply and demand

European Union Gas Demand¹

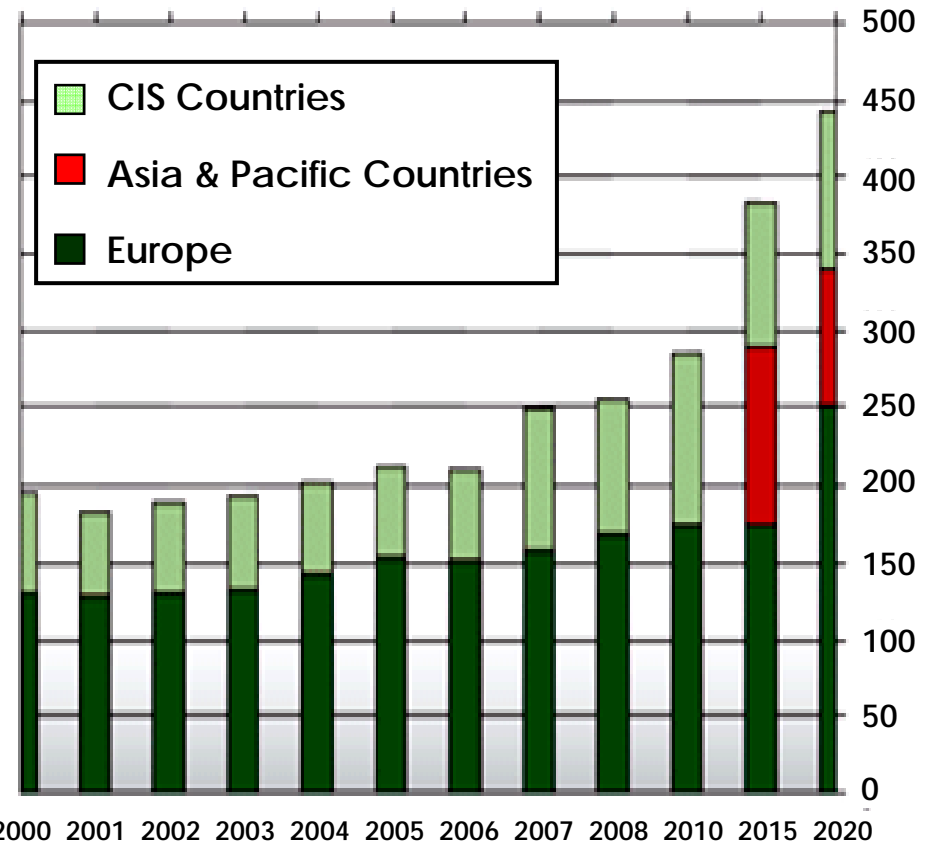
BCM	1999	2010	2020
Pre 2004 - EU 15	386	500	597
Accession Countries - 15	76	142	179
EU - 30	462	642	776

China Gas Demand

BCM/year	2005	2010	2015	2020
<i>Forecast sources:</i>				
PetroChina	63.7	106.8	153.4	210.7
ERI/SPPC	64.5	120.0	160.0	250.0
BP	42.0	74.0	135.0	177.0
CNOOC	61.0	100.0	150.0	200.0
EIA/DOE	51.0	79.0	127.0	184.0

Source: Observatoire Méditerranéen de l'Énergie

Breakdown of Russian gas exports, BCM



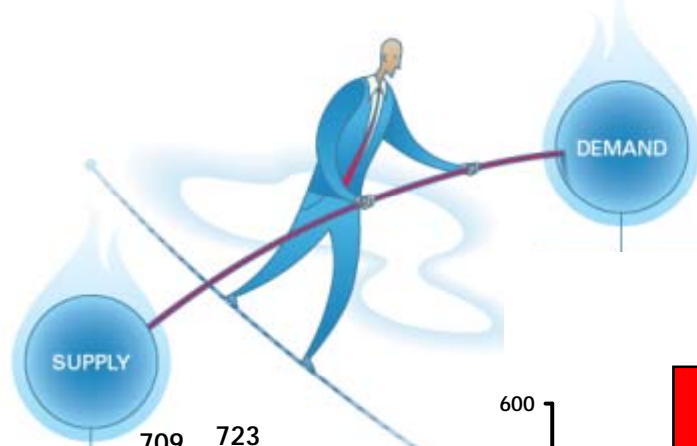
Source: Institute of Energy Policy, Moscow

Declining Indigenous Production + Growing Demand = Increase in Exports

Russia's energy market climate

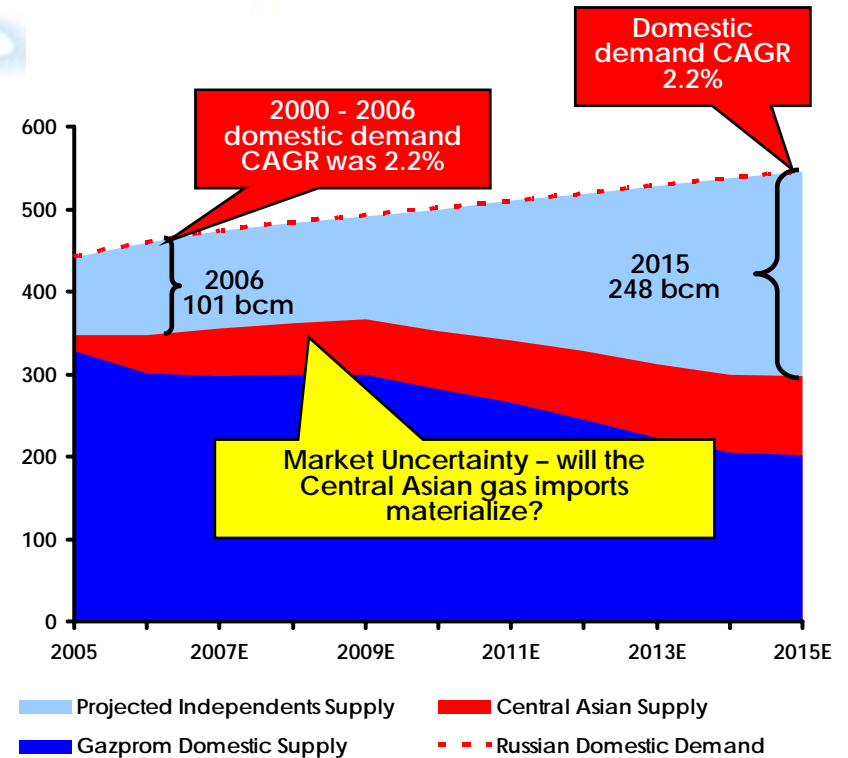
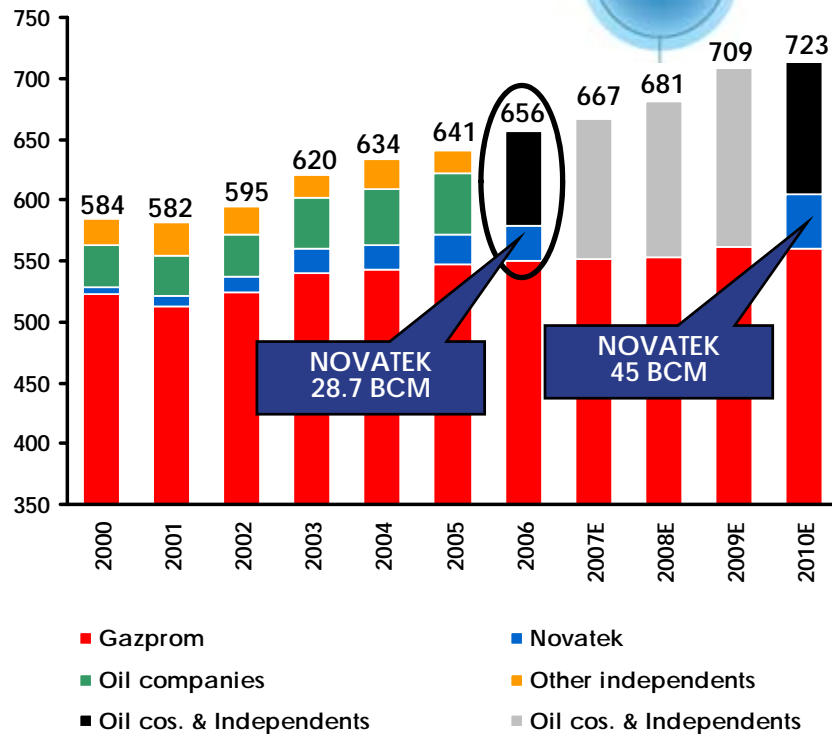
- Continued strong domestic demand growth for natural gas by ~ 2.0 to 2.5% p.a. (average demand growth of ~ 2.2% from 2000 through 2006)
- Liberalized natural gas pricing environment in process (full market based prices expected by 2011)
- Continued competition for new license acquisitions by existing competitors and new market entrants
- Continued State involvement in energy industry
- Continued inflationary pressures on drilling costs, labor costs and materials and supplies
- Continued lobbying efforts to minimize industry tax hikes and other economic rents on the industry
- Long-term supply challenges requires significant investment of capital in more remote and harsh environments

A tight balancing act



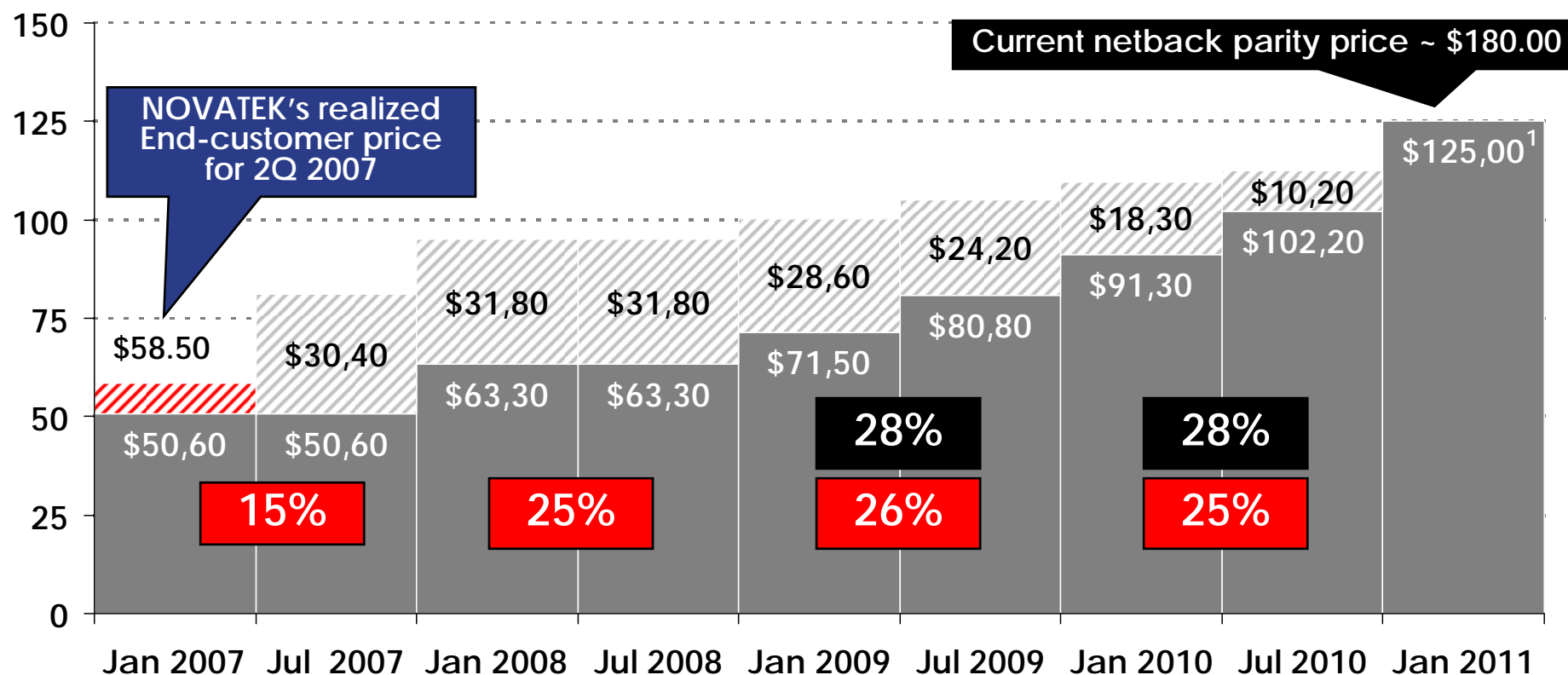
Slower to respond due to complexity of production, delivery and storage

Can move quickly and dramatically, due to weather, economic activity and large volume customers (such as power generators)



Source: UBS, "Russian Gas" July 2006

Pricing update to achieve export netback parity

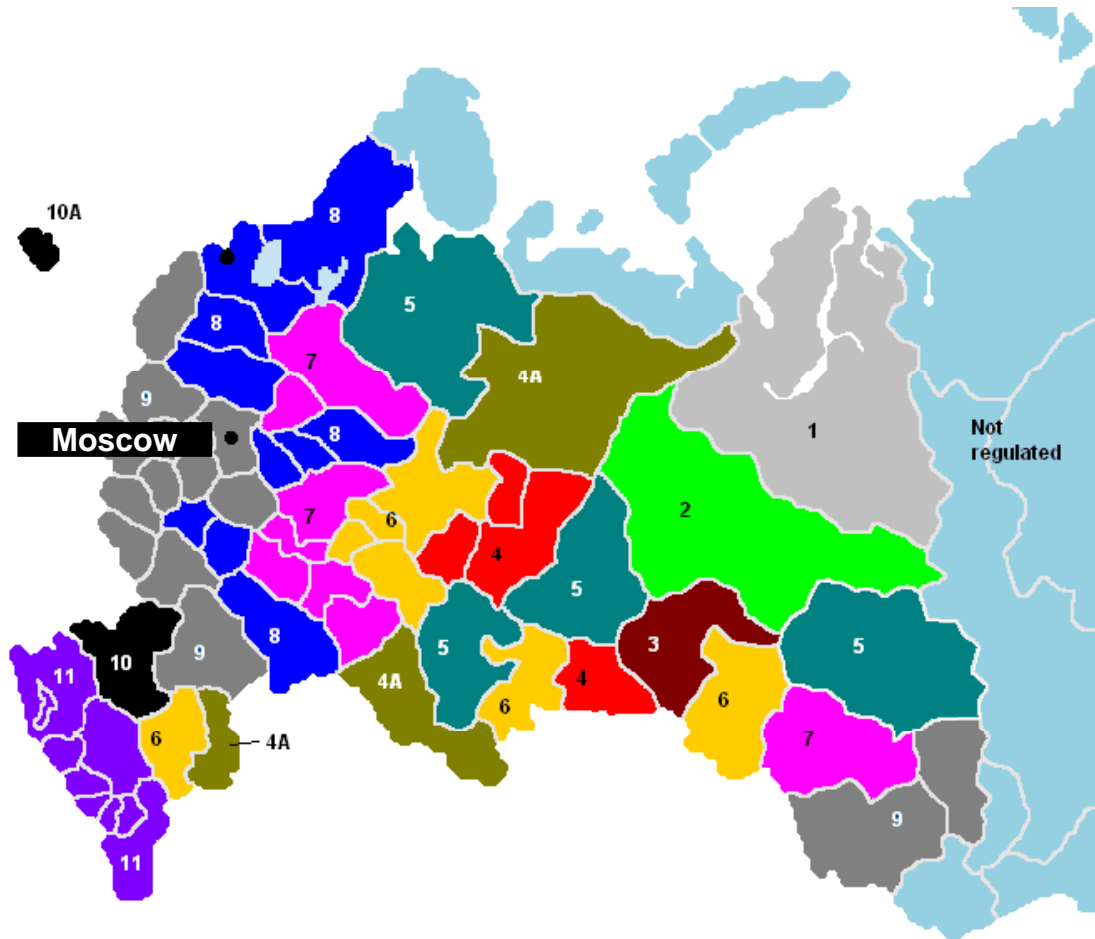


Source: Industry and Energy Ministry, average regulated price for the Russian Federation
 Notes: 1. Based on netback parity at November 2006

July 2007 Gazprom received approval for higher prices for gas deliveries to new customers and for increased supply over agreed volumes to current customer

Gazprom is subject to regulated prices for domestic gas sales, whereas NOVATEK is not subject to regulated prices and, as a general rule, realizes higher average prices for natural gas sales on the domestic market

Current regulated price and net-back parity price



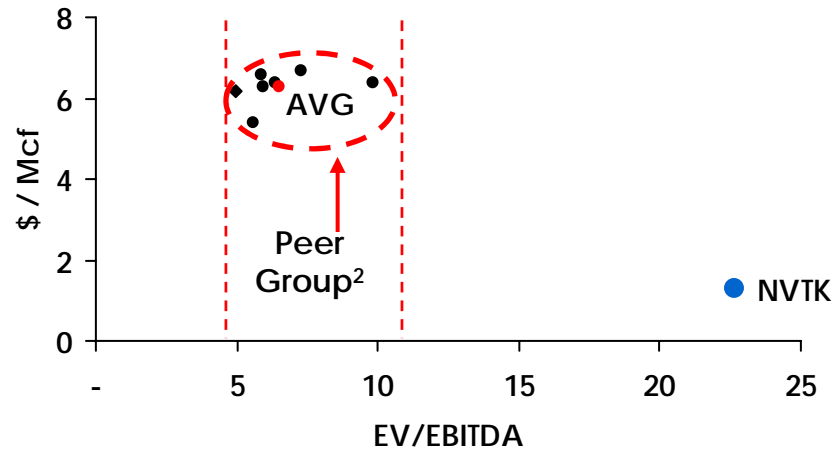
Zone	Current net-back parity price \$/mcm	Current regulated price \$/mcm
I	100.53	30.55
II	120.82	36.75
III	142.31	43.29
IV	160.12	48.71
IVa	154.39	46.98
V	163.69	49.80
VI	168.43	51.22
VII	170.12	51.76
VIII	178.16	54.20
IX	184.00	55.96
X	190.39	57.92
Xa	215.69	65.61
XI	192.00	58.39

FTS to publish quarterly net-back parity reports to inform gas market participants about the principles of natural gas wholesale price formation. Current net back parity price is roughly 3.3x greater than current regulated price.

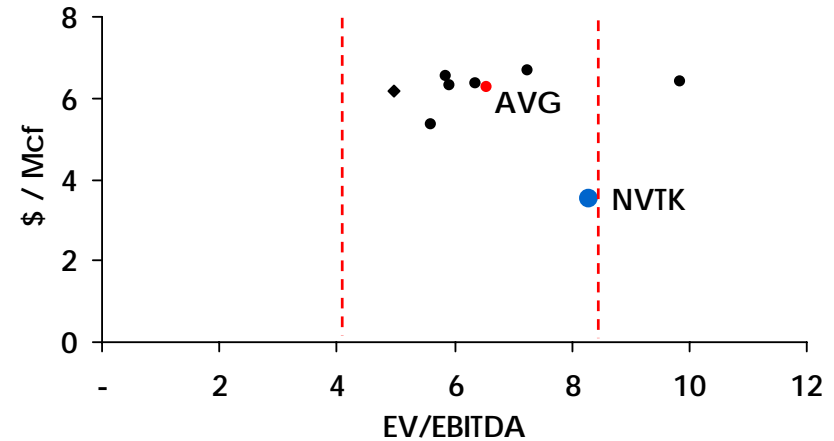
Source: Federal Tariff Service, 9/7/2007

What if scenarios...gas price sensitivities?

1. NVTK 2006 EBITDA¹ - Price \$1.30 / mcf

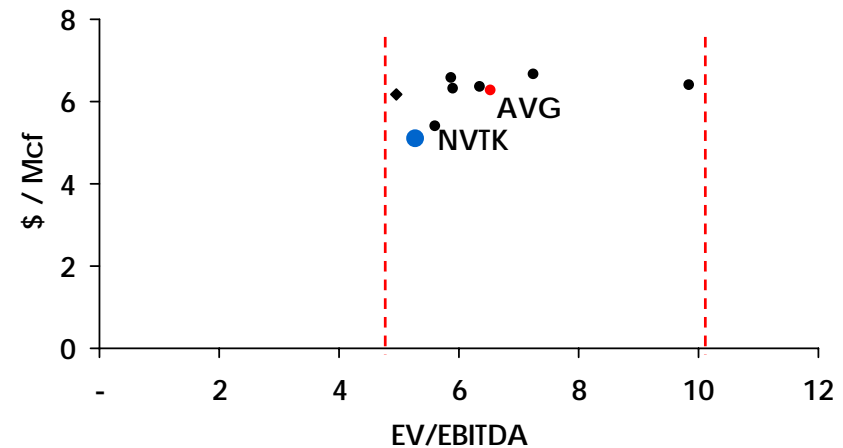


2. Pro-forma NVTK EBITDA -Price \$3.54 / mcf



- Planned gas liberalization together with NOVATEK's significant operating leverage bring valuation multiples in line with peers
- Pro-forma EBITDA gas transportation tariffs increased by 175% over 2006 levels and natural gas production tax increased to 15% of end customer price, while production and sales volumes and other expenses held constant
- Pro-forma gas prices for NOVATEK based on gas prices of \$125/1000 m³ and \$180/1000 m³

3. Pro-forma NVTK EBITDA -Price \$5.10 / mcf



Source: Yahoo finance, Company data

Notes:

1. NOVATEK figures based on 2006 results, RR/\$ = 27.17
2. Peer group based on ttm



Company Overview

NOVATEK's fundamentals

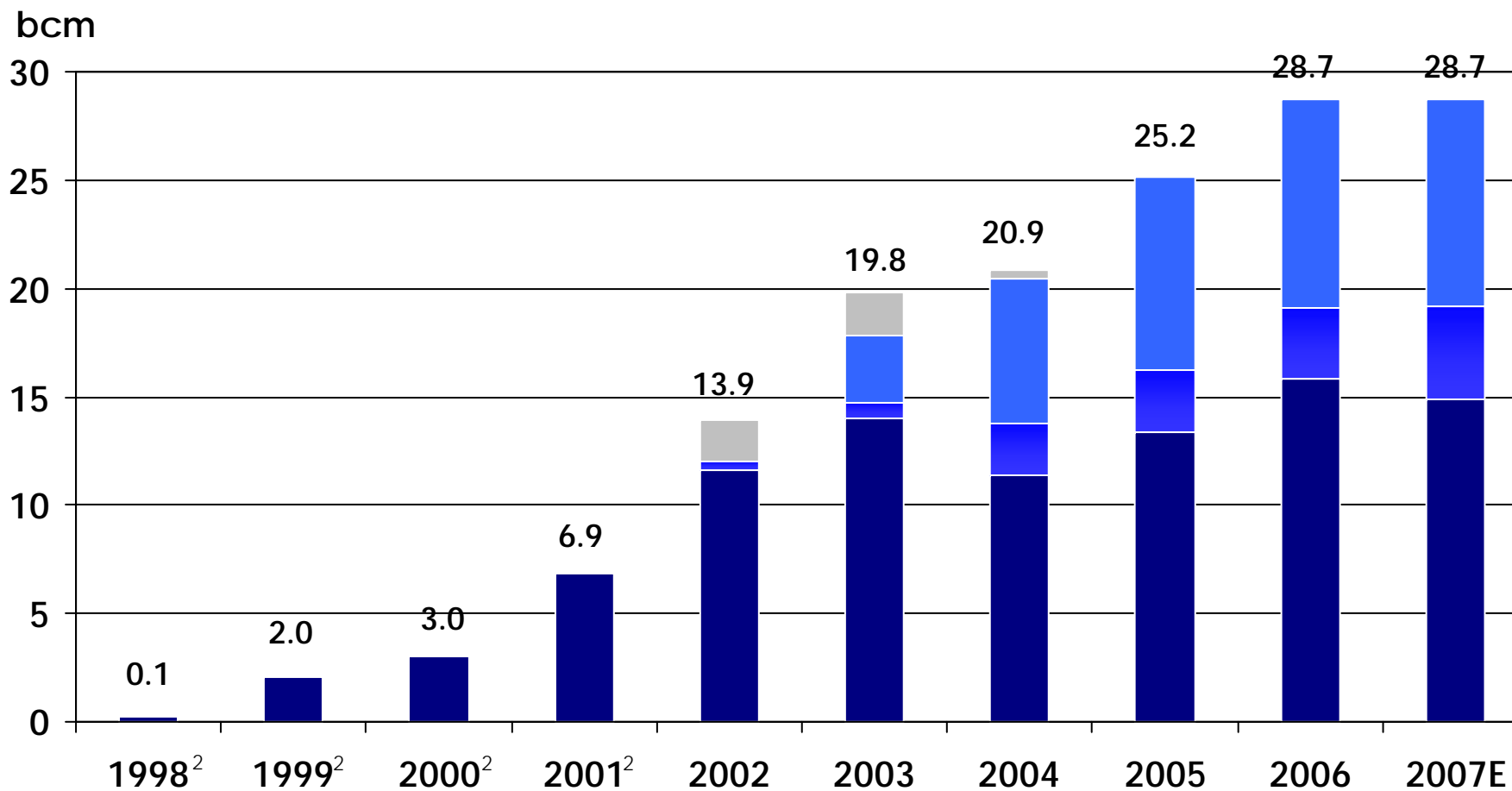
- ✓ Significant long-life resource base – *R/P ratio 23 years based on SEC P1 proven reserves*
- ✓ Organic growth story – *10 years of natural gas production*
- ✓ Low risk, repeatable development drilling program – *76% of proved reserves proved developed*
- ✓ Low cost producer – *Ranked #2 in the world for finding and development (F&D) and reserve replacement (RR) costs¹*
- ✓ High impact exploration activities – *Current asset portfolio plus recent license acquisitions and Egypt concession*
- ✓ Unique pure domestic gas play
- ✓ Strong corporate governance and transparency
- ✓ Proven and successful management track record
- ✓ Investment grade corporate rating by Moody's

Notes:

1. John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, Yahoo finance and Company data



A decade of delivering clean energy¹

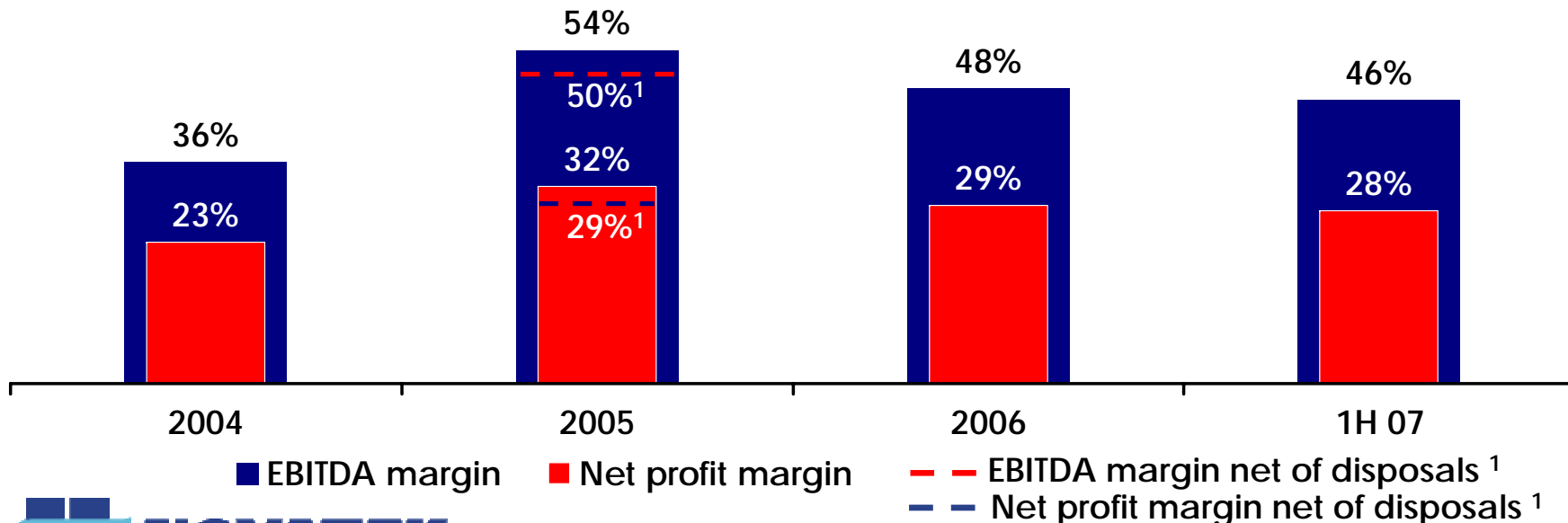
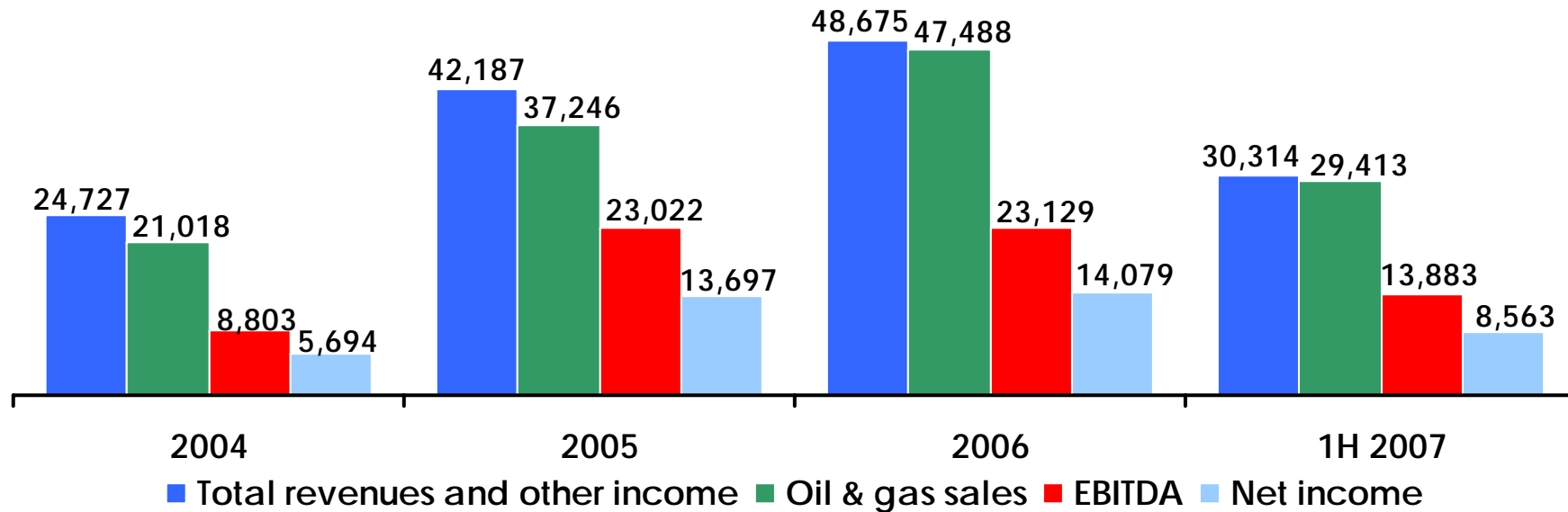


■ East Tarkosalinskoye ■ Khancheyskoye ■ Yurkharovskoye ■ Other

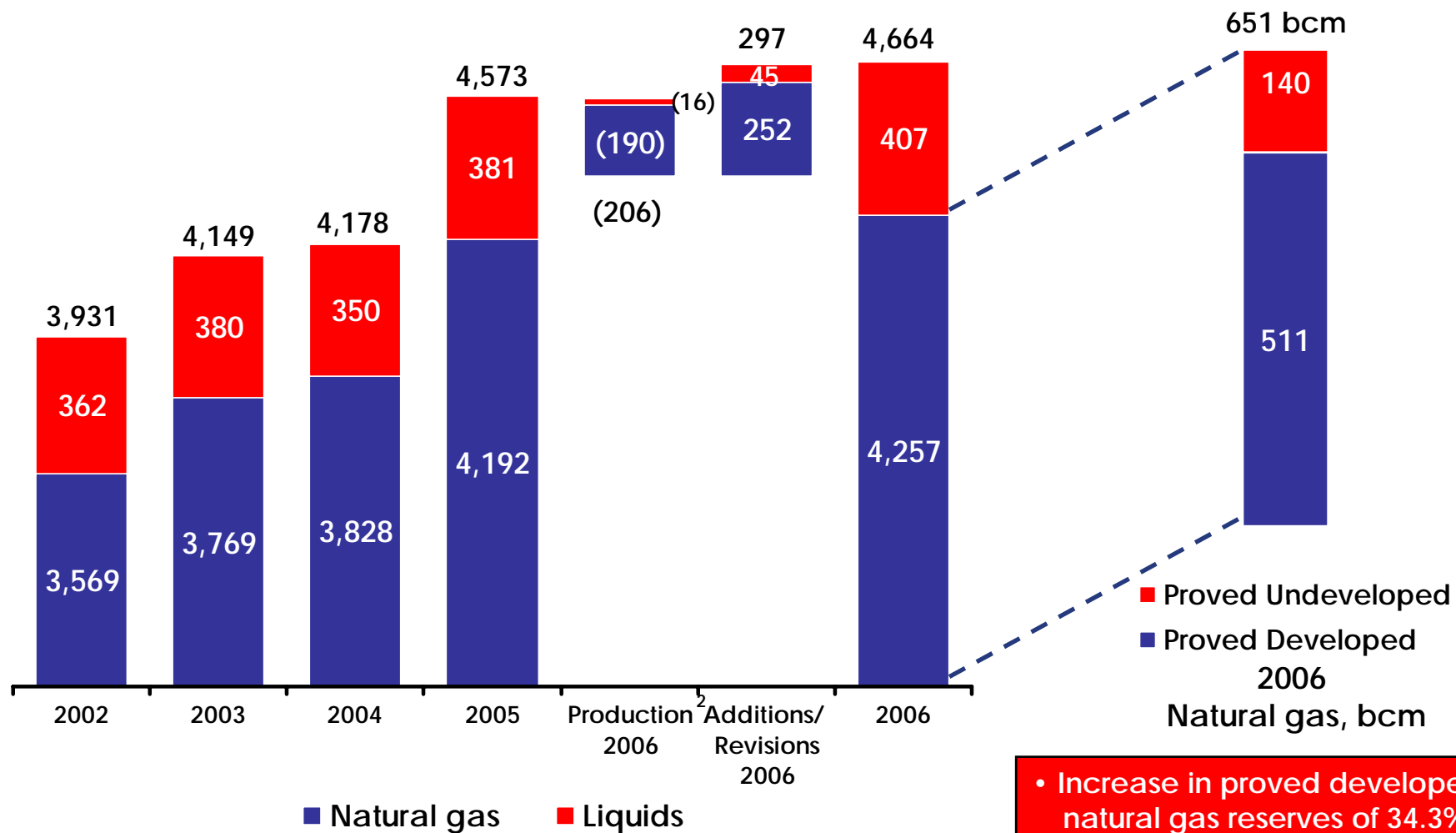
Notes:

1. Gross natural gas production, 100% from all fields
2. Net of Novatek's share of production from West Tarkosalinskoye

Summary financial results (RR million)



SEC P1 Reserves movements¹ mm boe



- Increase in proved developed natural gas reserves of 34.3% 2006/2005
- Natural gas reserve/production ratio of 23 years

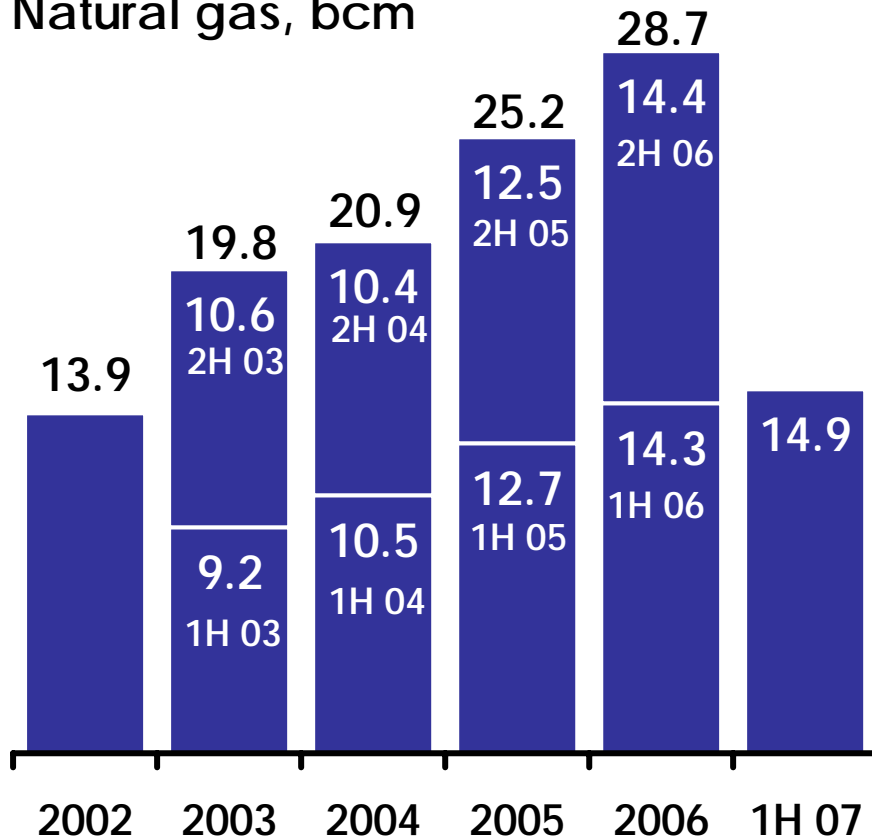
Notes:

1. Including the Company's equity interest in proved reserves of associates
2. Production net of technical losses and own usage from appraised fields only



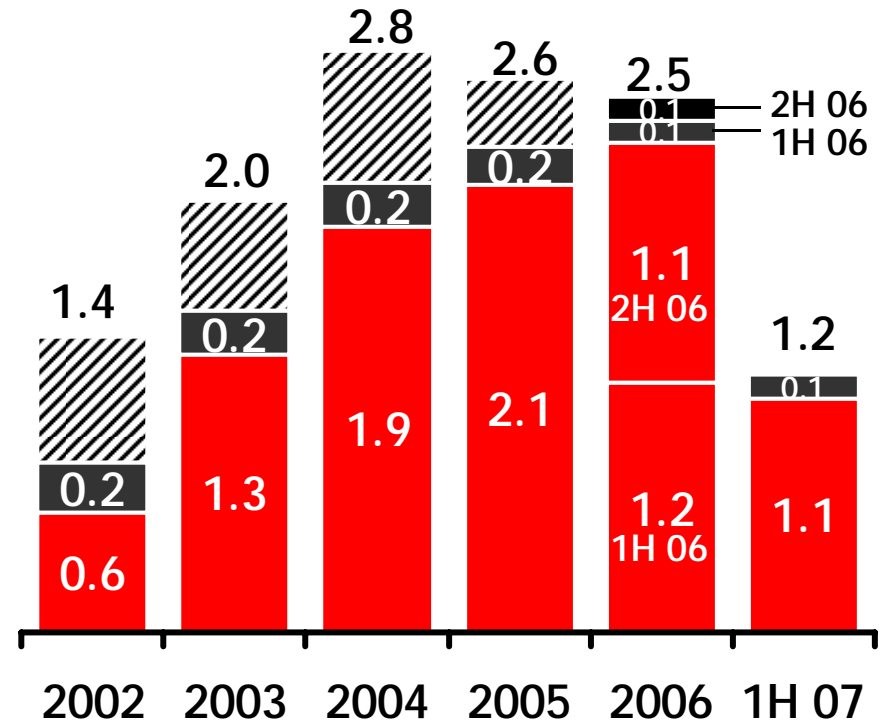
Production overview

Natural gas, bcm



4 year natural gas CAGR = 20%

- ▨ Crude oil, mmt (Geoilbent)
- Crude oil, mmt
- Gas Condensate, mmt

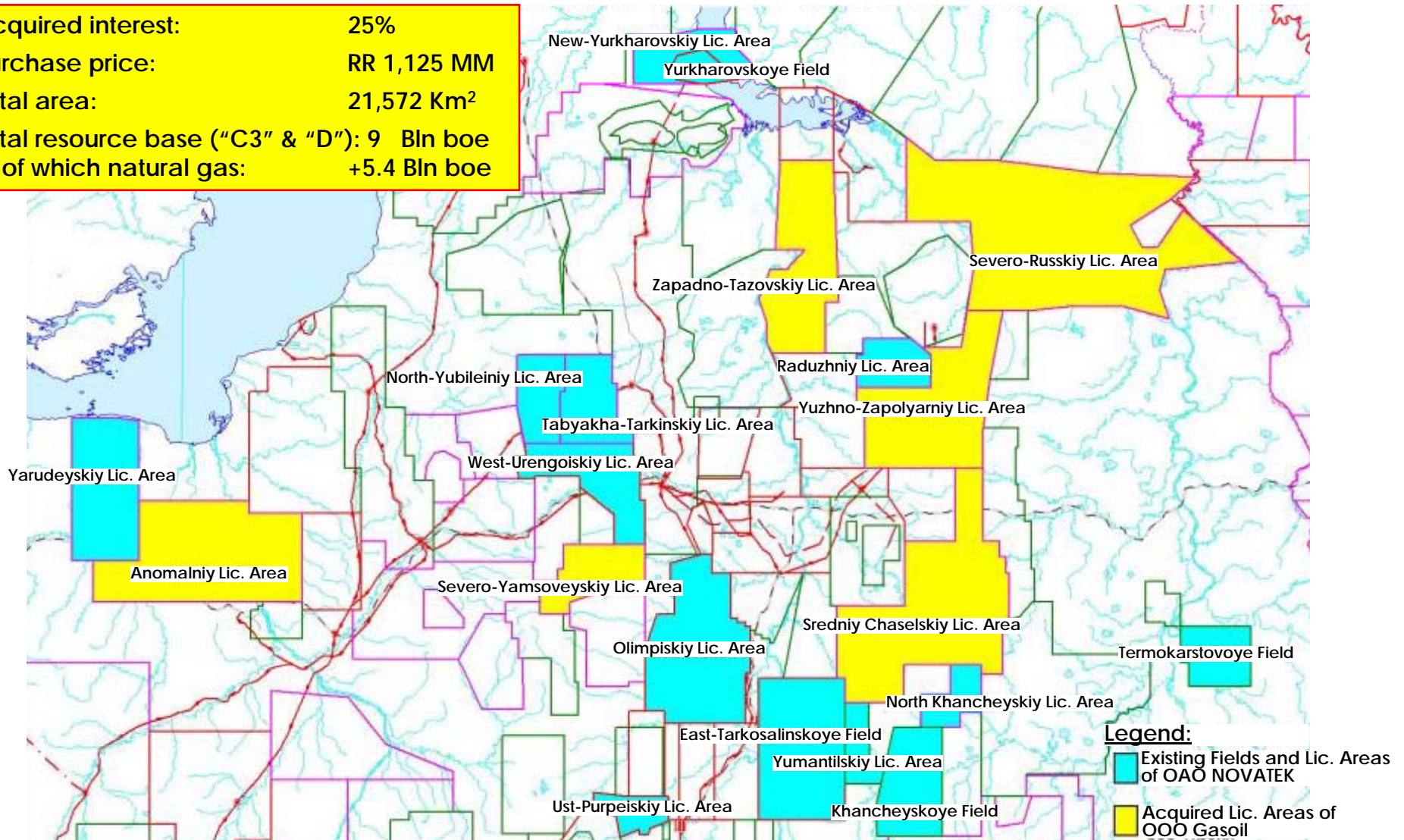


4 year gas condensate CAGR = 42%

Decrease in oil production due to disposal of Geoilbent in 1H 2005

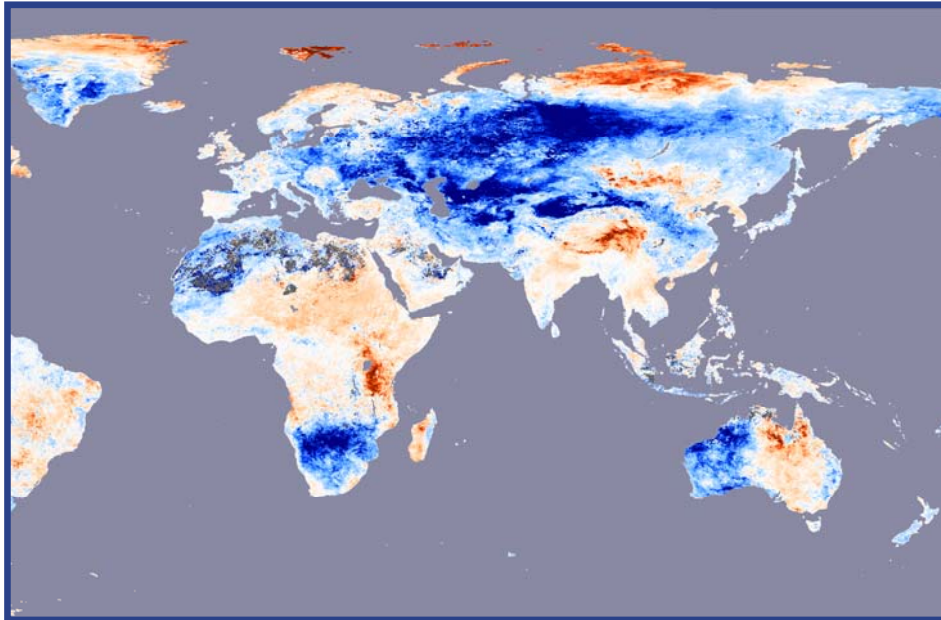
NOVATEK fields and recent acquisitions

Acquired interest:	25%
Purchase price:	RR 1,125 MM
Total area:	21,572 Km ²
Total resource base ("C3" & "D"):	9 Bln boe
of which natural gas:	+5.4 Bln boe

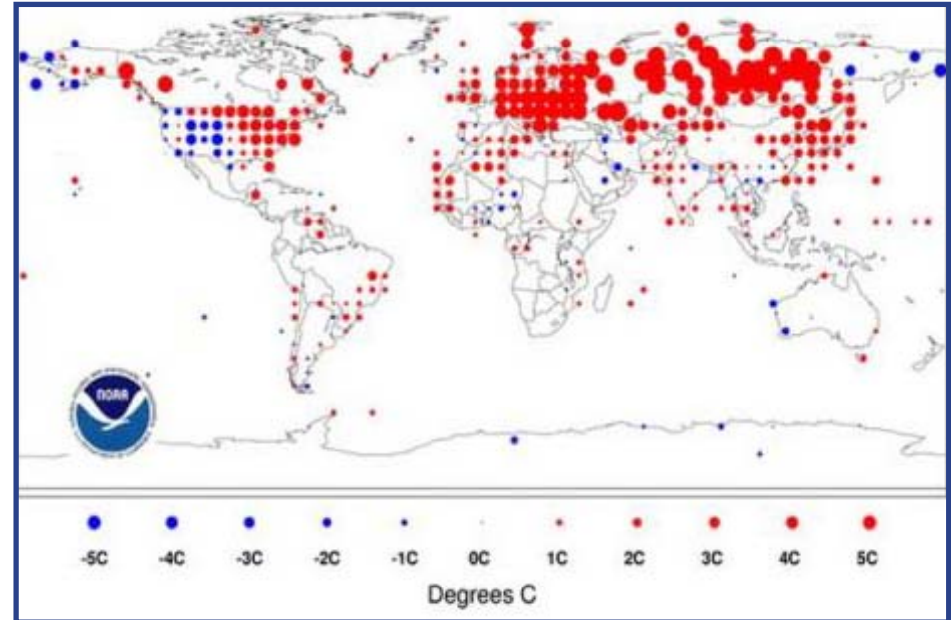


Weather patterns - 1Q 2006 vs. 1Q 2007

January 2006



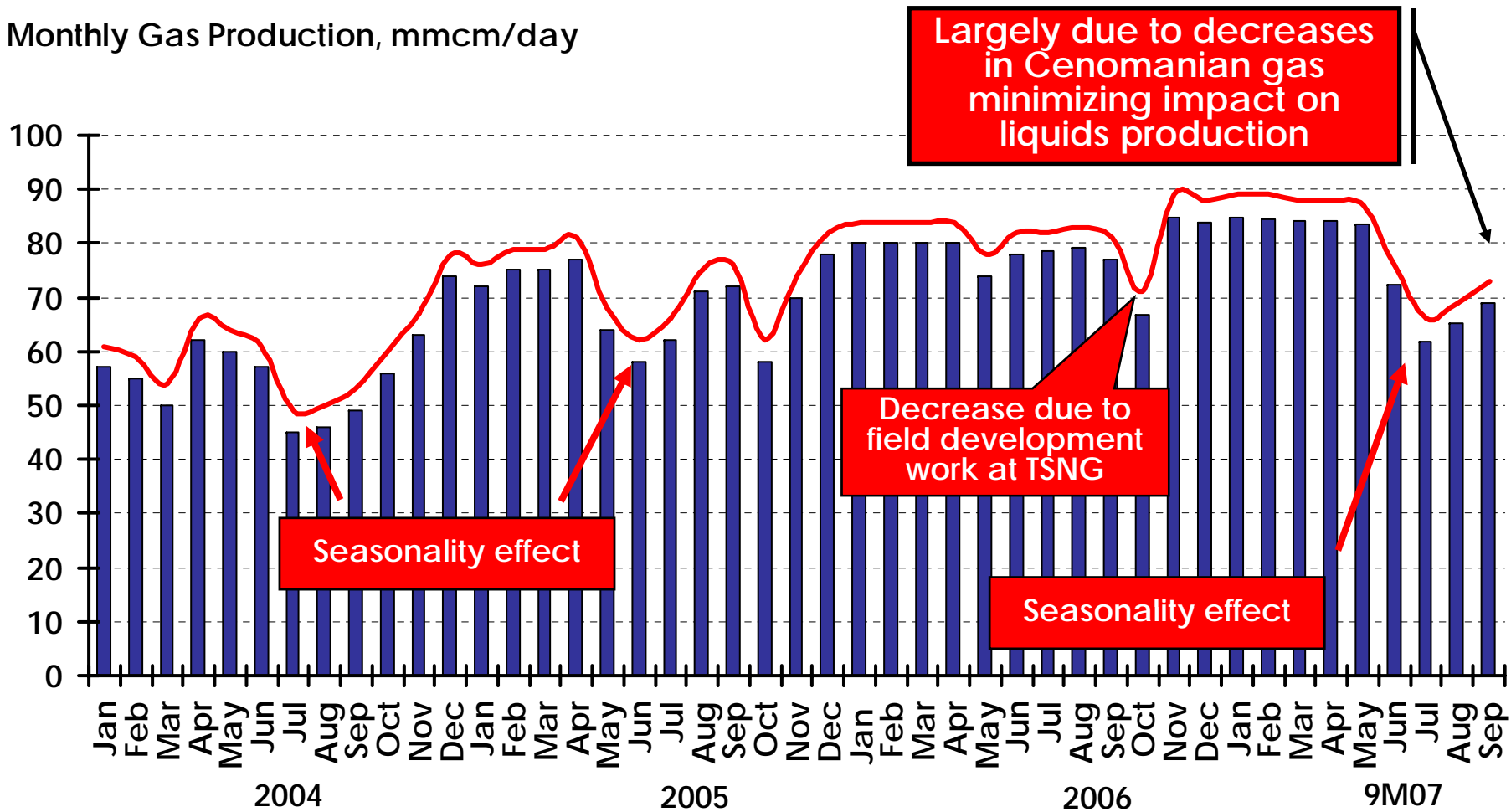
January 2007



A tale of two contrasts - From a deep freeze to the warmest winter in the past 126 years

Increasing gas production

Monthly Gas Production, mmcm/day



2004 Avg.
56 mmcm/day
1,976 bcf/day

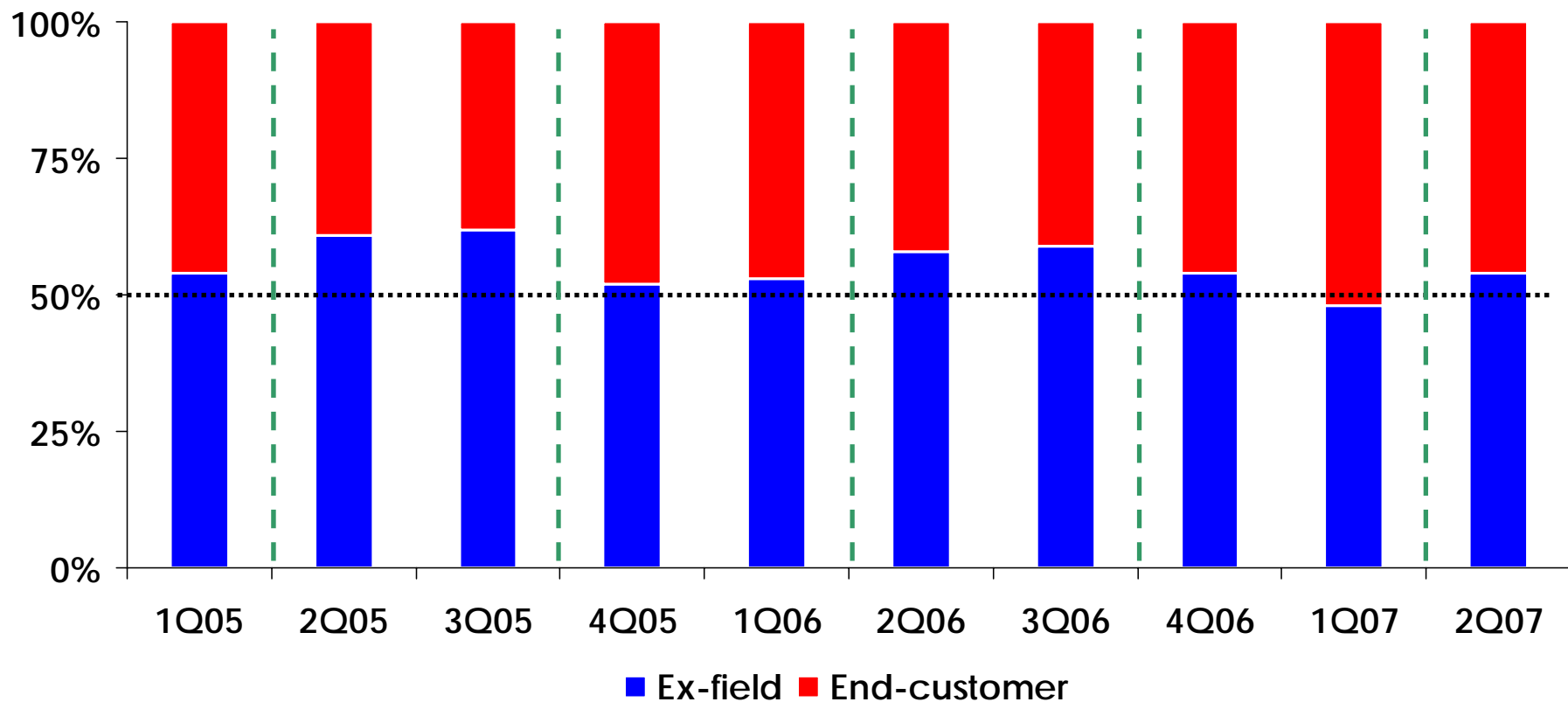
2005 Avg.
69 mmcm/day
2,436 bcf/day

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

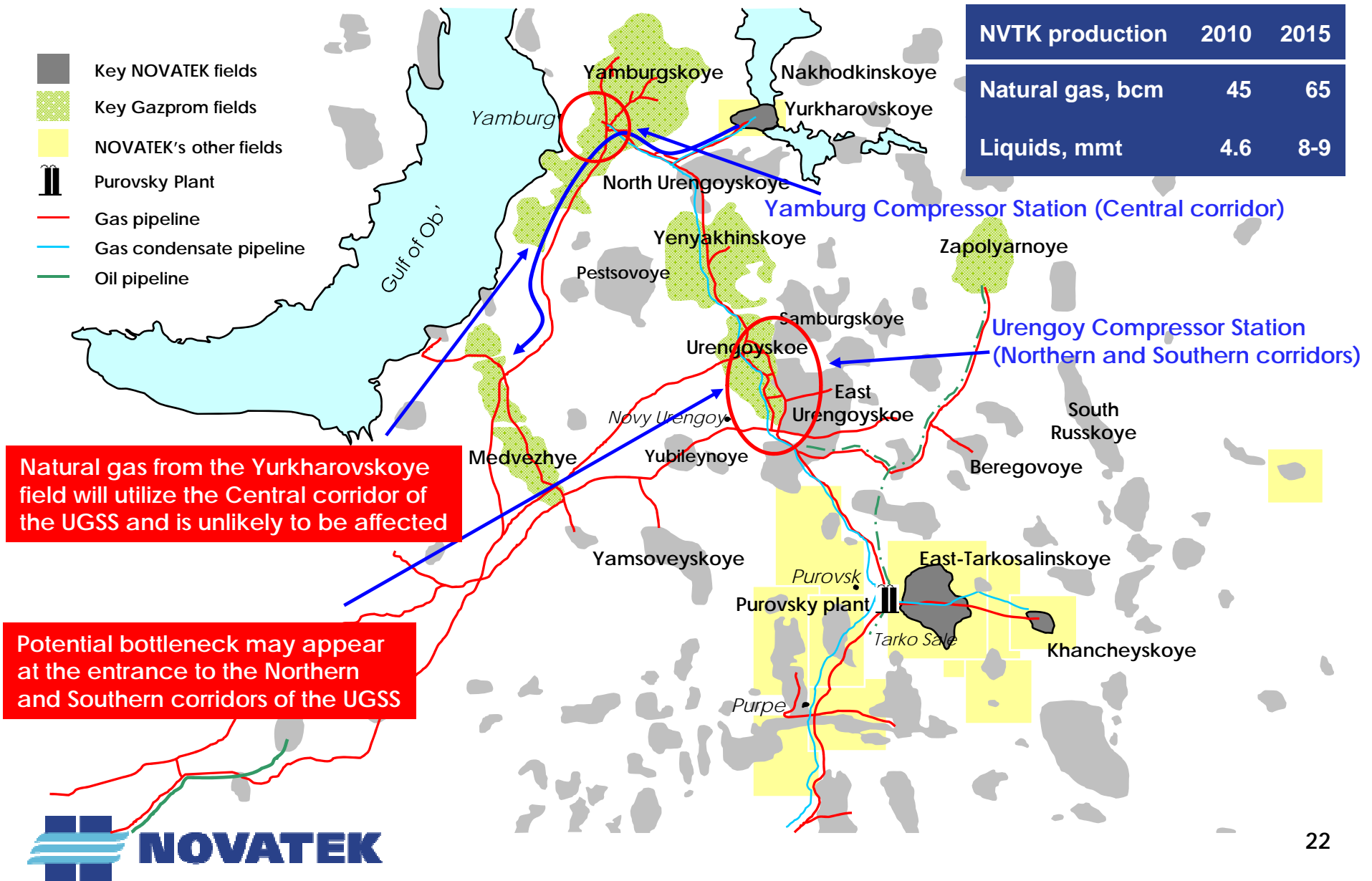
9M 07 Avg.
77 mmcm/day
2,719 bcf/day

Improving natural gas sales volumes mix

- Due to seasonality of demand, NOVATEK has historically sold a higher proportion of natural gas to End-customers during the 1st and 4th quarters.
- NOVATEK has successfully increased the volumes sold to End-customers during the 2nd and 3rd quarters as it increases total natural gas sales volumes

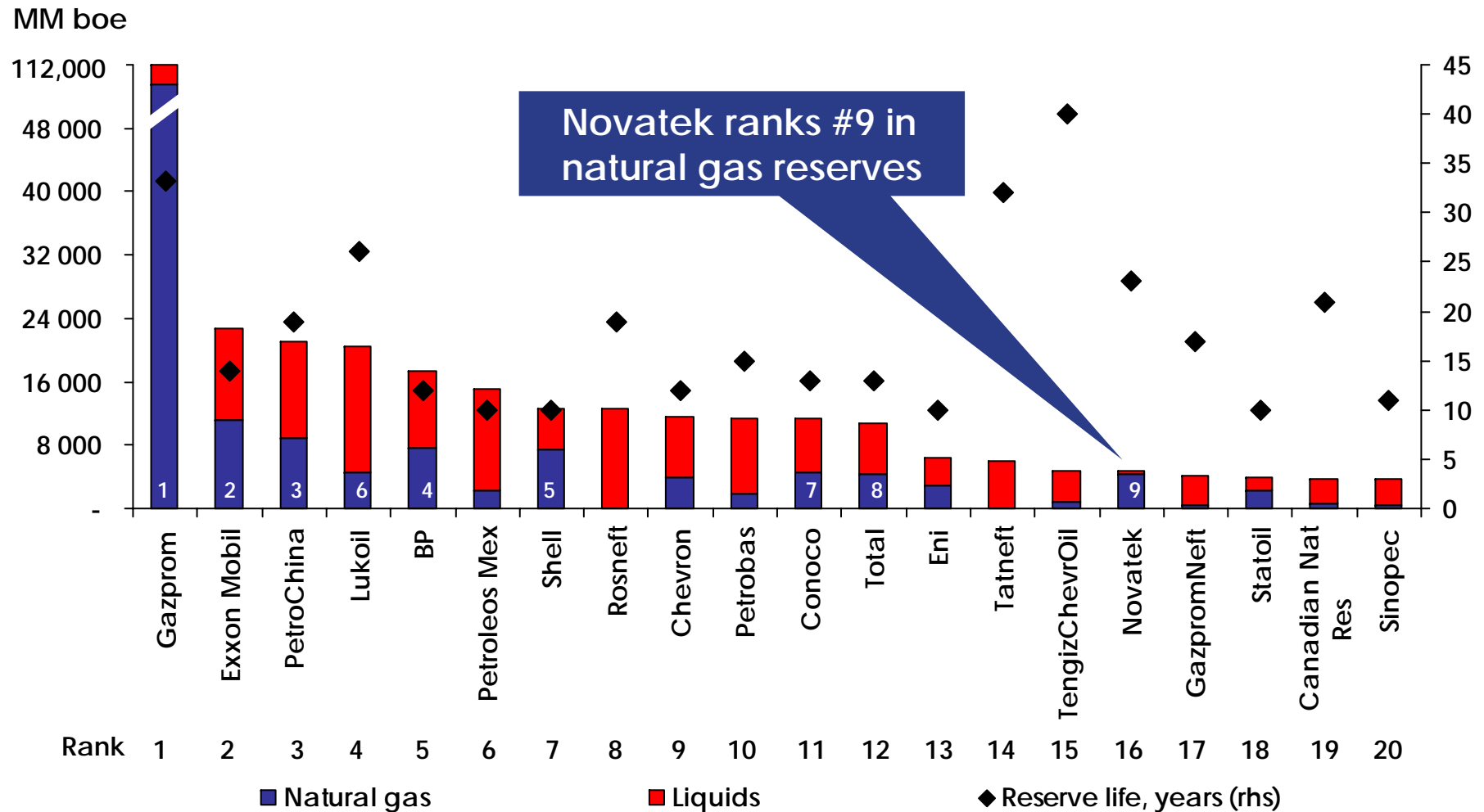


Potential UGSS bottlenecks



Financial and Operational Metrics

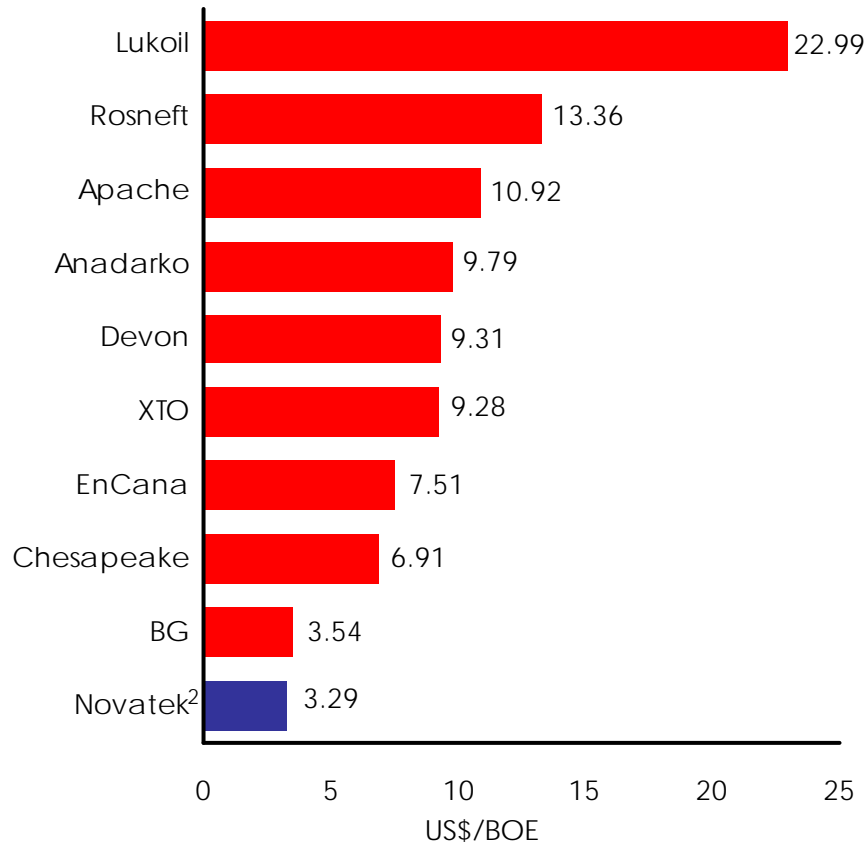
Global oil and gas reserves - 2006



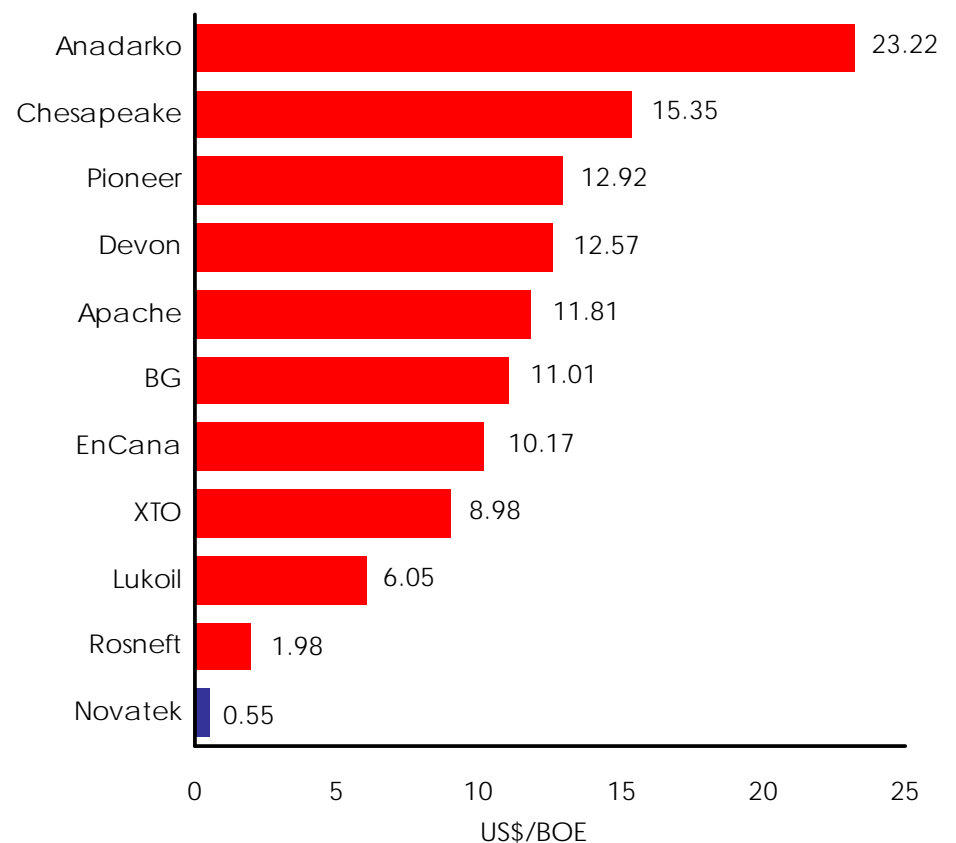
Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, Company data

World class efficiency

Lifting Costs (2006) ¹



3 yr. Avg. Reserve Replacement Cost (2004-2006)



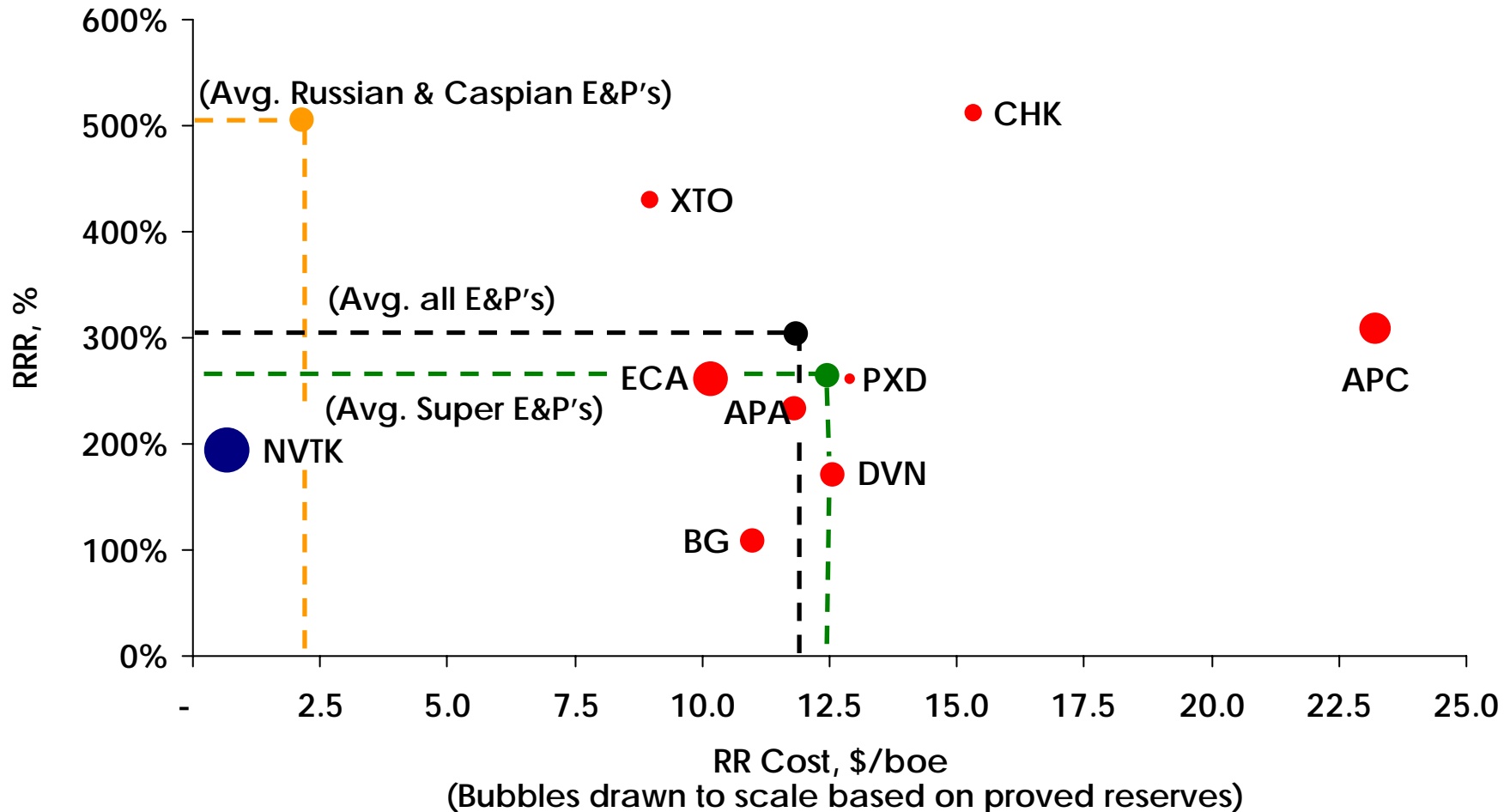
Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review

Notes:

1. Lifting costs include shipping/transportation/handling expenses, taxes other than income and production related G&A
2. Novatek lifting costs from company data and does not include production related G&A



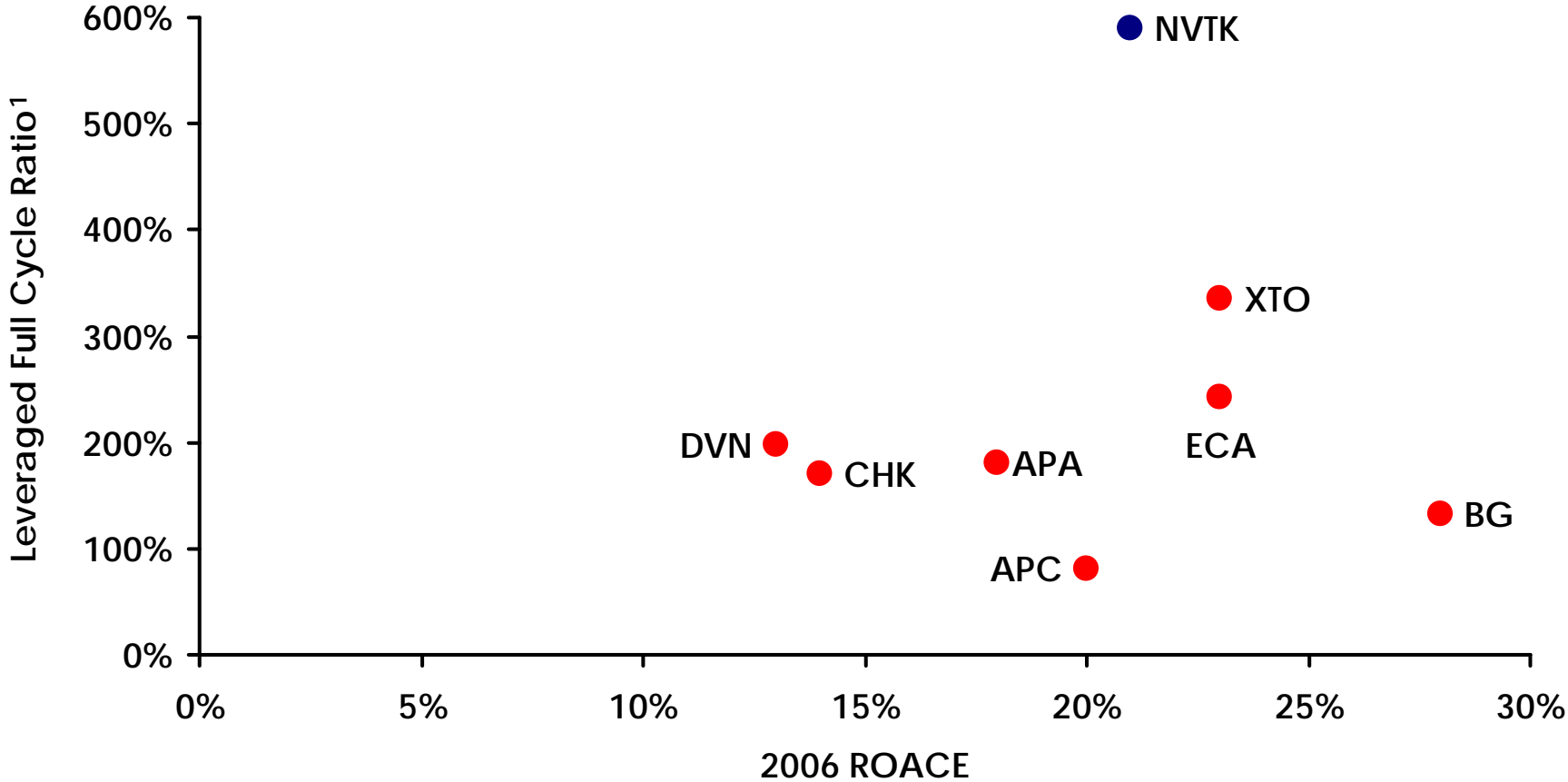
Efficiency indicators – 3 year average (2004-2006)



Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, and Company Data

Efficiency indicators

NOVATEK's efficient use of capital and cost discipline in a regulated price environment underscores the potential for sustainable growth



Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, Yahoo finance and Company data

Notes:
1. Full cycle ratio equals cash margin per BOE divided by 3 yr avg. F&D costs per BOE



NOVATEK at a glance

- Record revenues, EBITDA and net profits over the past three years
- Strong balance sheet and liquidity ratios – net cash position
- Increased dividend payout
- Reserve appraisal results (as at 31 December 2006)
 - Natural gas reserves – 651 bcm (“P1”) and 1,015 bcm (“P2”)
 - Liquid reserves (crude oil & NGL’s) – 49.7 mmt (“P1”) and 99.6 mmt (“P2”)
 - Total reserves – 4,664 mm boe (“P1”) and 7,448 mm boe (“P2”)
- Reserve replacement ratio (RRR) and Reserves-to-Production ratio (R/P)
 - 2006 RRR – 144% and 3 yr avg. RRR - 194%
 - 2006 R/P – 23 years

Summary highlights from 1H 2007

- **Continued growth in revenues and earnings** driven by sales volume growth and higher gas and liquids prices
 - Natural gas sales increased by 31.4% Y-o-Y
 - Liquids sales increased by 12.3% Y-o-Y
- **Significant increase in 1H 2007 net profit** and EPS
- **Net cash positive** – net cash position (cash & cash equivalents less long and short-term debt) increased by 133.5% to RR 5,977 million from RR 2,560 million as of 31 December 2006
- **Cash flow from operations** increased by 28.9% Y-o-Y, to RR 11,046 million from RR 8,569 million
- **Capital expenditures** related to exploration and production increased by 205.4% Y-o-Y to RR 6,619 million

Financial guidance

Metric	2003	2004	2005	2006	Guidance
EBITDA, % ¹	30%	36%	54%	48%	43 – 45%
EBITDA (net of disposals)	-	-	50%	-	-
Effective tax rate ²	33.1%	28.3%	27.3%	26.7%	26 – 28%
Net Income, % ³	19%	23%	32%	29%	23 – 25%
ROE, % ⁴	27%	13%	24%	21%	21 – 23%
ROACE, % ⁵	21%	13%	20%	20%	18 – 20%
Net debt / Total Capitalization ⁶	29%	27%	8%	(3%)	15 – 30%

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 as a percentage of Total revenues and other income
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. as a percentage of Total revenues and other income
4. ROE represents net income/total shareholders equity
5. Net income plus finance expense (net of taxes)/Total debt plus total equity
6. Net debt represents total debt less cash and cash equivalents. Total capitalization represents total debt, total equity and deferred income tax liability.

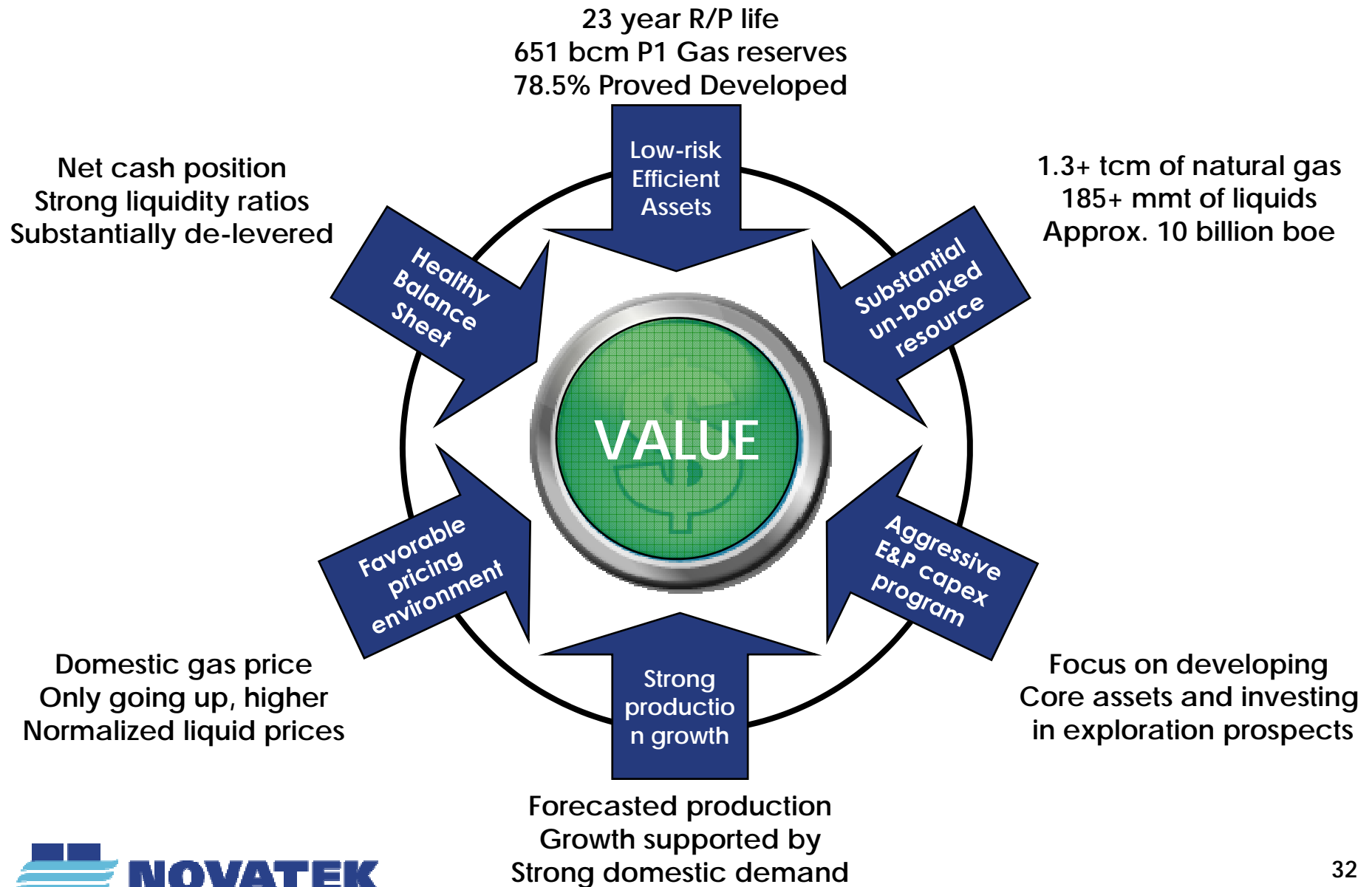
Operational guidance

Metric	2003	2004	2005	2006	Guidance
Lifting costs, \$/boe	0.43	0.38	0.52	0.45	0.50 – 0.55
F & D costs, \$/boe	0.72	1.06	0.30	0.57	0.62 – 0.68
RR costs, \$/boe ^{1,2}	0.72	0.69	0.30	0.66	0.70 – 0.75
RR rate ³	249%	118%	313%	144%	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

Value formula



Questions & Answers