Third Quarter 2007
Operational and Financial Results
Conference Call



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26 November 2007

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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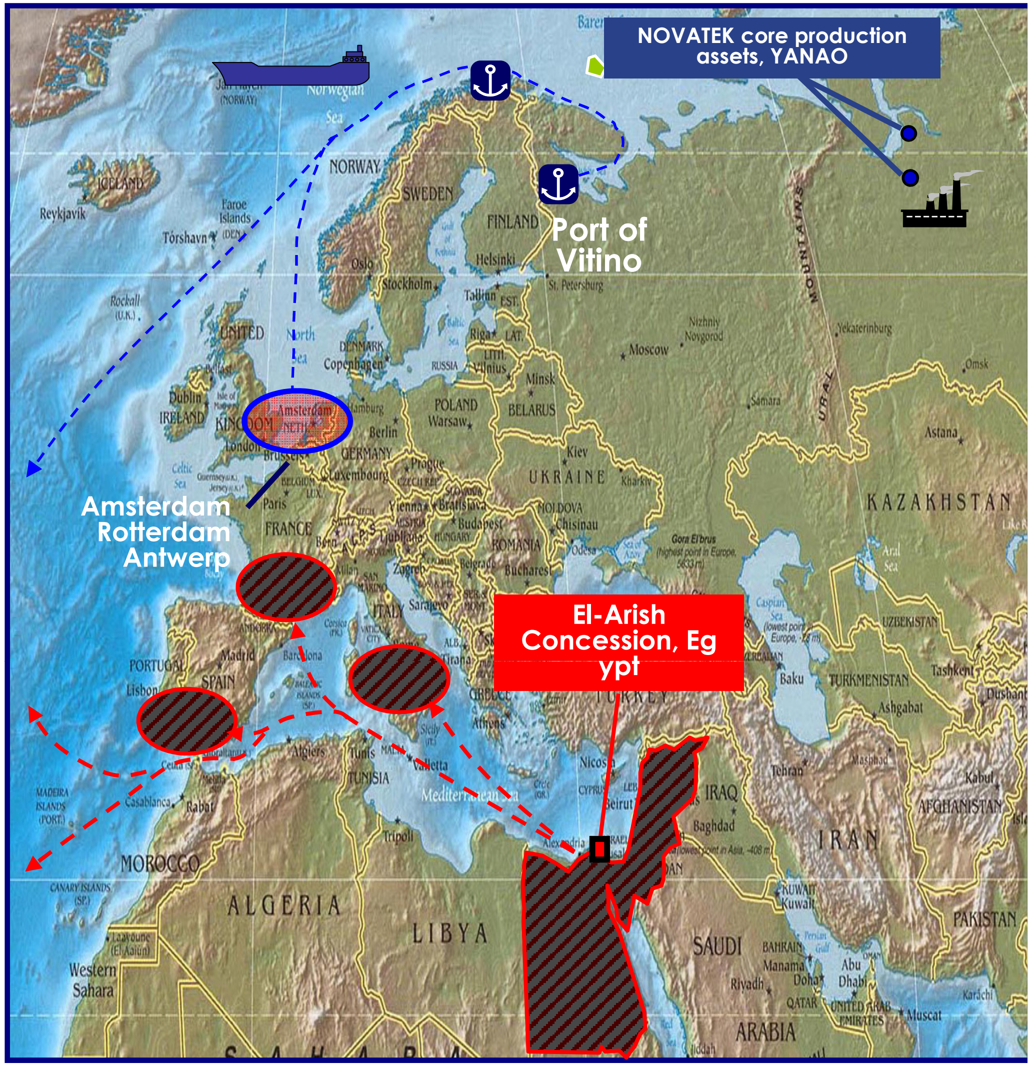
North El-Arish offshore block concession – Egypt

Investment rationale:

- Geographic diversification of core operating activities;
- Access to new markets for natural gas and liquids sales
- International market prices for liquids and LNG

Country statistics - Egypt:

- One of the fastest growing regions in North Africa and a model for foreign investment since 1983 (European model for development of concession agreements)
- Proved reserves at year end 2006:
  - Natural gas – 1.94 tcm
  - Oil – 507 mm tons
- 2006 natural gas production increased by 29.3% to 44.8 bcm
- LNG exports in 2006 – 15 bcm



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North El-Arish offshore block concession – description

Block description

- The block is situated on a shelf of the Mediterranean Sea adjacent to the northern coast of the Sinai Peninsula and 30 km west of the Israeli border;
- Block area - 2,281 square kilometers;
- Block maximum depth – 500 meters
- 50% of block at depths up to 50 meters;

Block history

- THARWA Petroleum won the tender for development of the El-Arish Block in 2006
- Existing 2D seismic – 4,927 kilometers
- Existing wells – 4 (exploration)
- 1985 results of Total's Mango-1 well
    - Discovery of oil (depth-2,600 m) and gas condensate (depth-2,400 m) deposits
    - Liquids flow rate of 1,400 m^3 /day and gas flow rate of 92,000 m^3 /day
- From 1986-1989, 3 exploration wells were unsuccessful;
- Discovery of commercial natural gas deposit at adjacent Thekah Block operated by Tharwa and Eni

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Summary Highlights from 3Q 2007

- **Continued growth in revenues and earnings** driven by liquids sales volume growth and higher natural gas and liquids prices
  - Natural gas sales increased by 13.7% Y-o-Y
  - Liquids sales increased by 16.6% Y-o-Y
- **Net cash positive –** net cash position (cash & cash equivalents less long and short-term debt) increased by 84.5% to RR 4,724 million from RR 2,560 million as of 31 December 2006
- **Cash flow from operations** increased by 61.1% Y-o-Y, to RR 6,876 million from RR 4,269 million
- **Capital expenditures** related to exploration and production increased by 431.3% Y-o-Y to RR 5,648 million
- **Free cash flow** for the 3Q remained positive as we successfully funded our capex program from internally generated cash flows
- **Ratings upgrade** - Moody's Corporate Family Ratings of NOVATEK upgraded to Baa3 (stable outlook)and S&P to BB (stable outlook)

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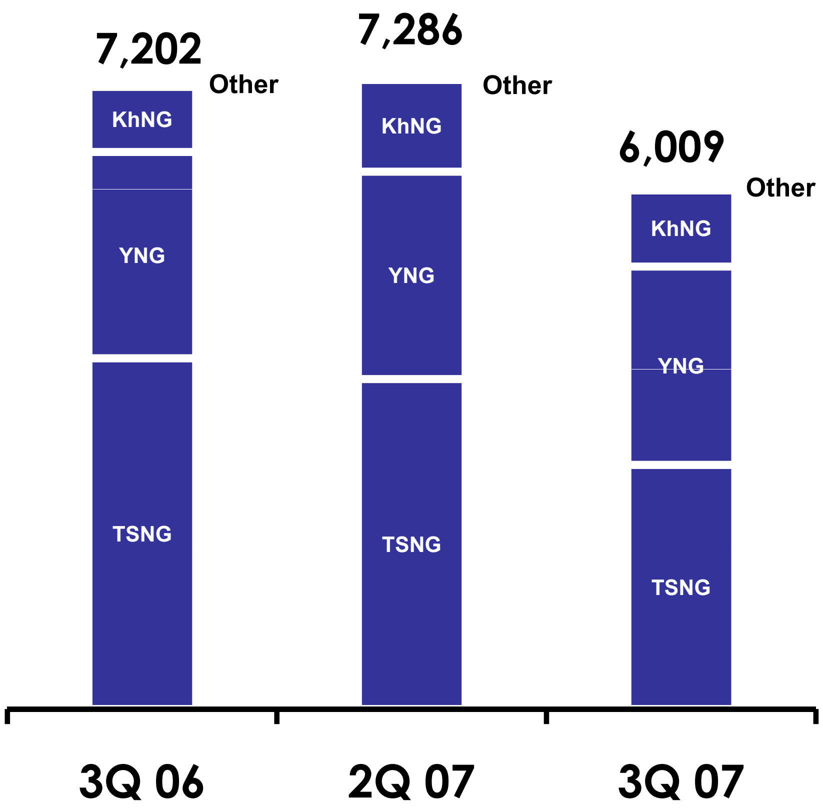
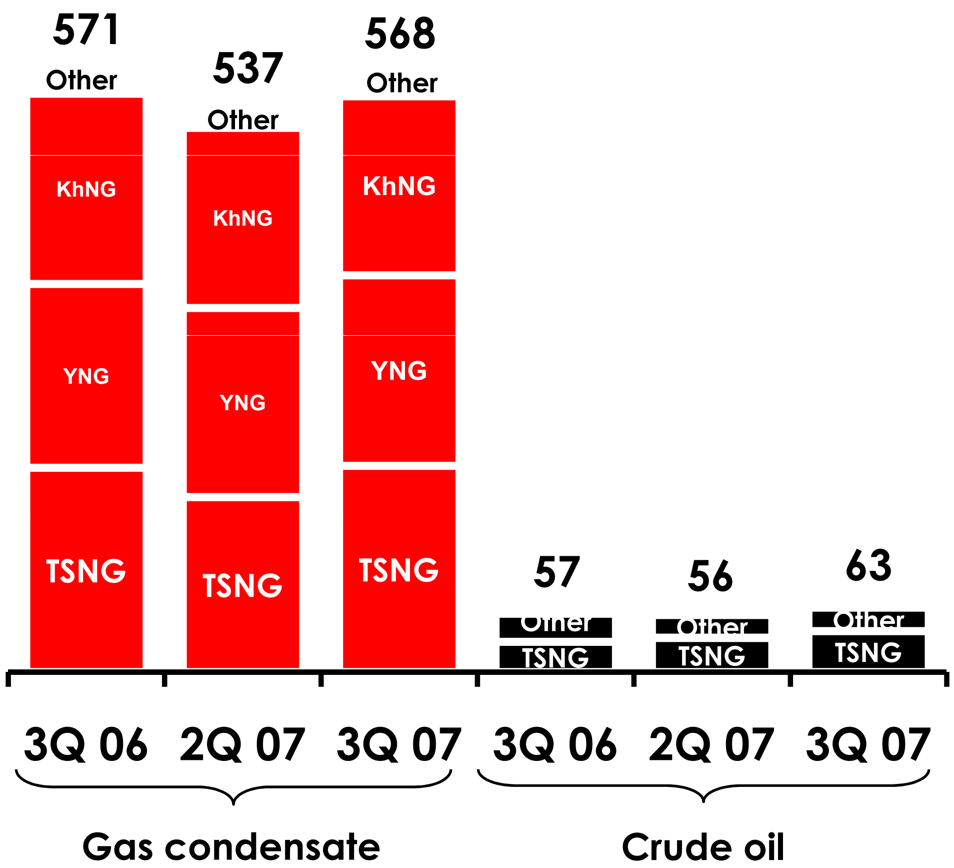
Operational Overview

Gross hydrocarbon production[1]

Natural gas production, mmcm



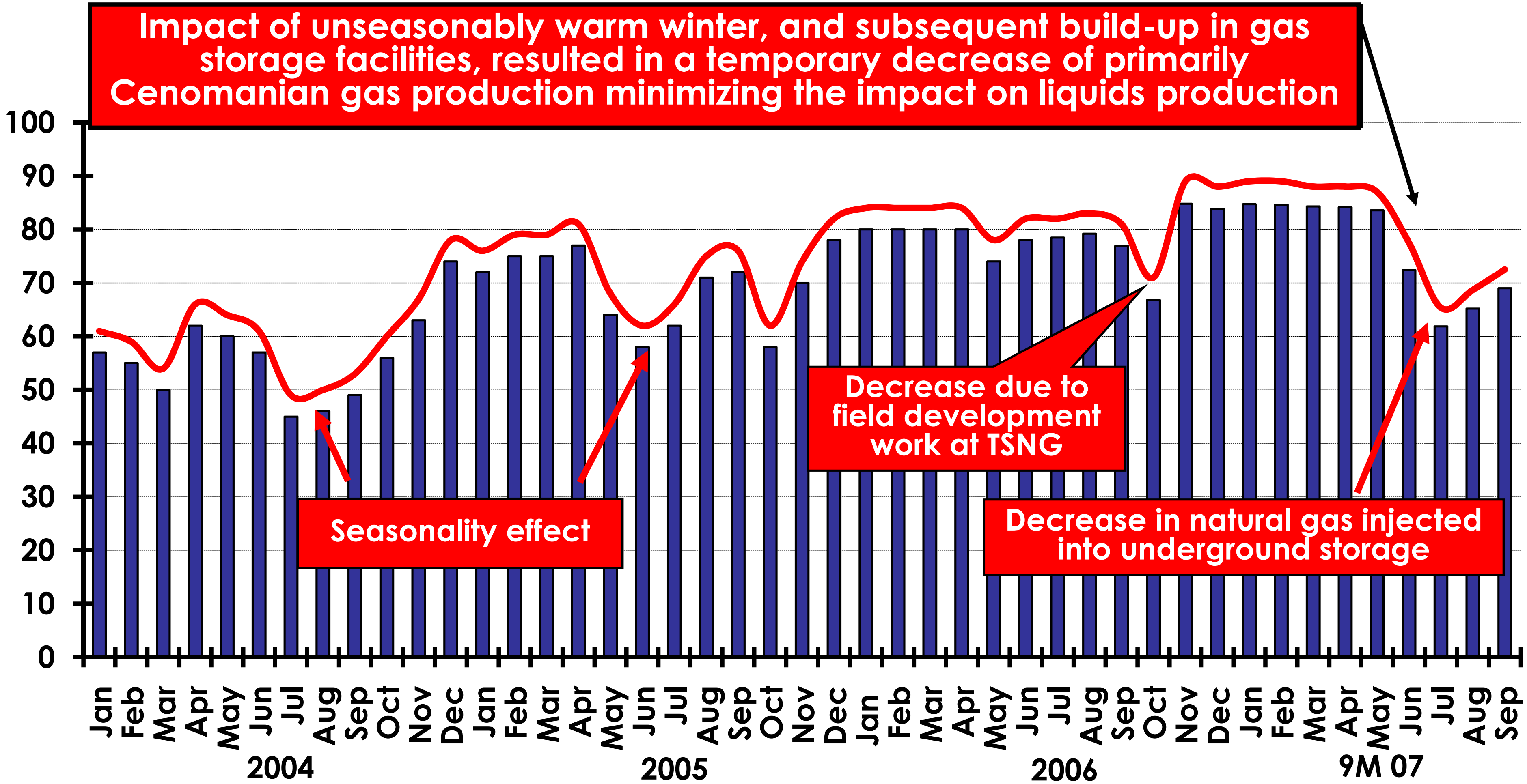
Liquids production, '000 tons



Note:

1. 100% of current Novatek subsidiaries for 3Q 2007 and 3Q 2006, Including associated gas, own consumption, technological and other losses

Increasing natural 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
2,714 bcf/day

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Financial Overview

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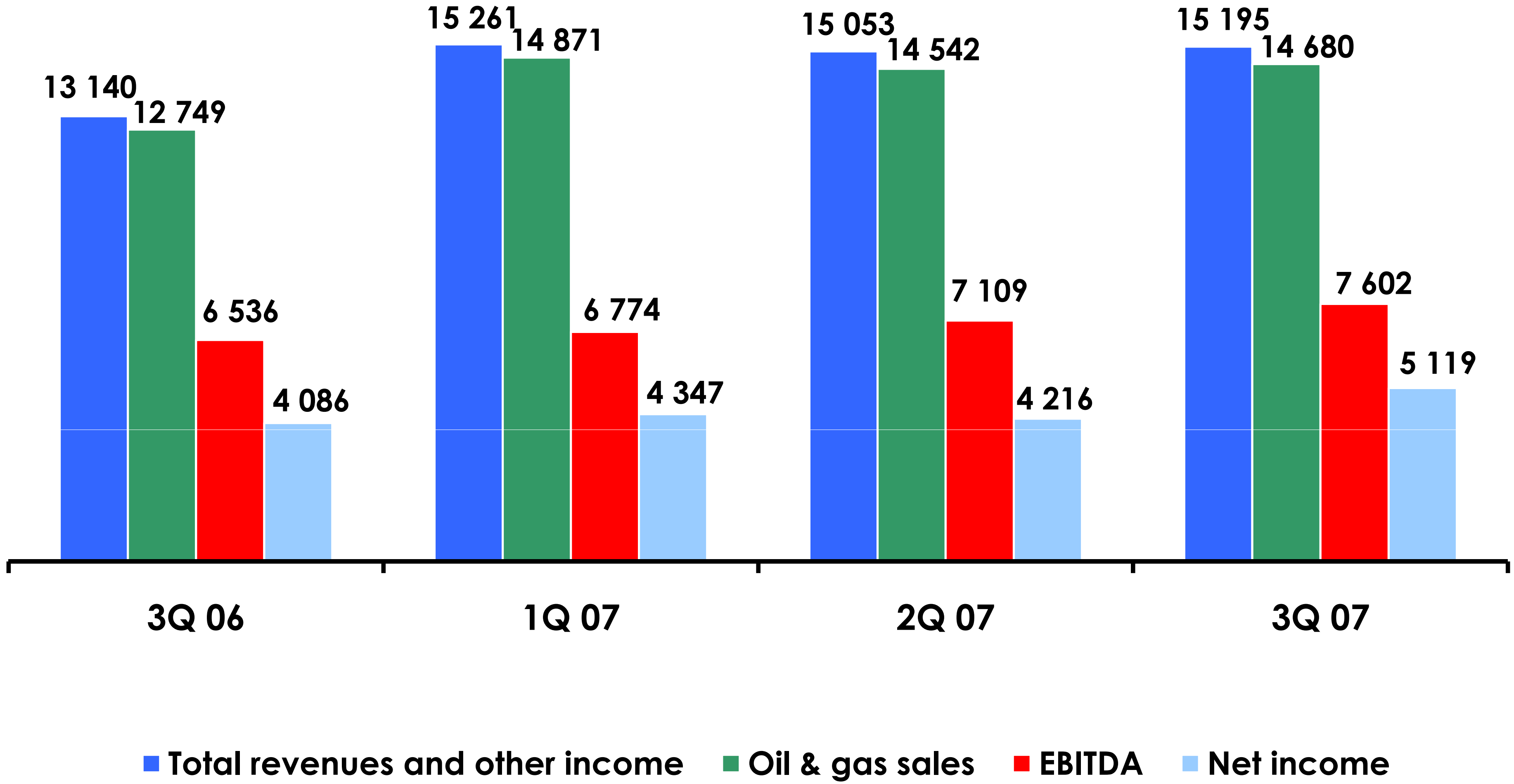
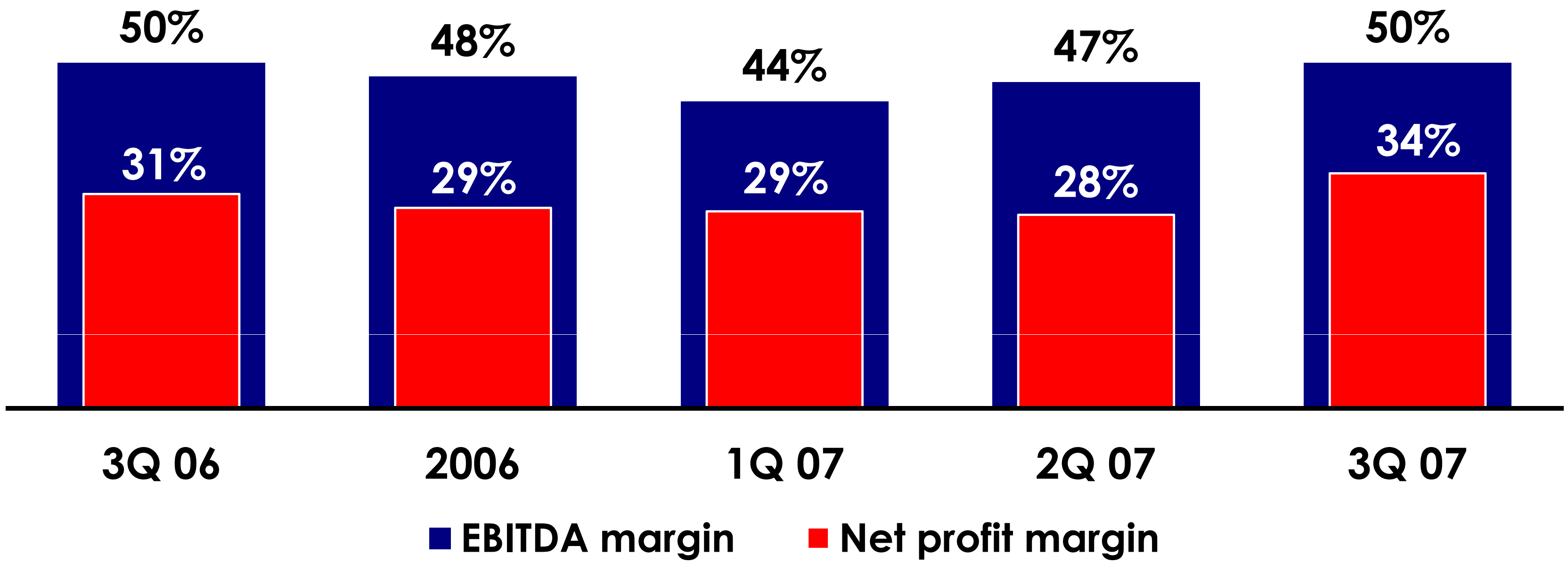
Summary financial results (RR million)



Maintaining margins (% of total revenue & other income)



- 3Q 2007 Margins remained strong due to continued cost discipline
- Strong natural gas pricing environment on domestic market
- Significant change in liquids pricing in international and domestic markets

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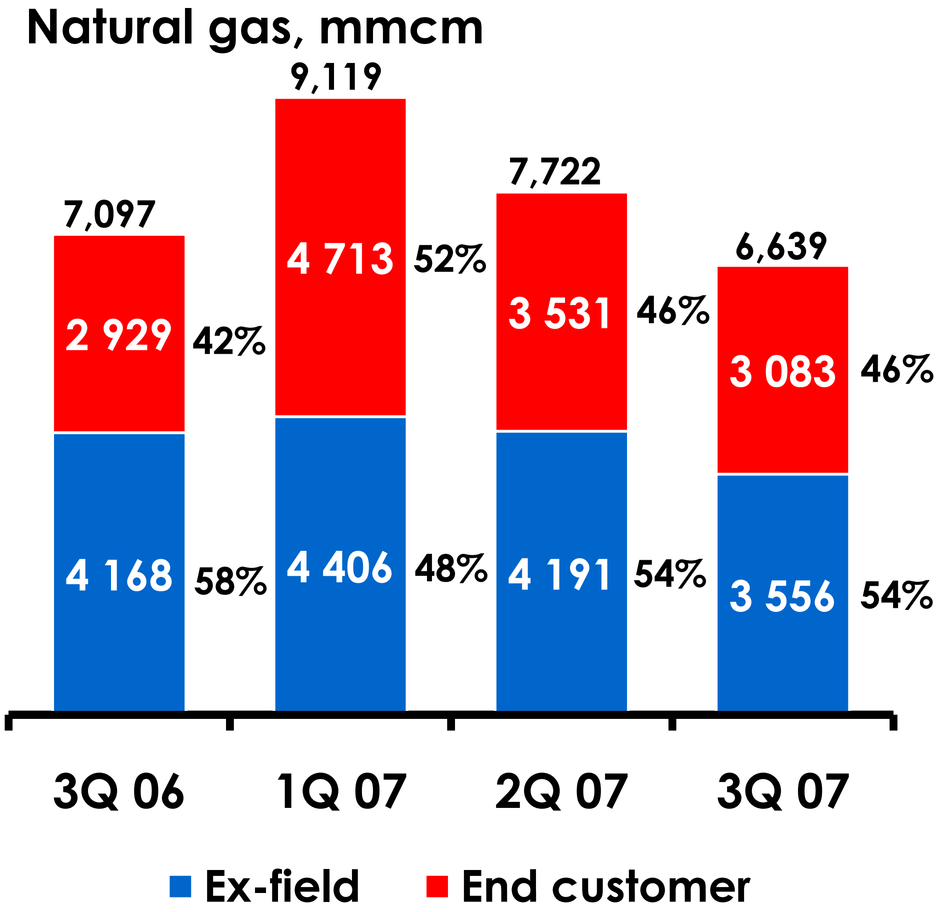
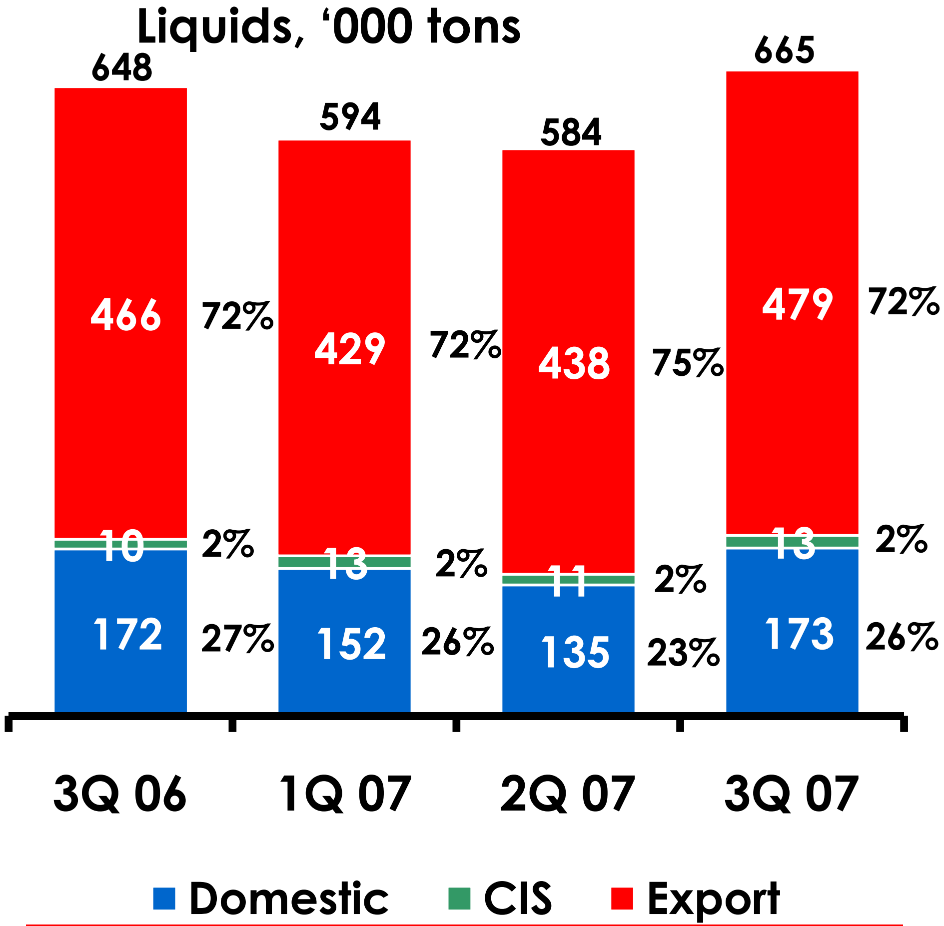
Market distribution – sales volumes



- Y-o-Y increase in proportion of End-customer sales to Ex-field sales
- Q-o-Q decrease in sales volumes due to warm winter & seasonality effect



- Y-o-Y growth in export sales in 3Q 07 due increased LPG export volumes
- Q-o-Q increase in sales volumes due to increased production and reduced inventory volumes

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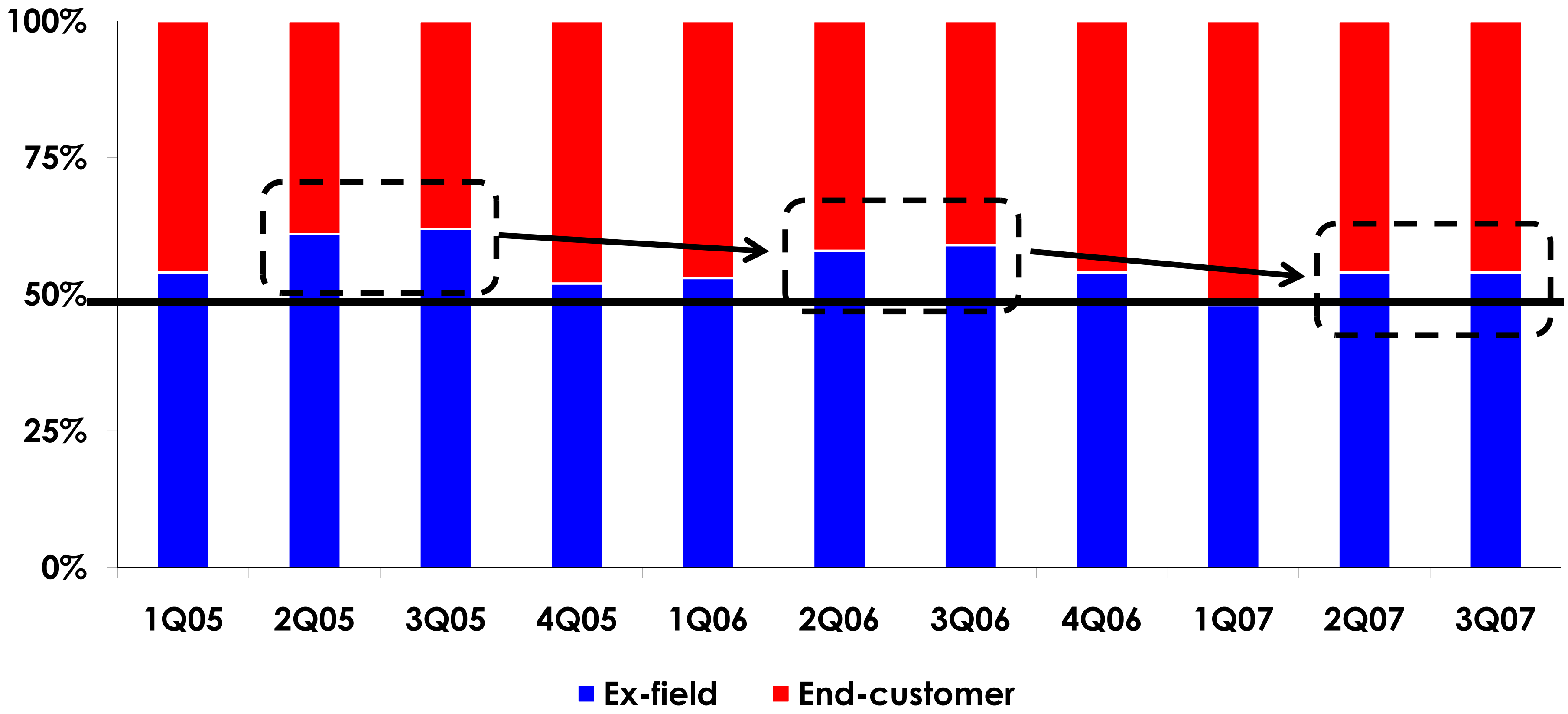
Improving natural gas sales volumes mix

- 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, maximizing the margins on natural gas sales



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Purovsky processing plant & Vitino Sea Port Terminal

- **Total volumes delivered: 543 mt**
  - East Tarkosalinskoye and Khancheyskoye fields: 375 mt (100% of net production)
  - Yurkharovskoye: 168 mt (96% of net production)
- **Total plant output 538 mt**
  - stable gas condensate: 388 mt
  - LPG: 150 mt
- **Plant capacity**
  - Approximately 100%
- **7 Tankers from Vitino Sea Port Terminal (Stable Gas Cond.)**
  - 4 to US markets
  - 3 to European markets
- **Inventory reconciliation**
  - 1 tanker in transit – 50 mt
  - Rail road cisterns and port storage facilities – 71 mt
  - Plant storage facilities – 7 mt
- **Majority of LPG volumes sold on the domestic market (79%)**

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Another strong quarter

2Q 07	3Q 07	+/(-)%	RR million	3Q 06	3Q 07	+/(-)%
14,542	14,680	1%	**Oil & gas sales**	12,749	14,680	15%
15,053	15,195	1%	**Total revenues & other income**	13,140	15,195	16%
9,002	8,524	(5%)	**Operating expense**	7,712	8,524	11%
7,109	7,602	7%	**EBITDA**[(1)]	6,536	7,602	16%
47%	**50%**		**EBITDA margin**	**50%**	**50%**	
31%	23%		**Effective Tax Rate**	25%	23%	
4,216	5,119	21%	**Profit attributable to Novatek**	4,086	5,119	25%
1.39	**1.69**	**21%**	**Earnings Per Share**	**1.35**	**1.69**	**25%**
3,003	5,908	97%	**Capex**	1,098	5,908	438%
(5,977)	(4,724)	(21%)	**Net debt (Cash)** [(2)]	(2,560)[(3)]	(4,724)	85%

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
3. As of 12/31/2006

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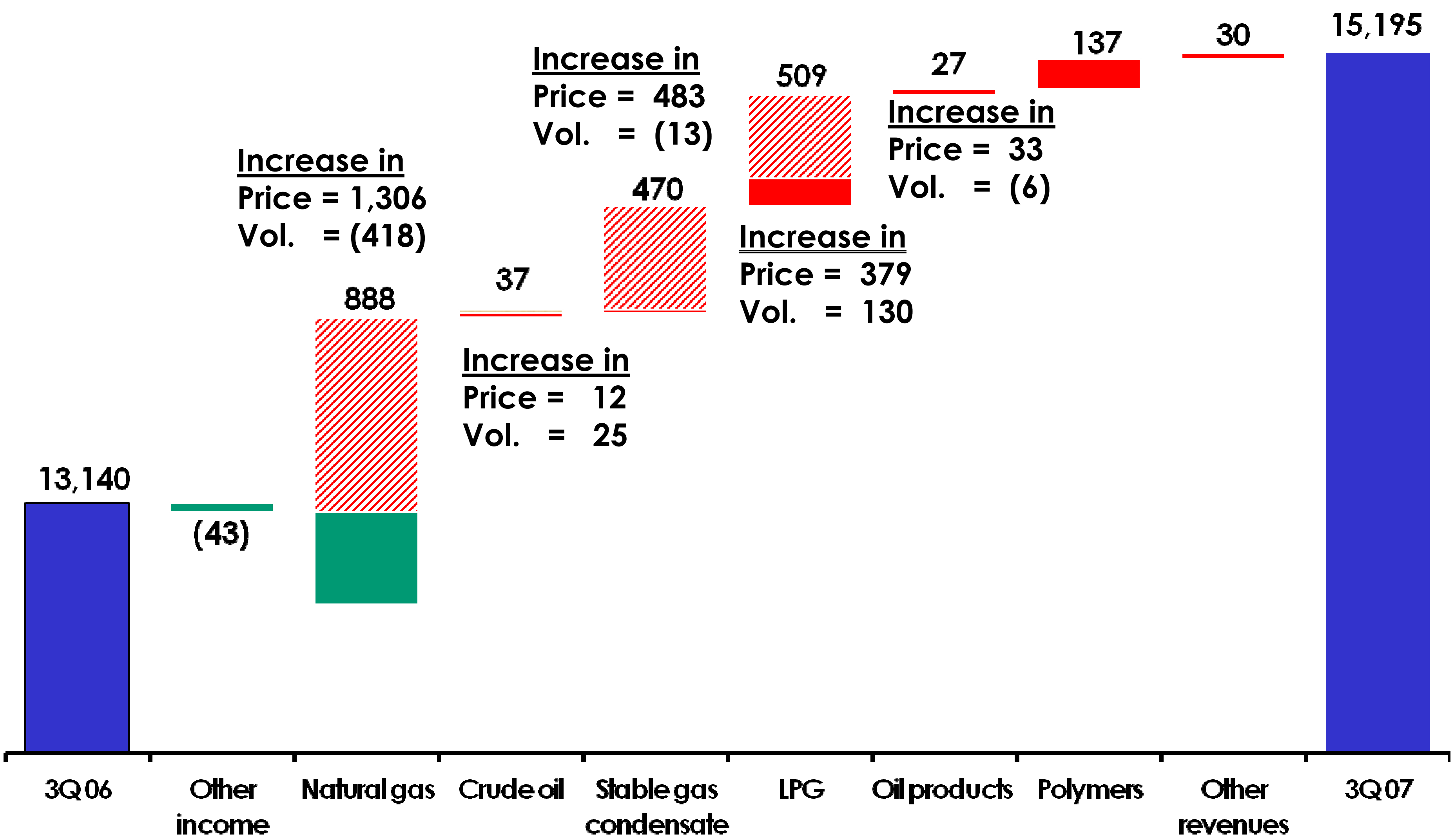
Revenue & other income reconciliation (RR million)



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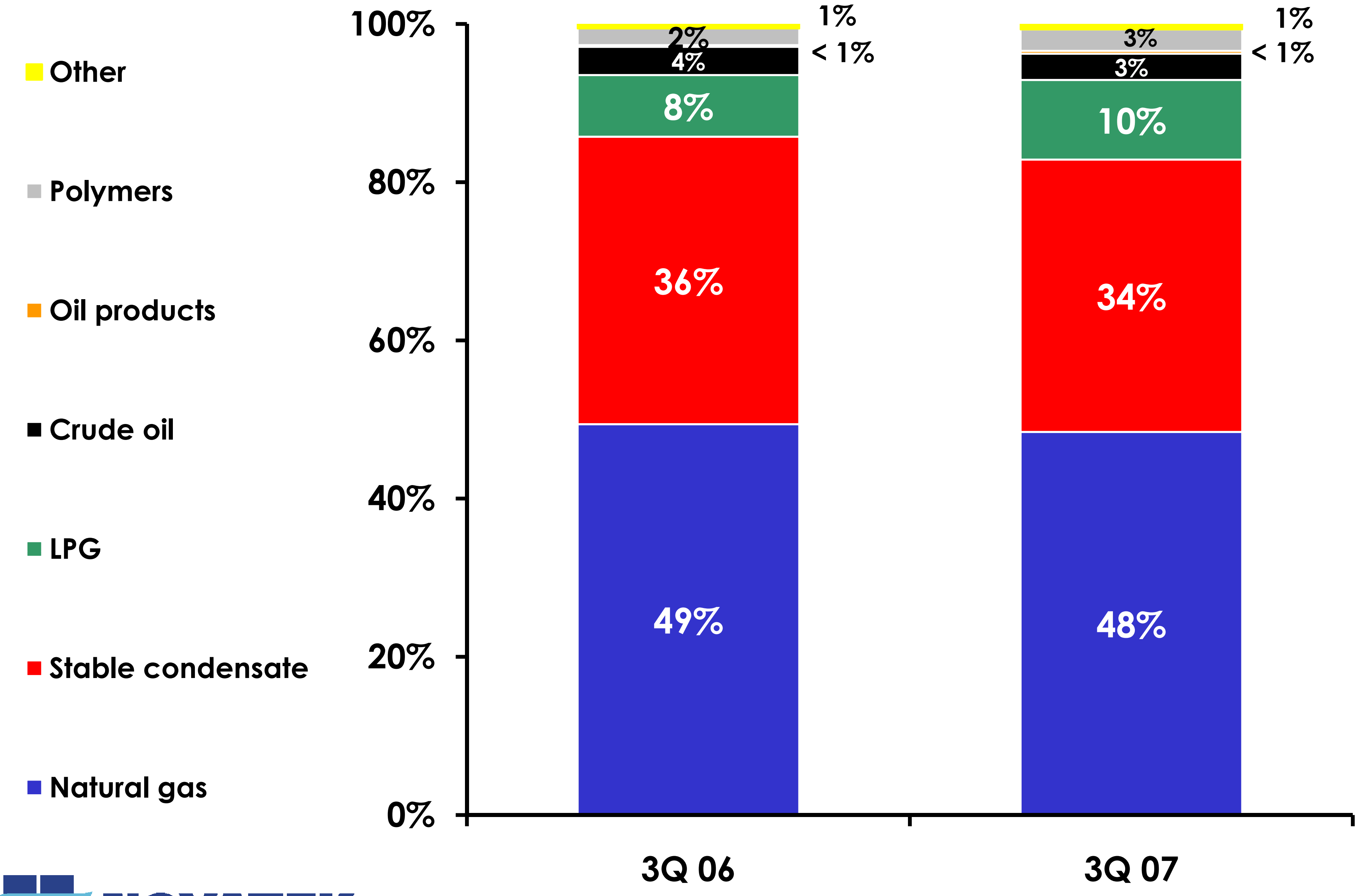
Total revenue breakdown



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Realized prices (net of VAT and export duties)

2Q 07	3Q 07	+/(-)	+/(-)%	Hydrocarbon prices	3Q 06	3Q 07	+/(-)	+/(-)%
				Domestic market				
1,483	1,500	*17*	*1%*	Natural gas end-user, RR/mcm	1,273	1,500	*227*	*18%*
777	770	*(7)*	*(1%)*	Natural gas ex-field, RR/mcm	658	770	*112*	*17%*
8,464	na	*na*	*na*	Stable gas condensate, RR/ton	8,182	na	*na*	*na*
5,818	6,637	*819*	*14%*	Crude oil, RR/ton[1]	6,827	6,637	*(190)*	*(3%)*
6,317	9,668	*3,351*	*53%*	LPG, RR/ton	7,289	9,668	*2,379*	*33%*
7,084	6,552	*(532)*	*(8%)*	Oil products, RR/ton	3,717	6,552	*2,835*	*76%*
				CIS market				
8,076	11,210	*3,134*	*39%*	LPG, RR/ton	8,953	11,210	*2,257*	*25%*
				Export market				
12,097	11,995	*(102)*	*(1%)*	Stable gas condensate, RR/ton	10,898	11,995	*1,097*	*10%*
7,504	7,634	*130*	*2%*	Crude oil, RR/ton	6,621	7,634	*1,013*	*15%*
9,573	12,702	*3,129*	*33%*	LPG, RR/ton	10,498	12,702	*2,204*	*21%*

Note
1. Net of transportation costs

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Operating expenses breakdown (% of Total revenue (TR))

2Q 07	% of TR	3Q 07	% of TR	Operating Expenses, RR million	3Q 06	% of TR	3Q 07	% of TR
3,520	23%	**3,344**	22%	Transportation expense	**2,865**	22%	**3,344**	22%
1,615	11%	**1,425**	9%	Taxes other than income	**1,529**	12%	**1,425**	9%
1,141	8%	**1,172**	8%	Materials, services & other	**987**	8%	**1,172**	8%
1,109	7%	**913**	6%	General and administrative	**792**	6%	**913**	6%
992	7%	**850**	6%	Depreciation and amortization	**1,048**	8%	**850**	6%
207	1%	**48**	0%	Exploration expense	**180**	1%	**48**	0%
16	0%	**50**	0%	Net impairment expense	**(21)**	(0%)	**50**	0%
(21)	(0%)	**51**	0%	Change in inventory	**36**	0%	**51**	0%
8,579	**57%**	**7,853**	**52%**	**Subtotal operating expenses**	**7,416**	**57%**	**7,853**	**52%**
423	3%	**671**	4%	Cost of purchased oil, condensate and natural gas	**296**	2%	**671**	4%
9,002	**60%**	**8,524**	**56%**	**Total operating expense**	**7,712**	**59%**	**8,524**	**56%**

- **Y-o-Y total operating expenses decreased by 3%, as percentage of total revenues, and increased by RR 812 million in absolute terms**
- **Y-o-Y non-controllable expenses of transportation and taxes other than income decreased as a percentage of total operating expenses from 57% to 56%**
- **Y-o-Y materials expense increased by RR 185 million, or 19%, due to higher wages at production subsidiaries, and an increase in purchases of raw materials related to polymer production**
- **Y-o-Y depreciation expense decreased by RR 198 million, or 19%, due to lower production volumes (depletion) and an increase in proved reserves as at year-end 2006**

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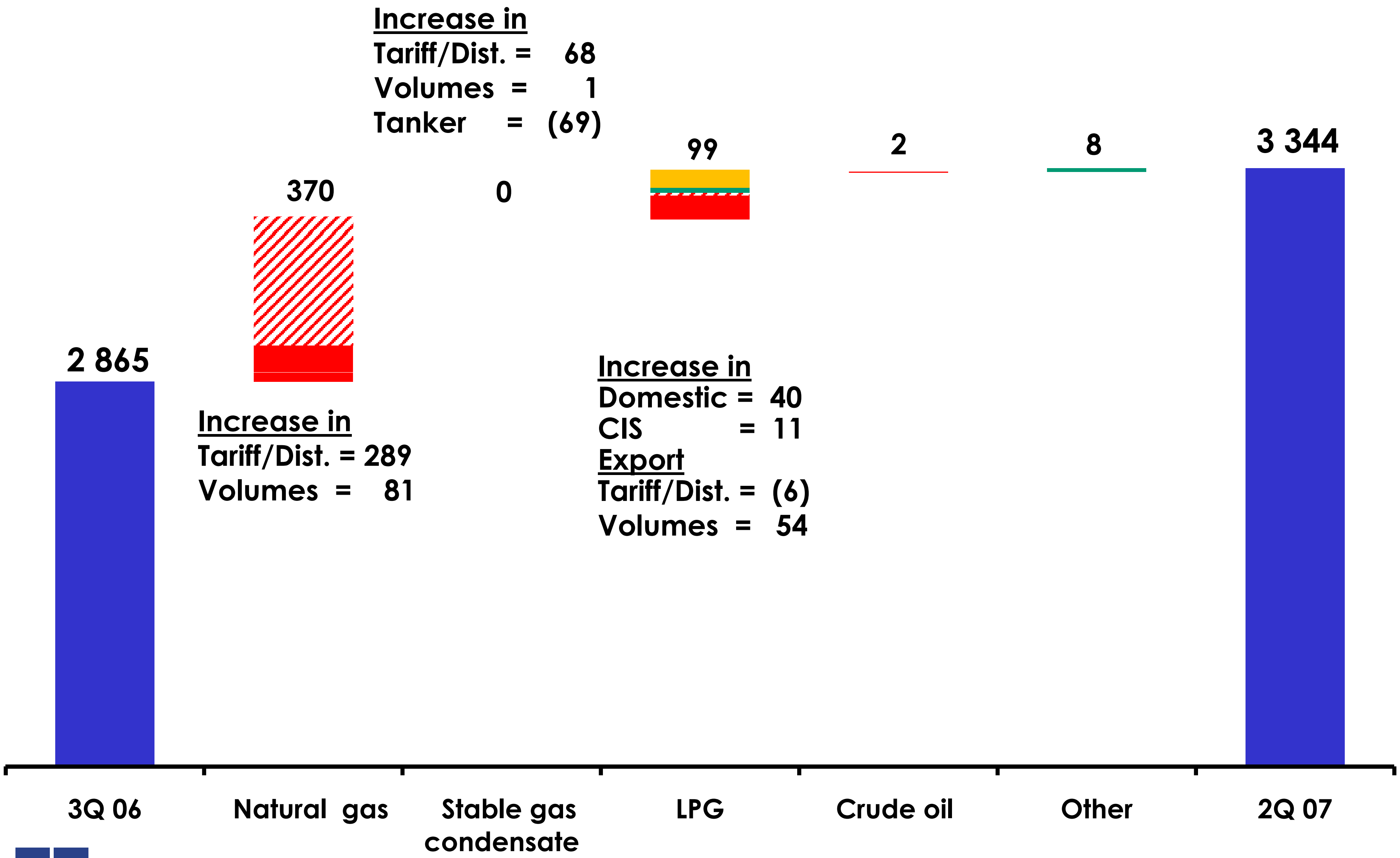
Transportation expense (RR million)



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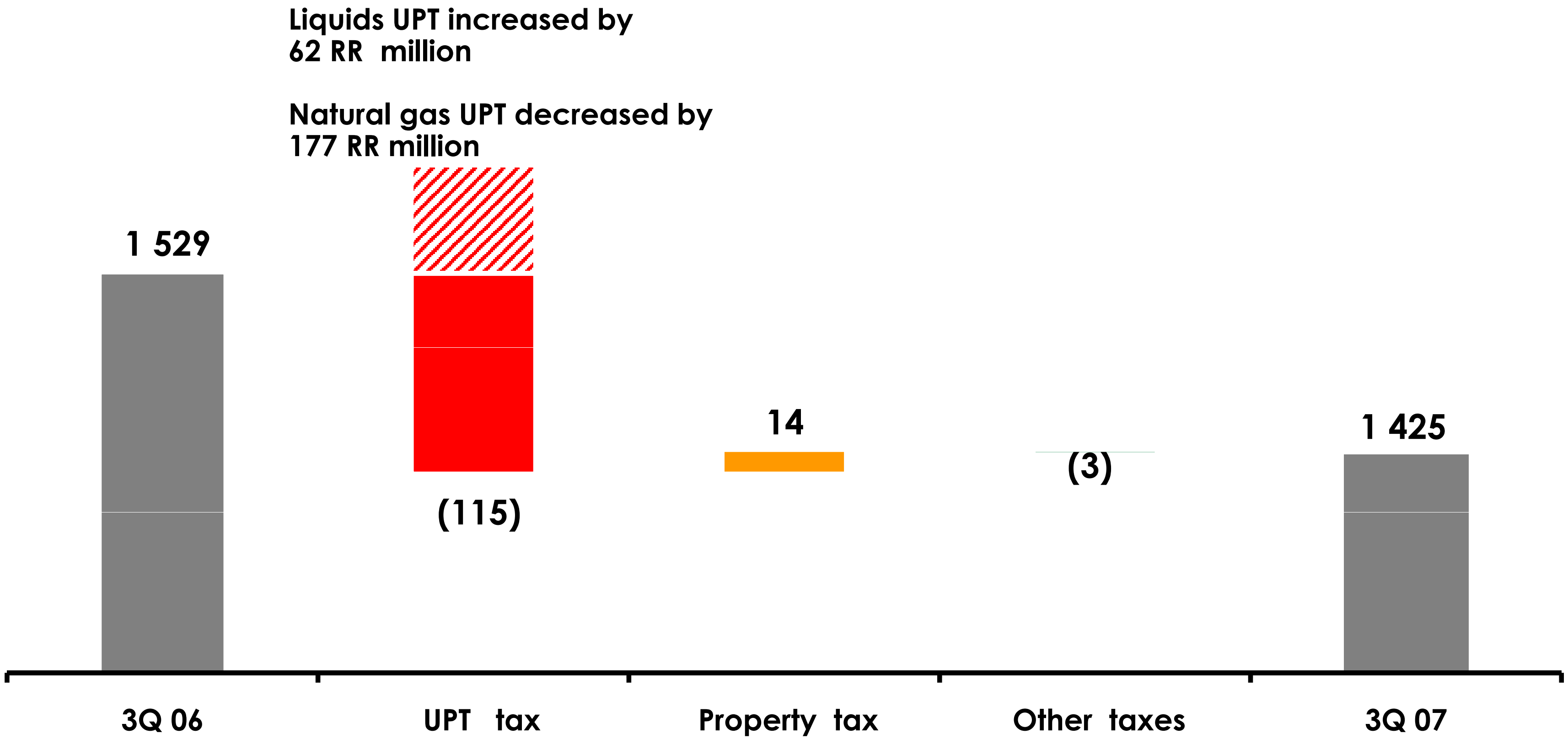
Taxes other than income (RR million)



- Decrease in "taxes other than income" of 6.8% due to UPT tax decrease of 8.2%, primarily due to a 17.1% decrease in natural gas production
- Natural gas accounted for RR 875 million of UPT tax while liquids accounted for RR 411 million
- Property tax increase due to additions of PPE at Purovsky plant and other production subsidiaries

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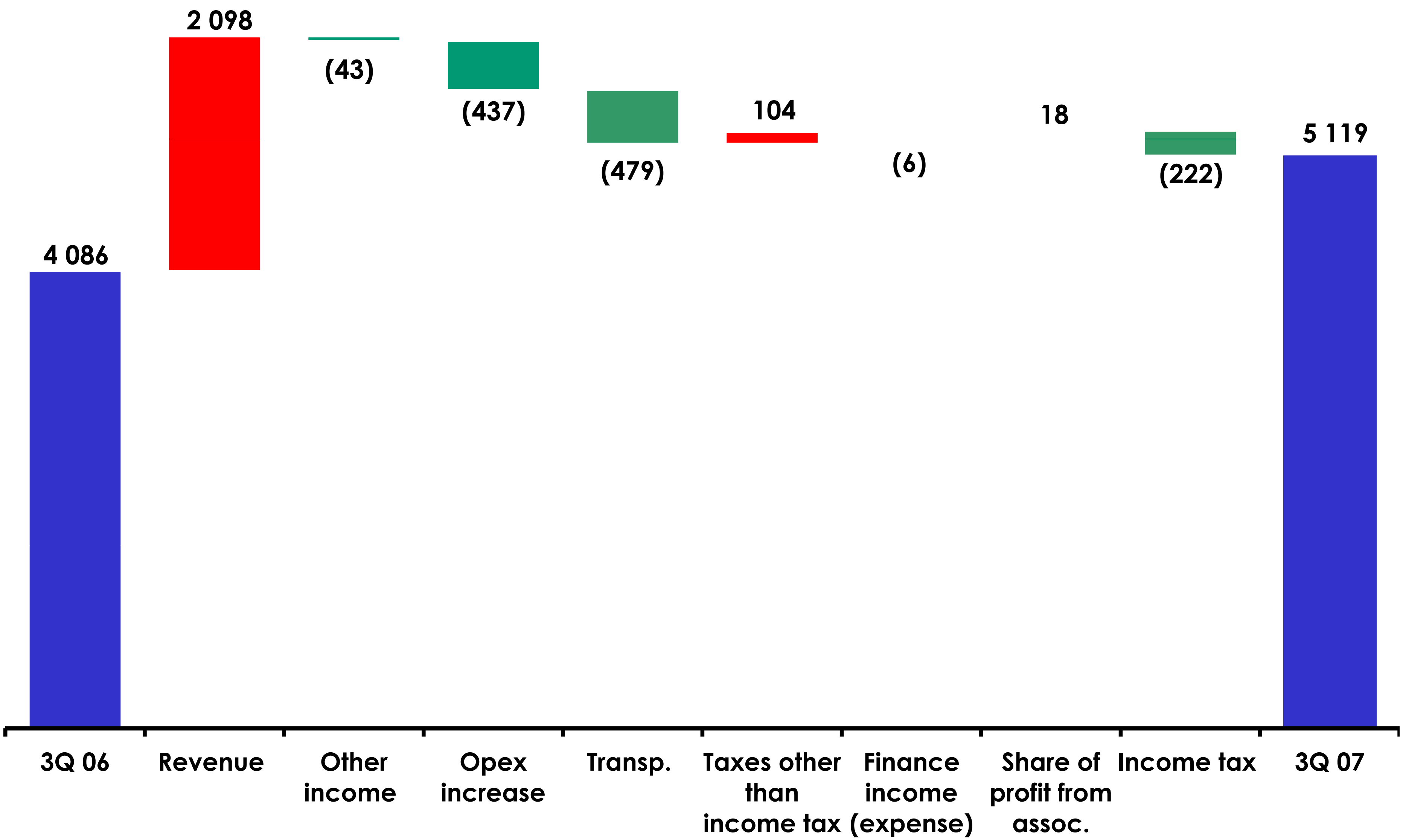
Profit attributable to Novatek reconciliation (RR million)



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Condensed balance sheet (RR million)

RR million	2006	9M 07	+/(-)	+/(-)%
Total current assets	**15,818**	**17,307**	**1,489**	**9%**
Incl. Cash & cash equivalents	*5,668*	*7,654*	*1,986*	*35%*
Total non-current assets	**68,508**	**79,270**	**10,762**	**16%**
Incl. Net PP&E	*66,734*	*76,522*	*9,788*	*15%*
Total assets	**84,326**	**96,577**	**12,251**	**15%**
Total current liabilities	**5,098**	**7,613**	**2,515**	**49%**
Incl. ST Debt	*2,565*	*2,825*	*260*	*10%*
Total non-current liabilities	**10,552**	**9,986**	**(566)**	**(5%)**
Incl. Deferred income tax liability	*8,412*	*8,211*	*(201)*	*(2%)*
Incl. LT Debt	*543*	*105*	*(438)*	*(81%)*
Total Liabilities	**15,650**	**17,599**	**1,949**	**12%**
Total equity	**68,676**	**78,978**	**10,302**	**15%**
Total liabilities & equity	**84,326**	**96,577**	**12,251**	**15%**

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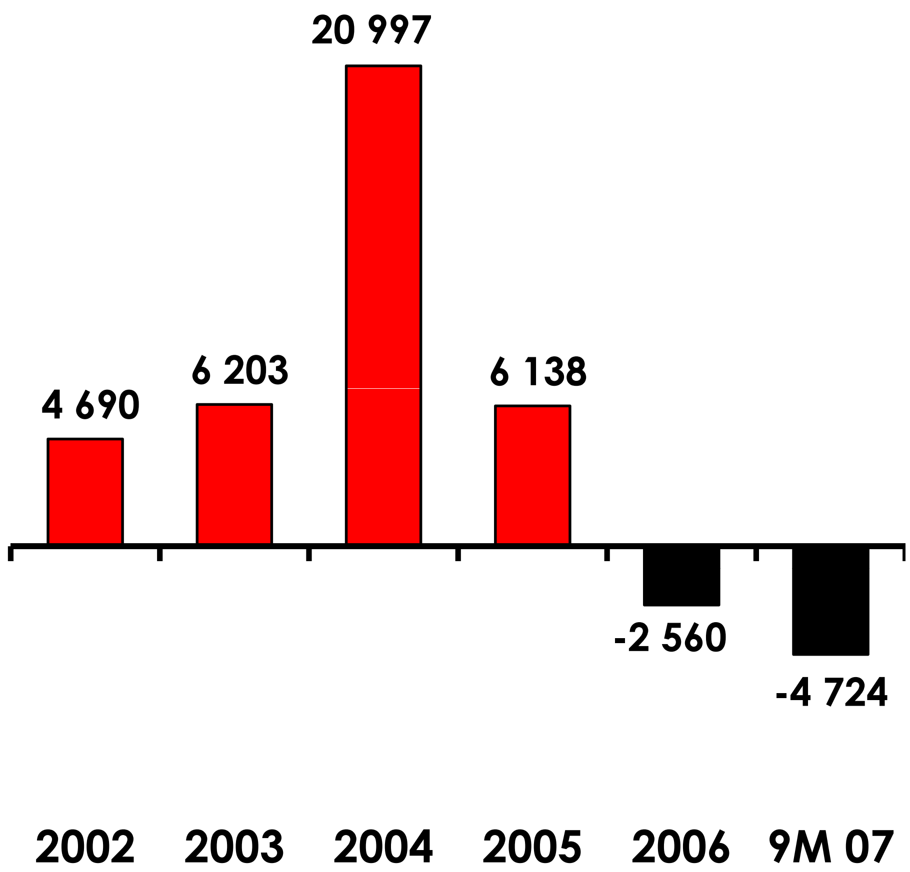
Debt structure

Debt structure and maturities

RR million	9M 07	2006
Short-term debt	**2,825**	**2,565**
Including current portion of long-term debt	*309*	*2,117*
Long-term debt	**105**	**543**
Scheduled maturities		
2008	-	501
2009	103	42
2010	2	-
Total debt	**2,930**	**3,108**
Cash and equivalents	**7,654**	**5,668**
Net debt (Net cash)	**(4,724)**	**(2,560)**

Net Debt (Net cash) evolution, RR million



Continued growth in net cash position

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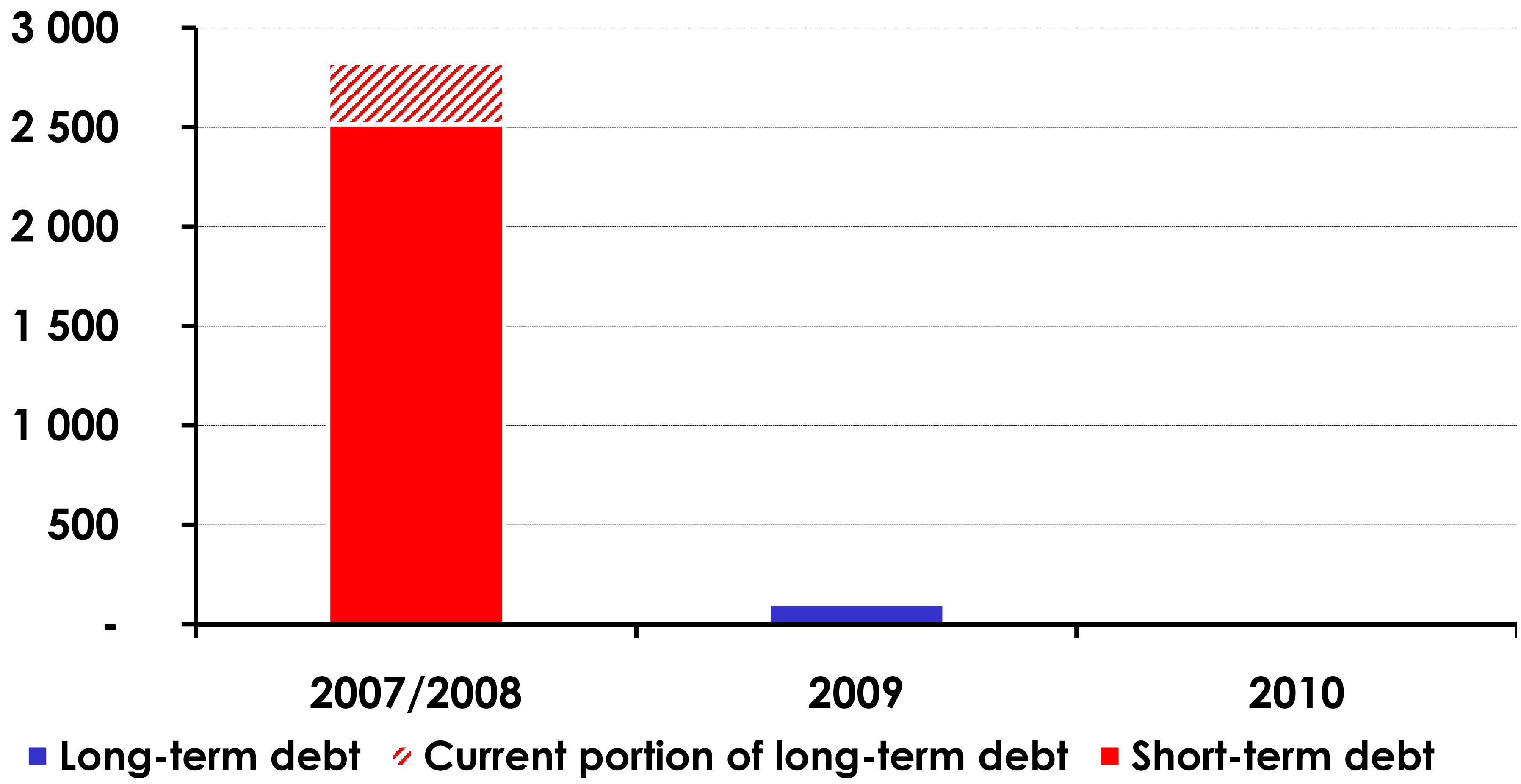
Total debt maturity profile (RR million)

Current debt maturity profile as at 30 September 2007



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Questions and Answers

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