NOVATEK

Second Quarter 2010
Operational and Financial Results
Conference Call

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Moscow, Russian Federation
17 August 2010

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.

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Summary Results – 2Q 2010

- **Increase in revenues and earnings** driven by higher natural gas and liquids prices
  - Natural gas sales increased by 18.2% Y-o-Y
  - Liquids sales increased by 3.5% Y-o-Y
- **Cash flow from operations** decreased by 25.0% Y-o-Y to RR 6,340 million from RR 8,448 million
- **Capital expenditures** related to exploration and production increased by 24.4% Y-o-Y to RR 5,959 million
- **EPS** decreased by 0.5% Y-o-Y to RR 2.35 from RR 2.37; **EBITDA** increased by 25.2% Y-o-Y
- **End-customer sales volumes amounted** to 65.7% of total natural gas volumes sold
- **Natural gas and liquids production increased organically** due to the launch of the 2nd stage of the 2nd phase development at our Yurkharovskoye field in October 2009:
  - Net natural gas production increased by 9.4% Y-o-Y
  - Net liquids production increased by 15.8% Y-o-Y
- **Purovsky Plant output increased** by 16.9% Y-o-Y and 2.6% Q-o-Q

Operational Overview

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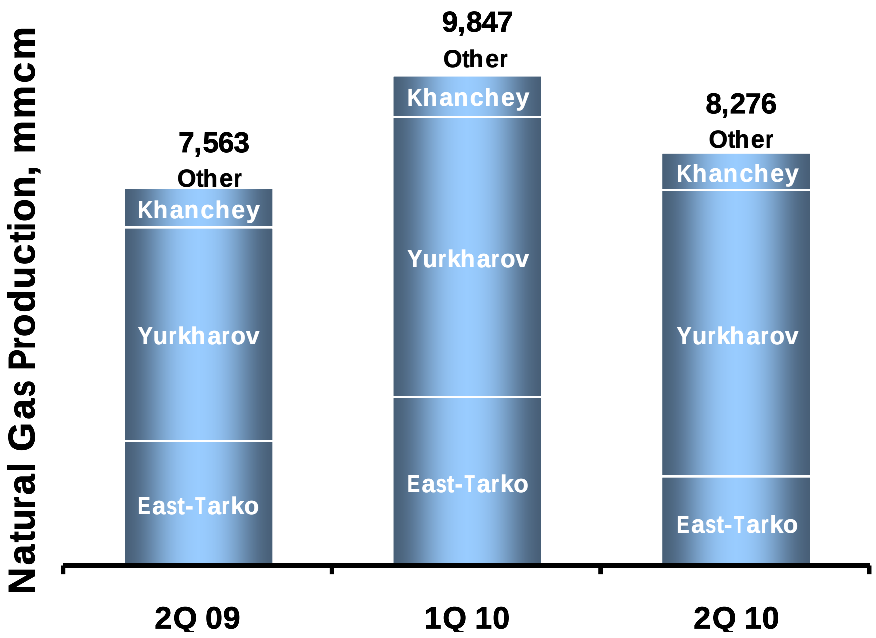
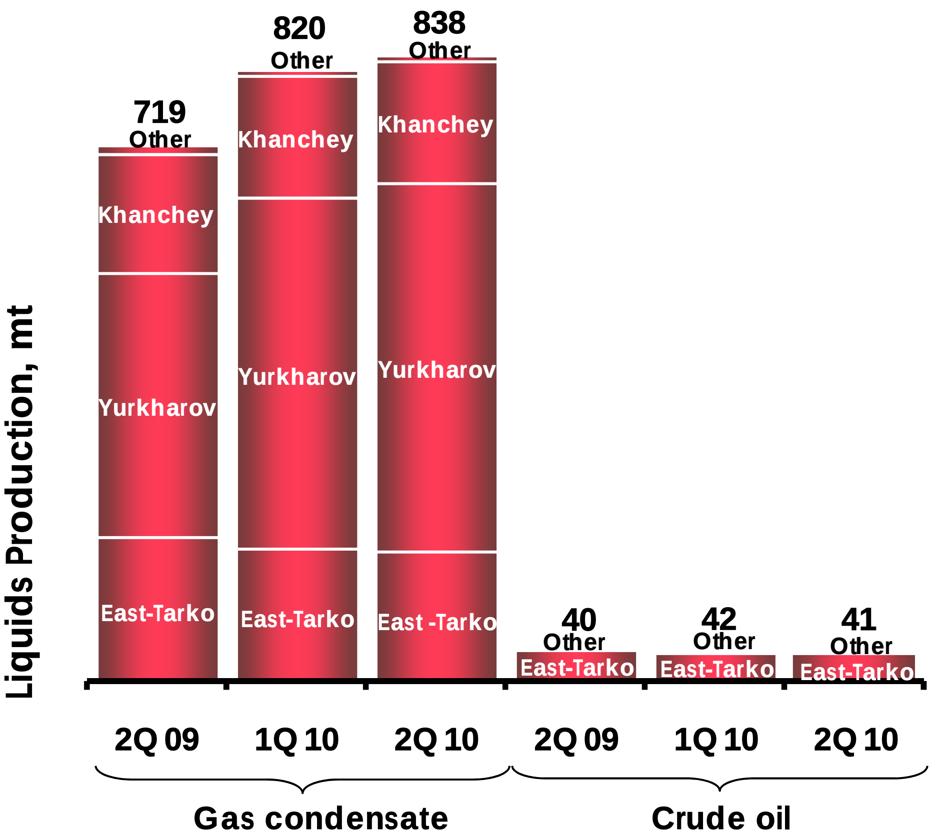
Hydrocarbon Production





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

- Significant capacity increase at Yurkharov
- Partially offset by a decrease at East-Tarko due to our decision to optimize unstable gas condensate production at Yurkharov

Liquids production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Partially offset by a decrease in liquids production at East-Tarko as a result of natural declines in the concentration of gas condensate

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 833 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 336 mt (100% of net production)
  - Yurkharovskoye field: 489 mt (99% of net production)
  - Other : 8 mt
- **Total plant output: 825 mt**
  - Stable gas condensate: 595 mt
  - LPG: 230 mt
- **Plant capacity:** approximately 67%
- **10 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 4 tankers to USA ~ 240 mt
  - 4 tanker to Asian-Pacific Region ~ 238 mt
  - 2 tanker to South America ~ 118 mt
- **Stable gas condensate inventory reconciliation**
  - 3 tankers in transit ~ 180 mt
  - Rail road cisterns and port storage facilities ~ 114 mt
  - Plant storage facilities ~ 38 mt
- **Export volumes of LPG: ~ 50% of total LPG volumes**

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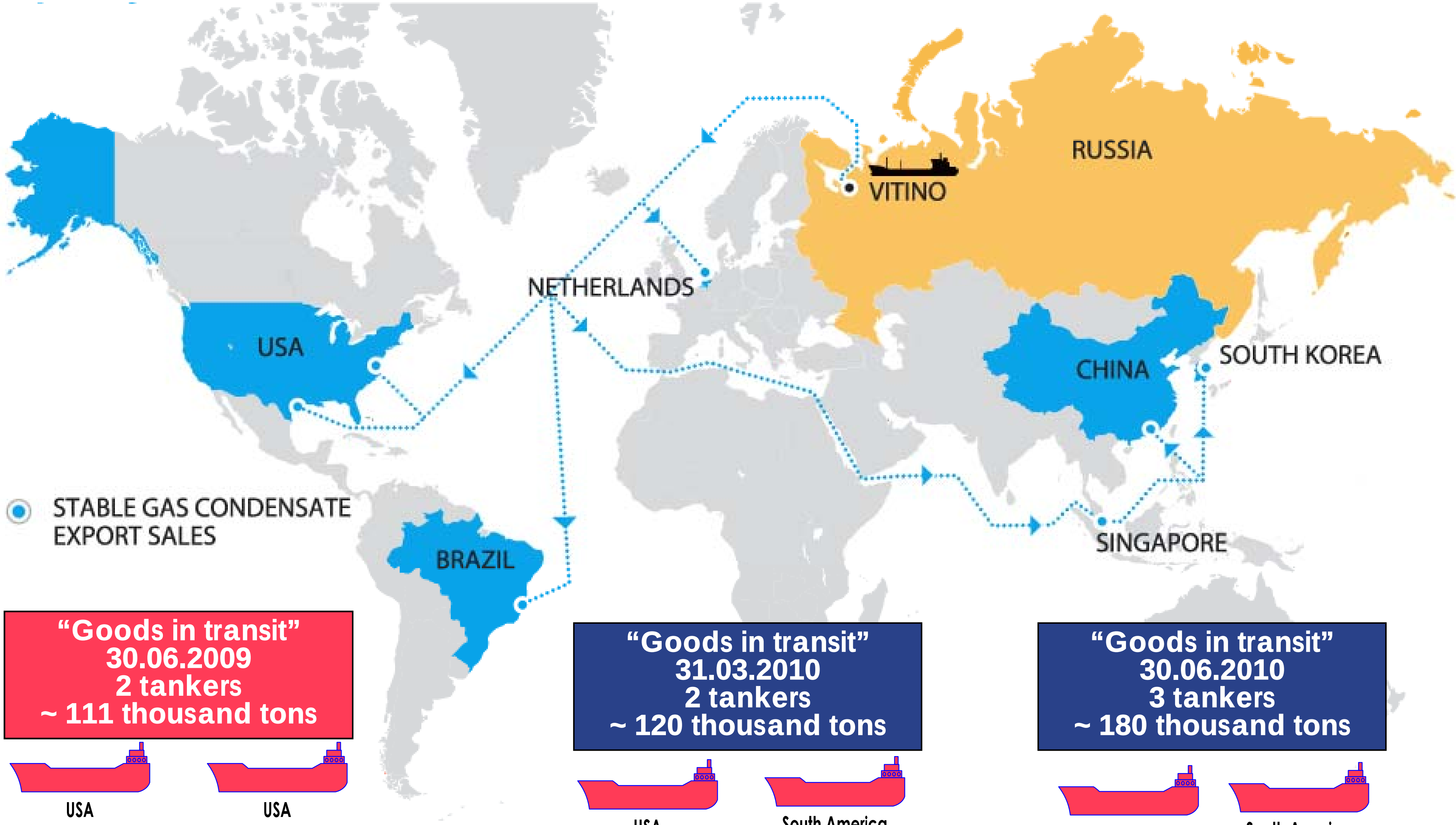
Stable Gas Condensate in Transit



"Goods in transit"
30.06.2009
2 tankers
~ 111 thousand tons

USA USA

"Goods in transit"
31.03.2010
2 tankers
~ 120 thousand tons

USA South America

"Goods in transit"
30.06.2010
3 tankers
~ 180 thousand tons

USA South America
Singapore

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Financial Overview – 2Q 10 vs. 2Q 09

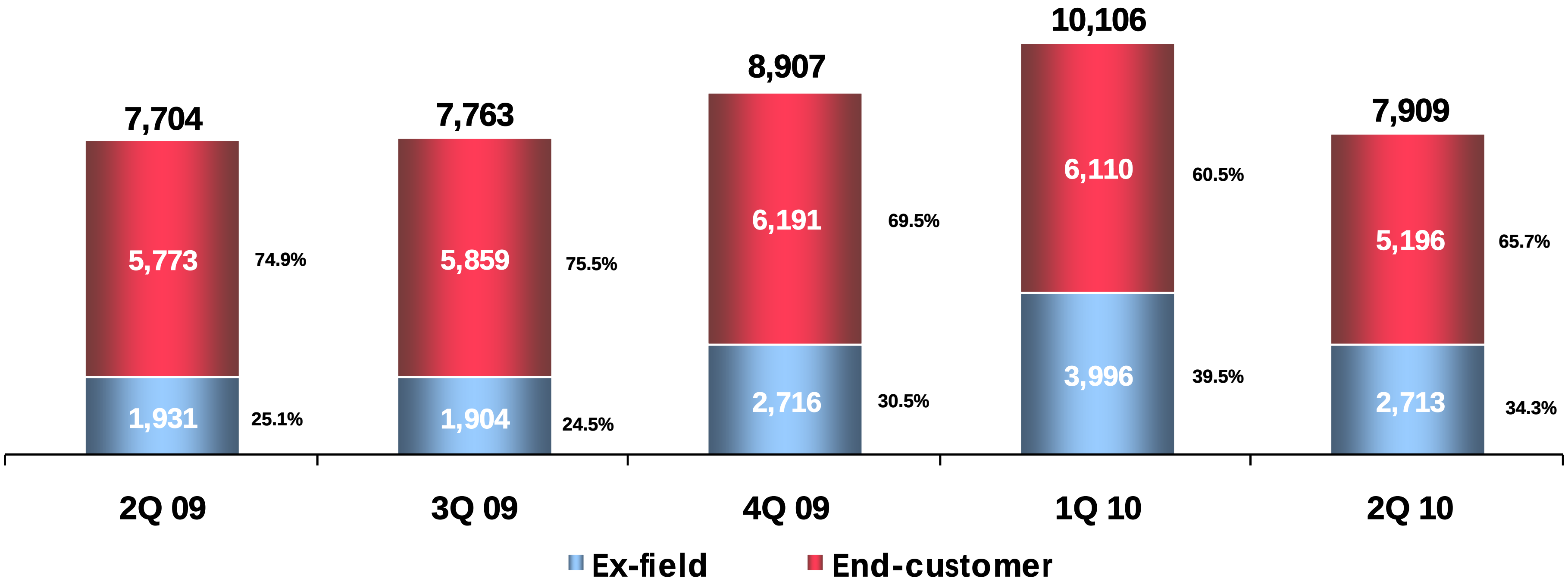
Comparison of Quarterly Results (RR million)

	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	22,376	21,217	26,994	27,237	25,051	-8.0%	12.0%
Total revenues	23,148	21,971	27,854	27,742	25,706	-7.3%	11.1%
Operating expenses	15,038	13,638	16,075	15,947	15,717	-1.4%	4.5%
EBITDA [(1)]	9,334	9,960	13,373	15,160	11,690	-22.9%	25.2%
EBITDA margin	40.3%	45.3%	48.0%	54.6%	45.5%		
Effective income tax rate	21.0%	21.2%	19.9%	20.8%	20.9%		
Profit attributable to NOVATEK	7,178	7,353	9,378	11,182	7,139	-36.2%	-0.5%
Net profit margin	31.0%	33.5%	33.7%	40.3%	27.8%		
Earnings per share	2.37	2.43	3.09	3.69	2.35	-36.2%	-0.5%
CAPEX	4,794	3,933	5,274	6,230	6,052	-2.9%	26.2%
Net debt [(2)]	32,262	30,919	27,171	22,153	26,906	21.5%	-16.6%

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

Market Distribution – Gas Sales Volumes (mmcm)



- Q-o-Q decrease in natural gas sales volumes due to a 16.0% decrease in production (seasonality effect) and an increase in inventory balances
- End-customer sales volumes as a % of total natural gas sales volumes increased Q-o-Q due to planned reduction in traders sales volumes
- Y-o-Y increase in natural gas sales volumes due to a 9.4% increase in production, which was offset by an increase in inventory balances and a reduction in third party purchases in 2Q10
- End-customer sales as a % of total natural gas sales volumes decreased Y-o-Y due primarily to a cessation of natural gas deliveries to traders in remote points in 2010, previously classified as end-customers' sales and the addition of new long-term supply agreements to end-customers in the power generation sector

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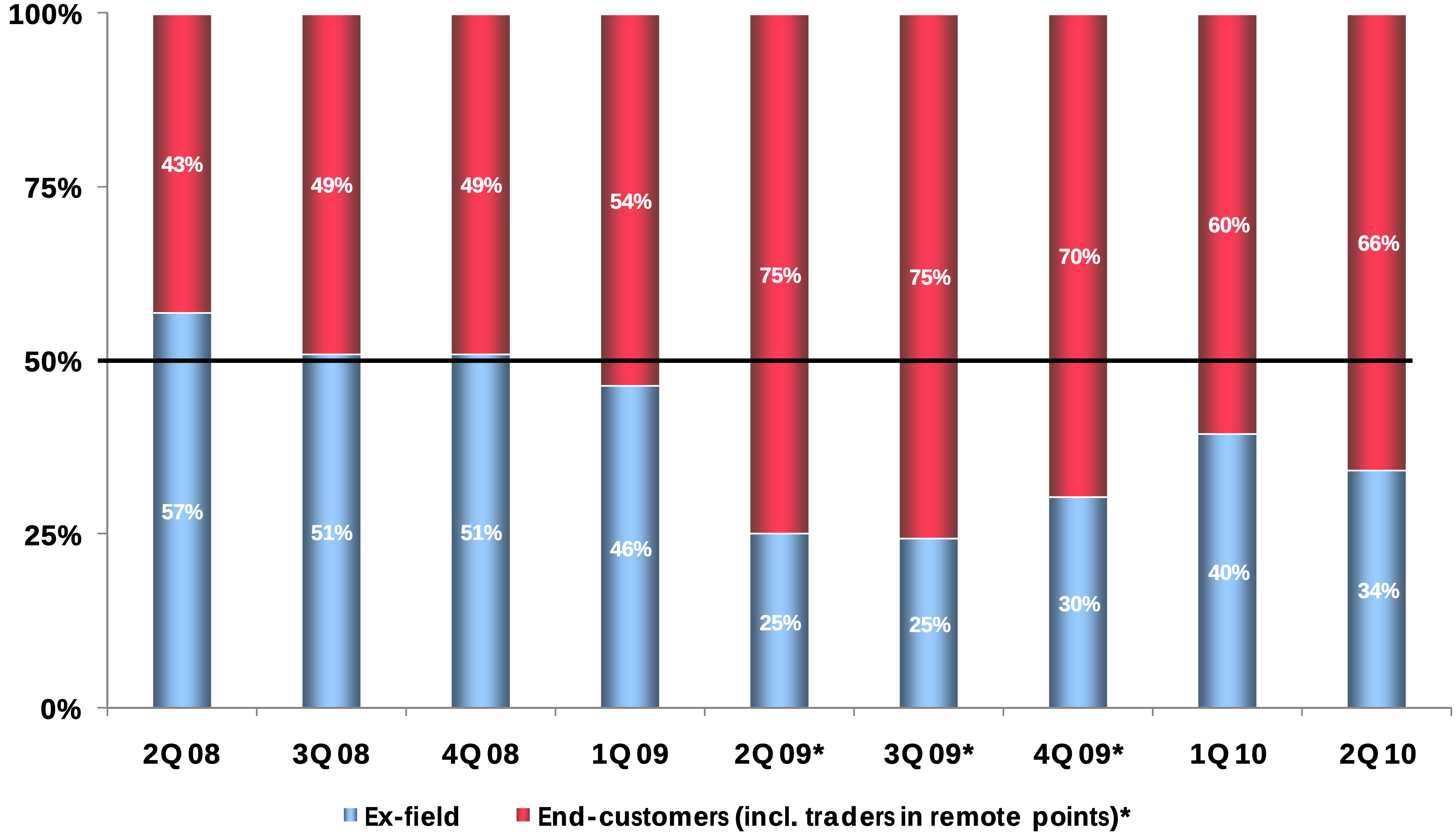
Natural Gas Sales Volume Mix



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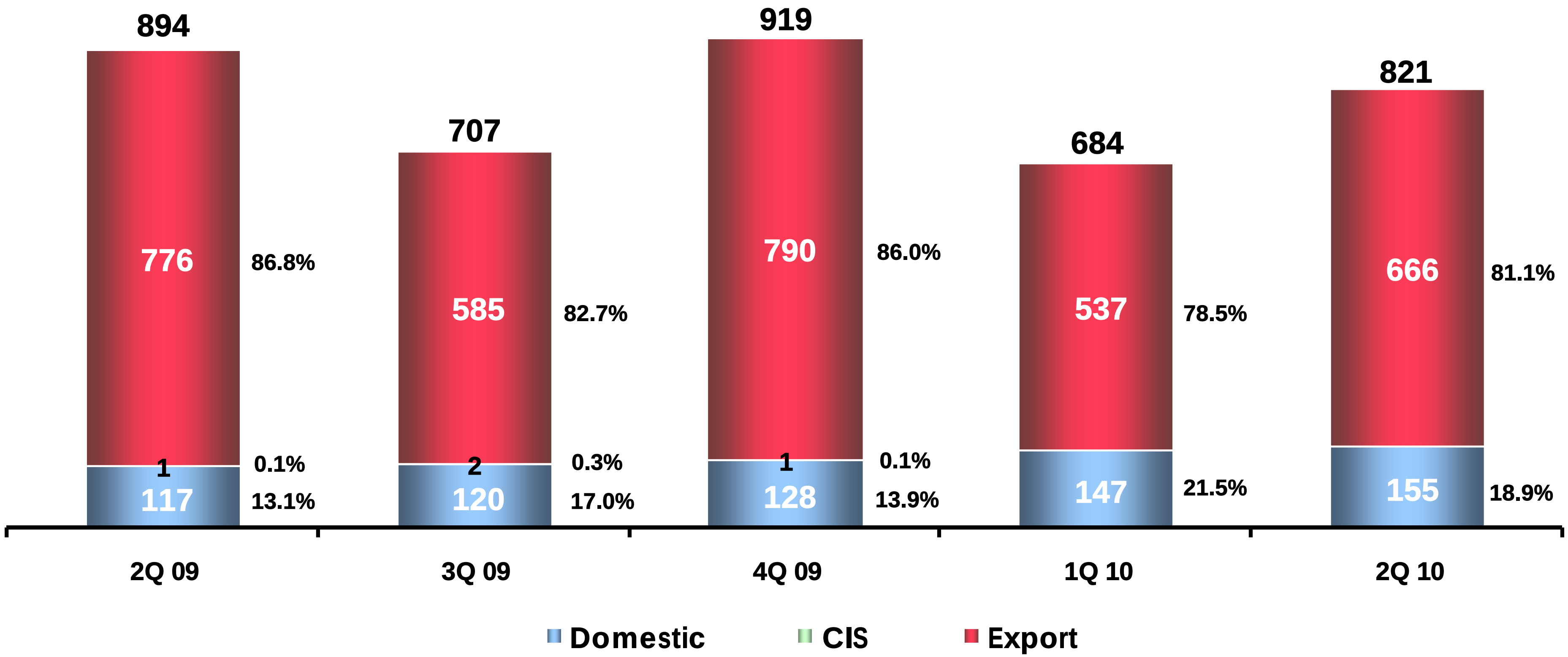
Market Distribution – Liquids Sales Volumes (mt)



- Q-o-Q increase in export sales volumes was due to a 166 mt net increase in the inventory balance of stable gas condensate at the end of 1Q10 compared to a net increase of 55 mt in 2Q10
- Y-o-Y decline in liquids sales volumes was mainly due to a 55 mt net increase in the inventory balance of stable gas condensate in 2Q10 compared to a net decrease of 141 mt in 2Q09 that was partially offset by a 16.4% increase in 2Q10 gas condensate production

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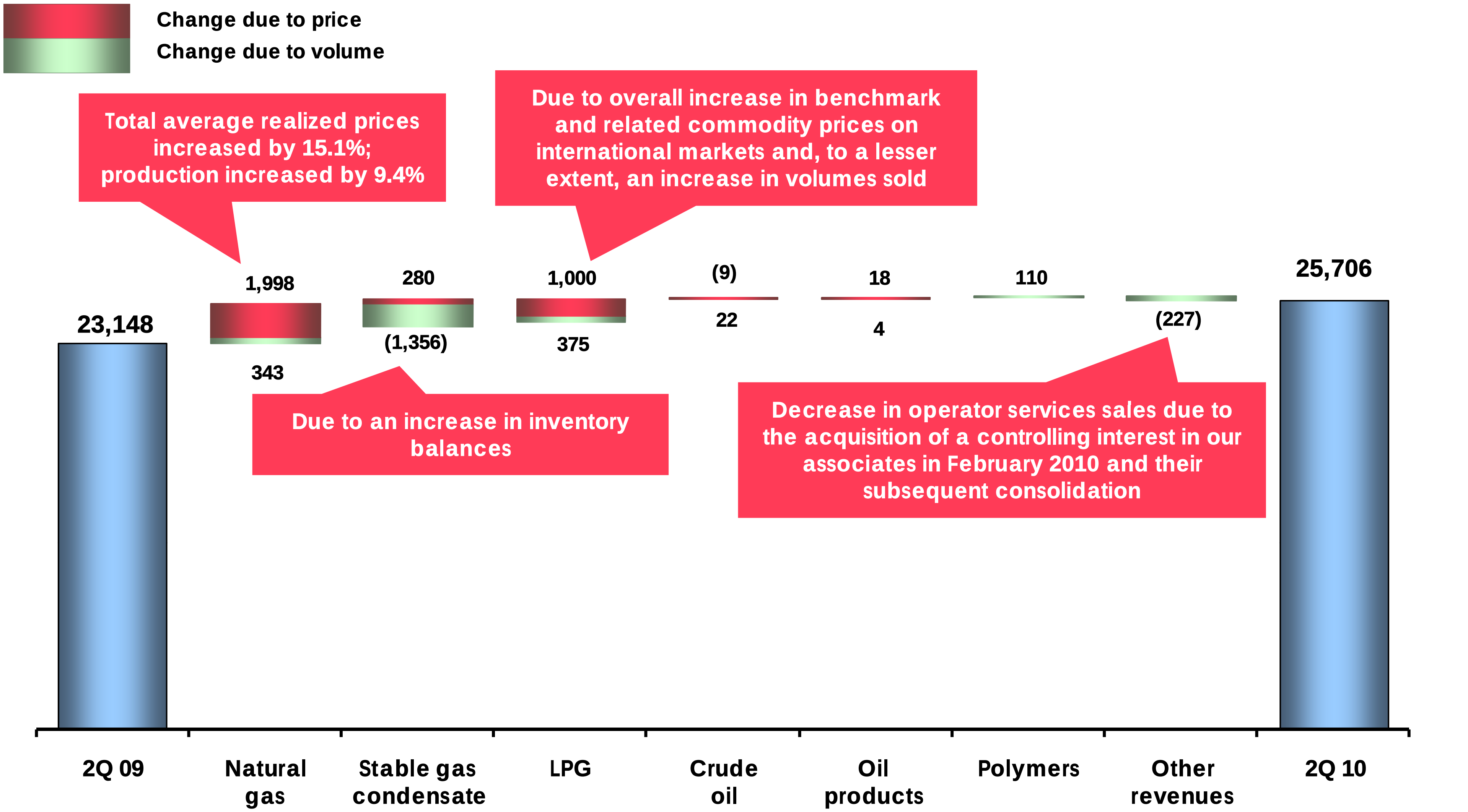
Total Revenues (RR million)



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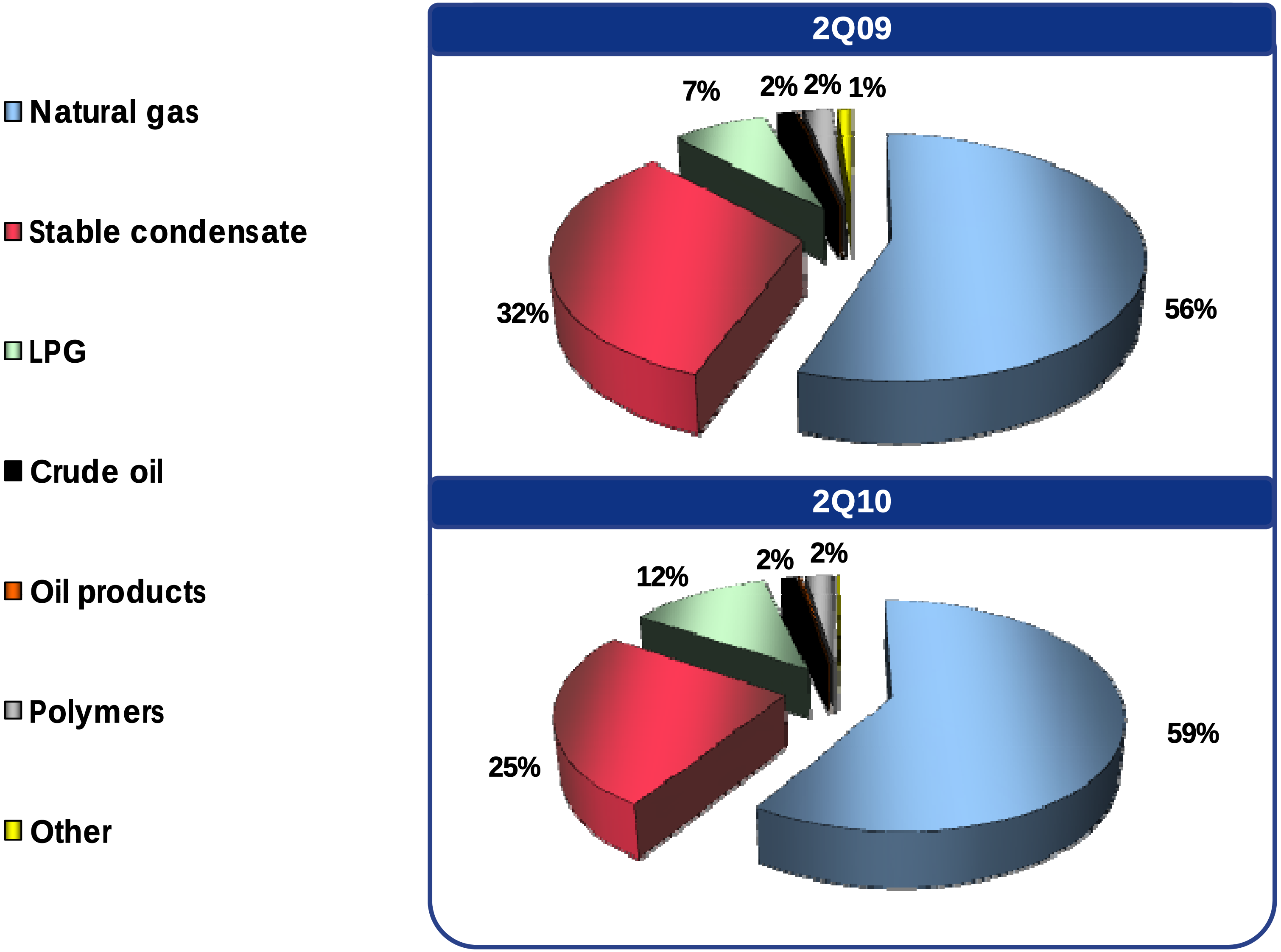
Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

2Q 09	2Q 10	+/(-)	+/(-)%		1Q 10	2Q 10	+/(-)	+/(-)%
				Domestic prices				
1,932	2,289	357	18.5%	**Natural gas end-customers, RR/mcm**	2,304	2,289	(15)	-0.7%
1,836	-	n/a	n/a	**Natural gas traders in remote points, RR/mcm**	-	-	n/a	n/a
1,027	1,223	196	19.1%	**Natural gas ex-field, RR/mcm**	1,211	1,223	12	1.0%
8,217	9,915	1,698	20.7%	**Stable gas condensate, RR/ton**	8,475	9,915	1,440	17.0%
6,660	10,119	3,459	51.9%	**LPG, RR/ton**	10,283	10,119	(164)	-1.6%
-	11,654	n/a	n/a	**LPG (retail and wholesale stations), RR/ton**	11,570	11,654	84	0.7%
6,503	7,262	759	11.7%	**Crude oil, RR/ton**	6,843	7,262	419	6.1%
3,489	6,893	3,404	97.6%	**Oil products, RR/ton**	7,522	6,893	(629)	-8.4%
				CIS market				
8,644	-	n/a	n/a	**LPG, RR/ton**	-	-	n/a	n/a
				Export market				
11,441	11,936	495	4.3%	**Stable gas condensate, RR/ton**	11,973	11,936	(37)	-0.3%
10,293	15,905	5,612	54.5%	**LPG, RR/ton**	17,128	15,905	(1,223)	-7.1%
8,989	7,719	(1,270)	-14.1%	**Crude oil, RR/ton**	8,016	7,719	(297)	-3.7%

Note: Prices are shown excluding trading activities

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

2Q 09	% of TR	2Q 10	% of TR		1Q 10	% of TR	2Q 10	% of TR
8,295	35.8%	8,436	32.8%	Transportation expenses	9,063	32.7%	8,436	32.8%
1,935	8.4%	2,260	8.8%	Taxes other than income tax	2,424	8.7%	2,260	8.8%
10,230	44.2%	**10,696**	41.6%	**Non-controllable expenses**	**11,487**	41.4%	**10,696**	41.6%
1,469	6.3%	1,740	6.8%	Materials, services & other	1,548	5.6%	1,740	6.8%
1,281	5.5%	1,631	6.3%	General and administrative	1,463	5.3%	1,631	6.3%
1,274	5.5%	1,549	6.0%	Depreciation and amortization	1,602	5.8%	1,549	6.0%
231	1.0%	335	1.3%	Exploration expenses	131	0.5%	335	1.3%
71	n/m	9	n/m	Net impairment expense	26	n/m	9	n/m
321	n/m	(264)	n/m	Change in natural gas, liquids, and polymer products and WIP	(348)	n/m	(264)	n/m
14,877	64.3%	**15,696**	61.0%	**Subtotal operating expenses**	**15,909**	57.3%	**15,696**	61.0%
161	0.7%	21	0.1%	Purchases of natural gas and liquid hydrocarbons	38	0.2%	21	0.1%
15,038	65.0%	**15,717**	61.1%	**Total operating expenses**	**15,947**	57.5%	**15,717**	61.1%

- Taxes other than income tax increased Y-o-Y primarily due to an increase in UPT expense as a result of higher natural gas and liquids production
- Depreciation and amortization expense increased in absolute terms Y-o-Y due to an increase in our depletable cost base as well as a 10.2% increase in our hydrocarbon production in barrels of oil equivalent (boe)
- Materials, services & other expenses increased Y-o-Y by 18.4% mainly due to an increase in production of polymers and insulation tape products and the associated increase in purchases of raw materials
- General and admin. expense increased Y-o-Y due to an increase in the accrual of bonuses related to the second half 2009 consolidated financial results, recognition of additional payroll expenses due to the initiation of a share-based compensation program, and the shareholder approved remuneration to the Board of Directors and Revision committee members
- Purchases decreased Y-o-Y primarily due to a decrease in natural gas purchases from third parties

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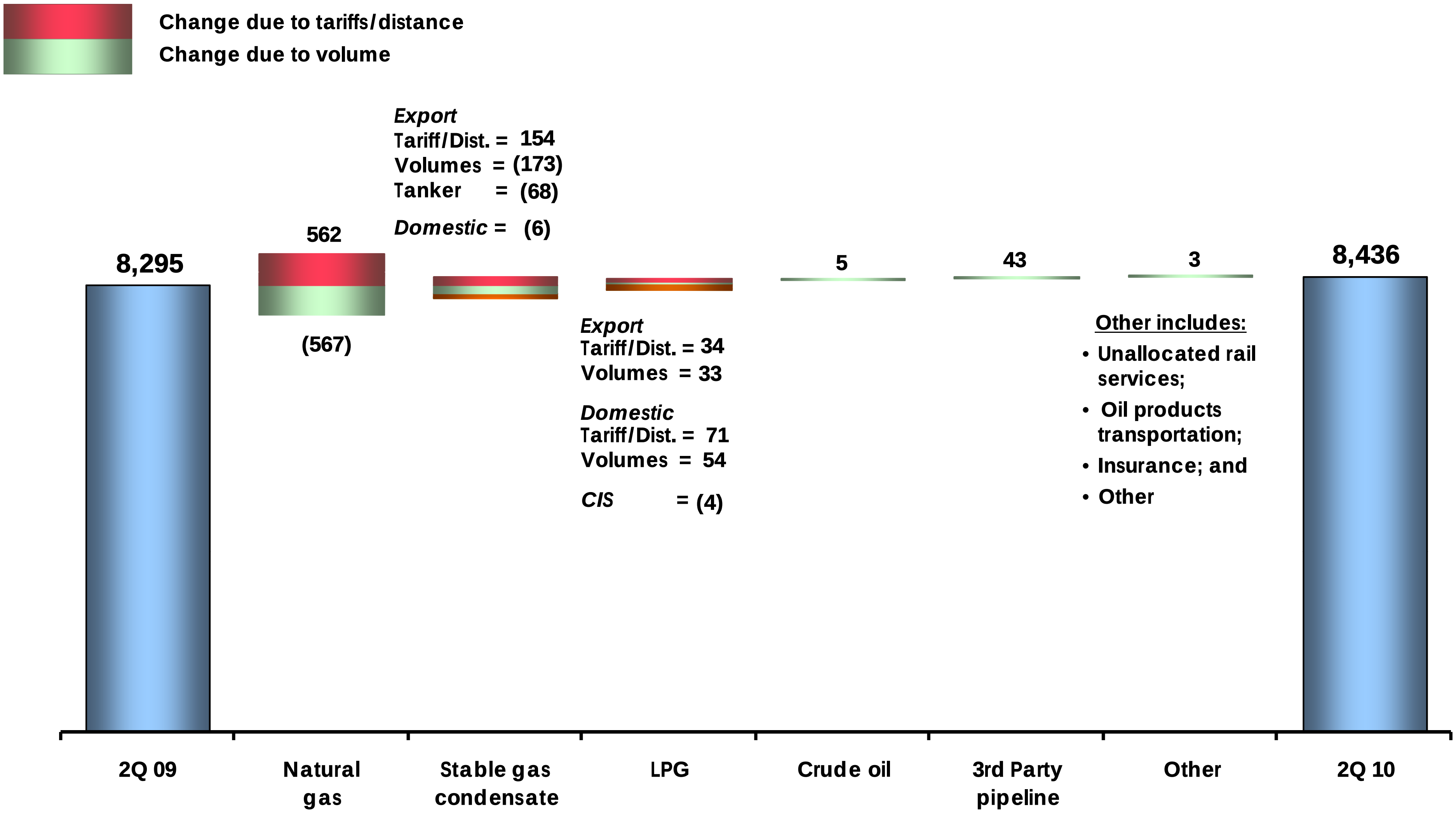
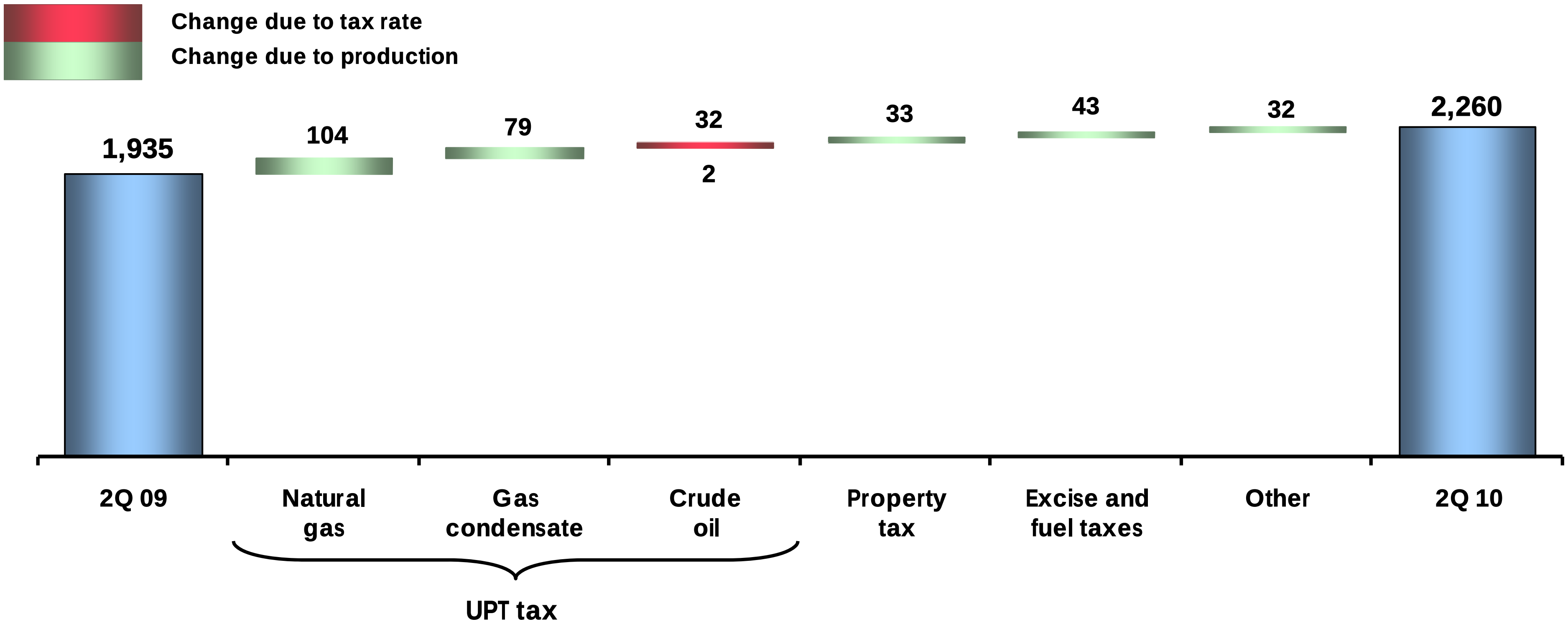
Transportation Expenses (RR million)



Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas and gas condensate was due to an increase in our production volumes by 9.4% and 16.4%, respectively
- The increase in our UPT for crude oil was due to an increase in our average crude oil production tax rate, which is linked to the Urals benchmark crude oil price
- The increase in our excise and fuel taxes was due to the LPG sales through our subsidiary Novatek Polska, which commenced commercial operations in January 2010
- Property tax expense increased by RR 33 million, or 10.5%, primarily due to additions of PP&E at our production subsidiaries

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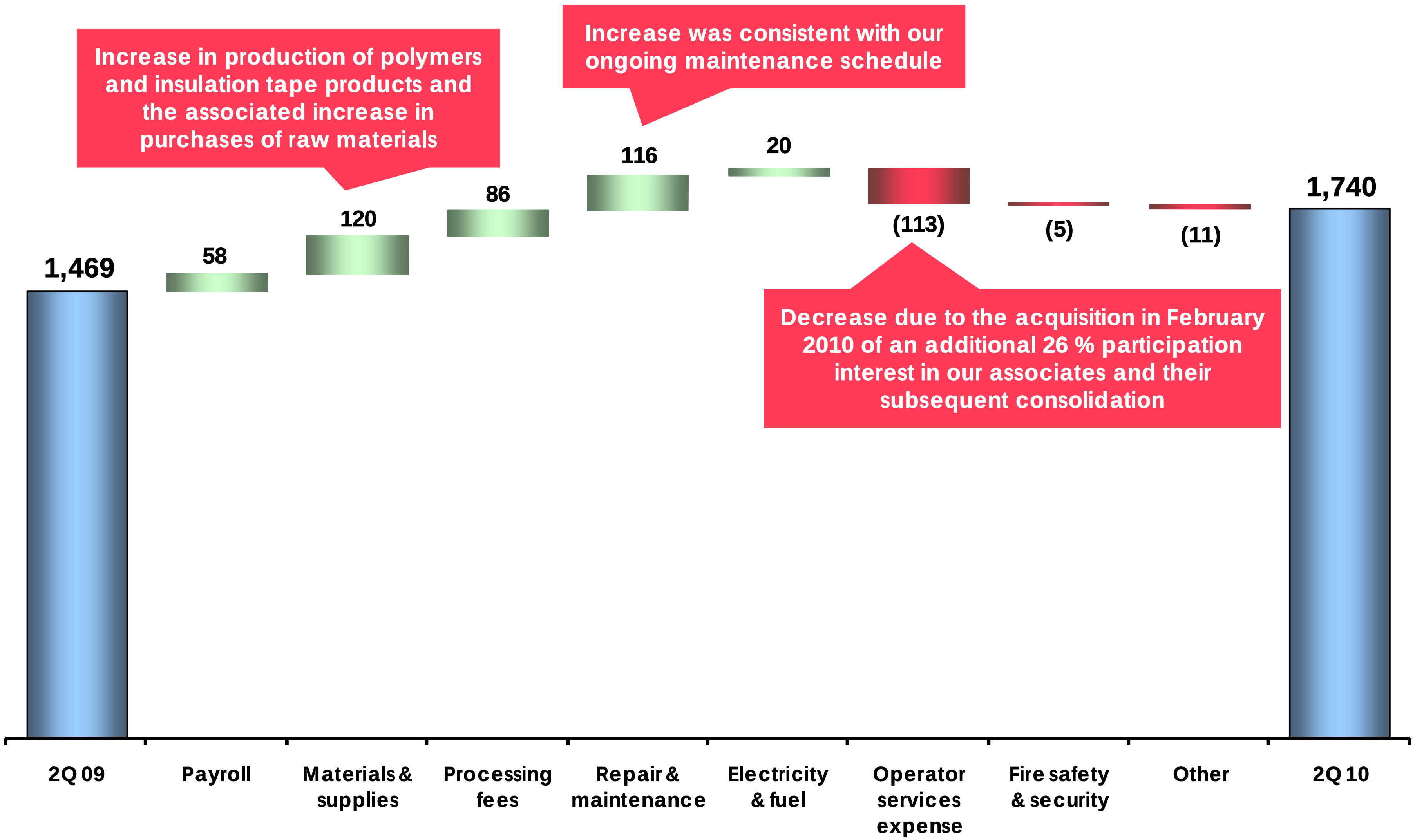
Materials, Services and Other Expenses (RR million)



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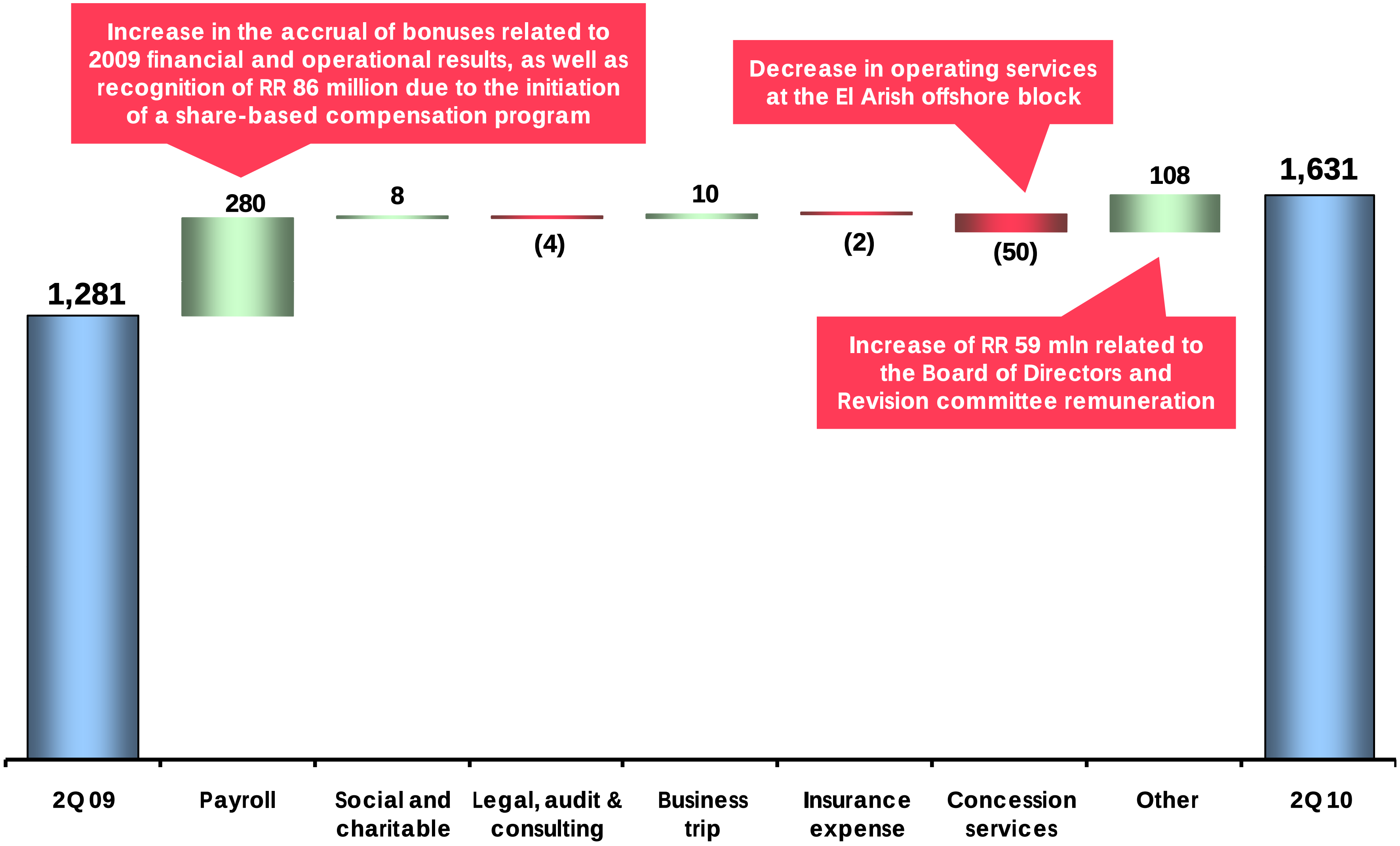
General and Administrative Expenses (RR million)



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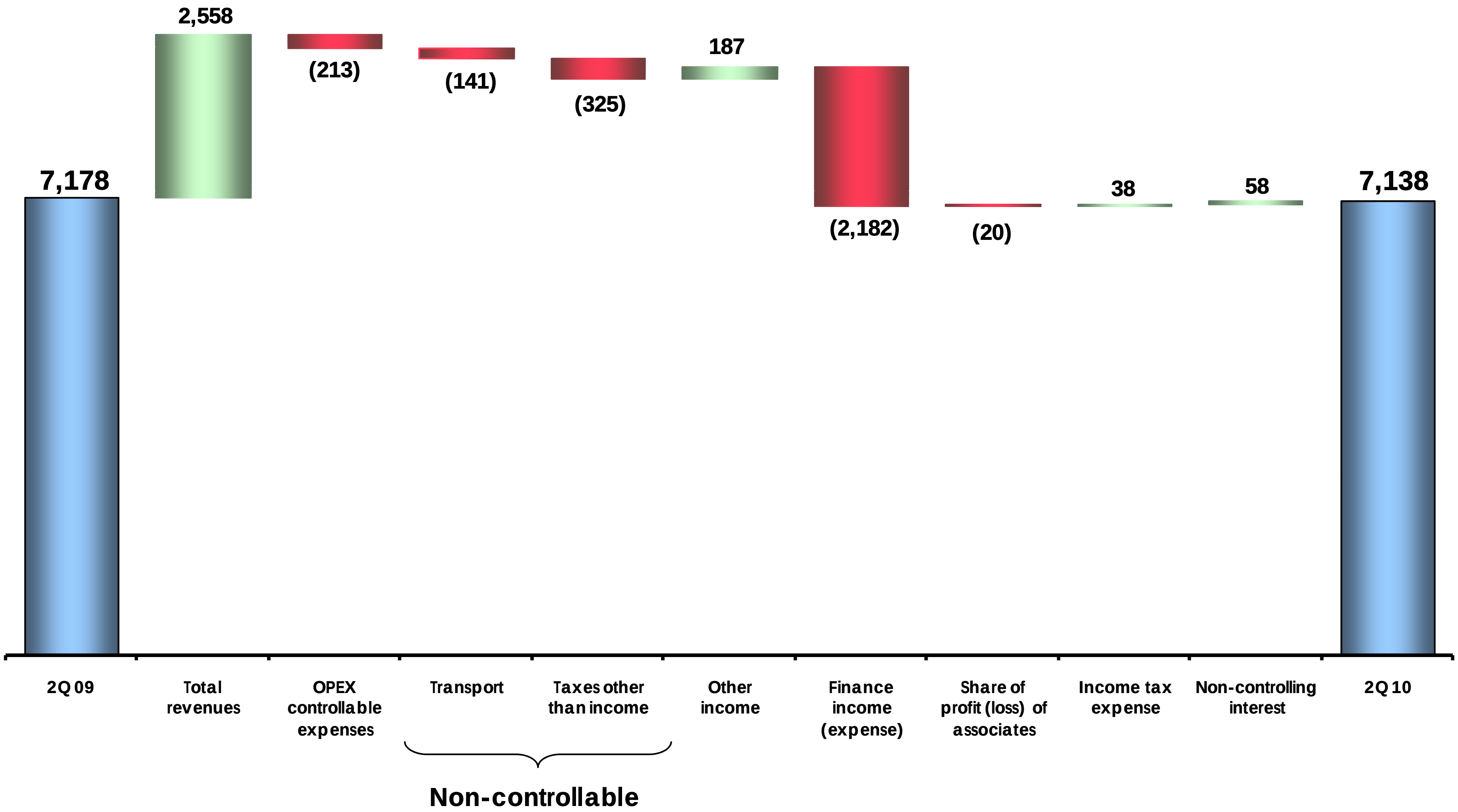
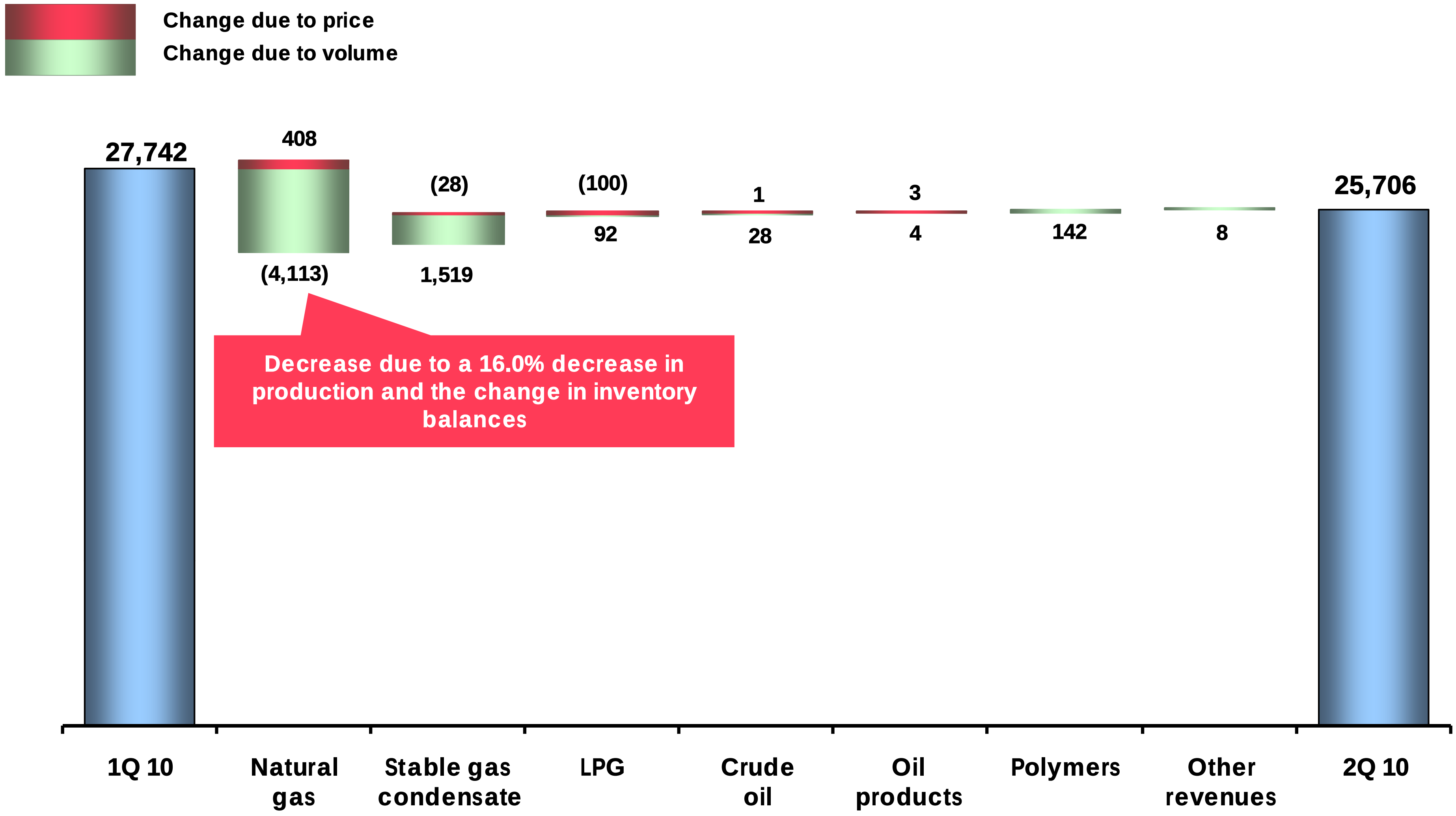
Profit Attributable to NOVATEK Shareholders (RR million)



Financial Overview – 2Q 10 vs. 1Q 10

Total Revenues (RR million)



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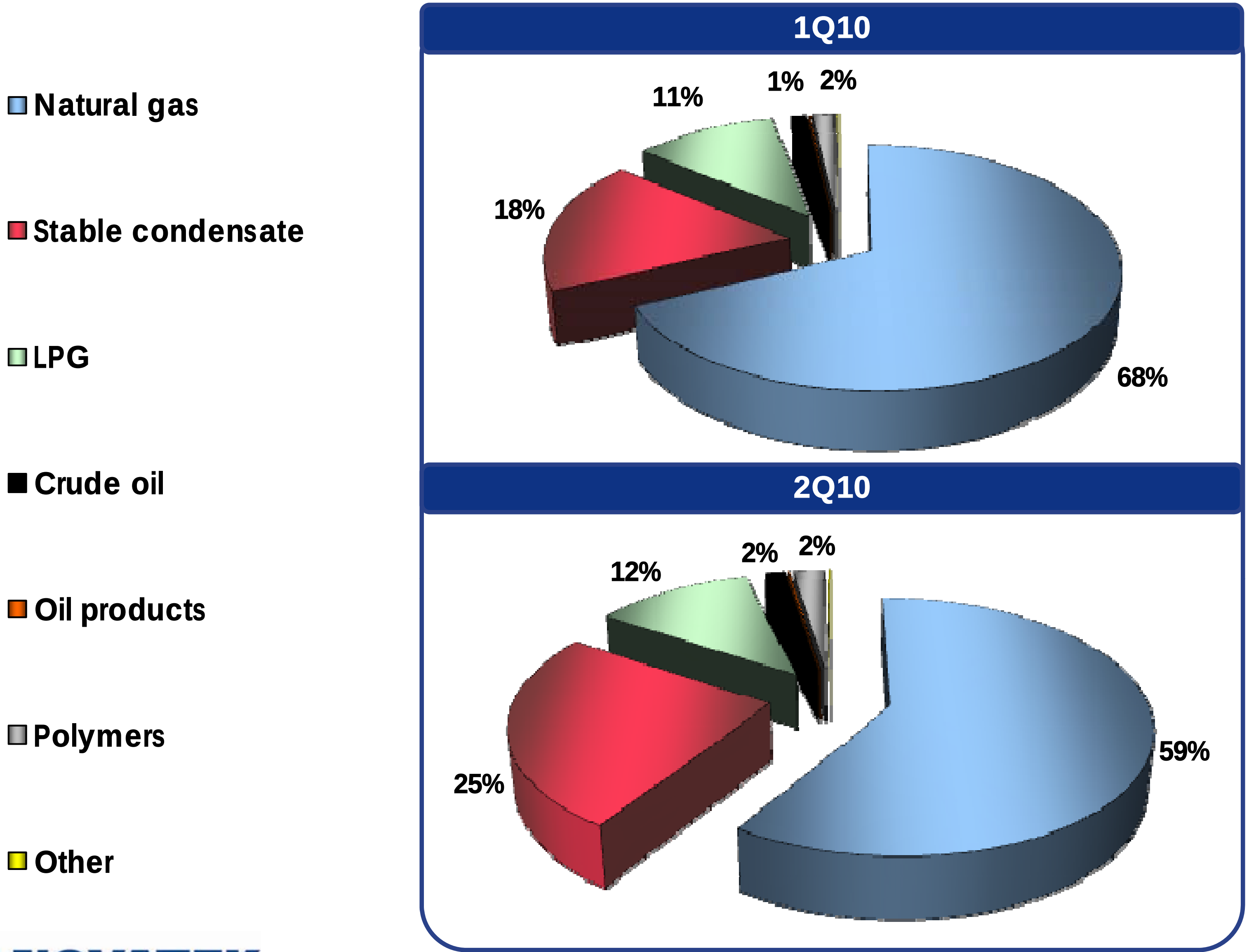
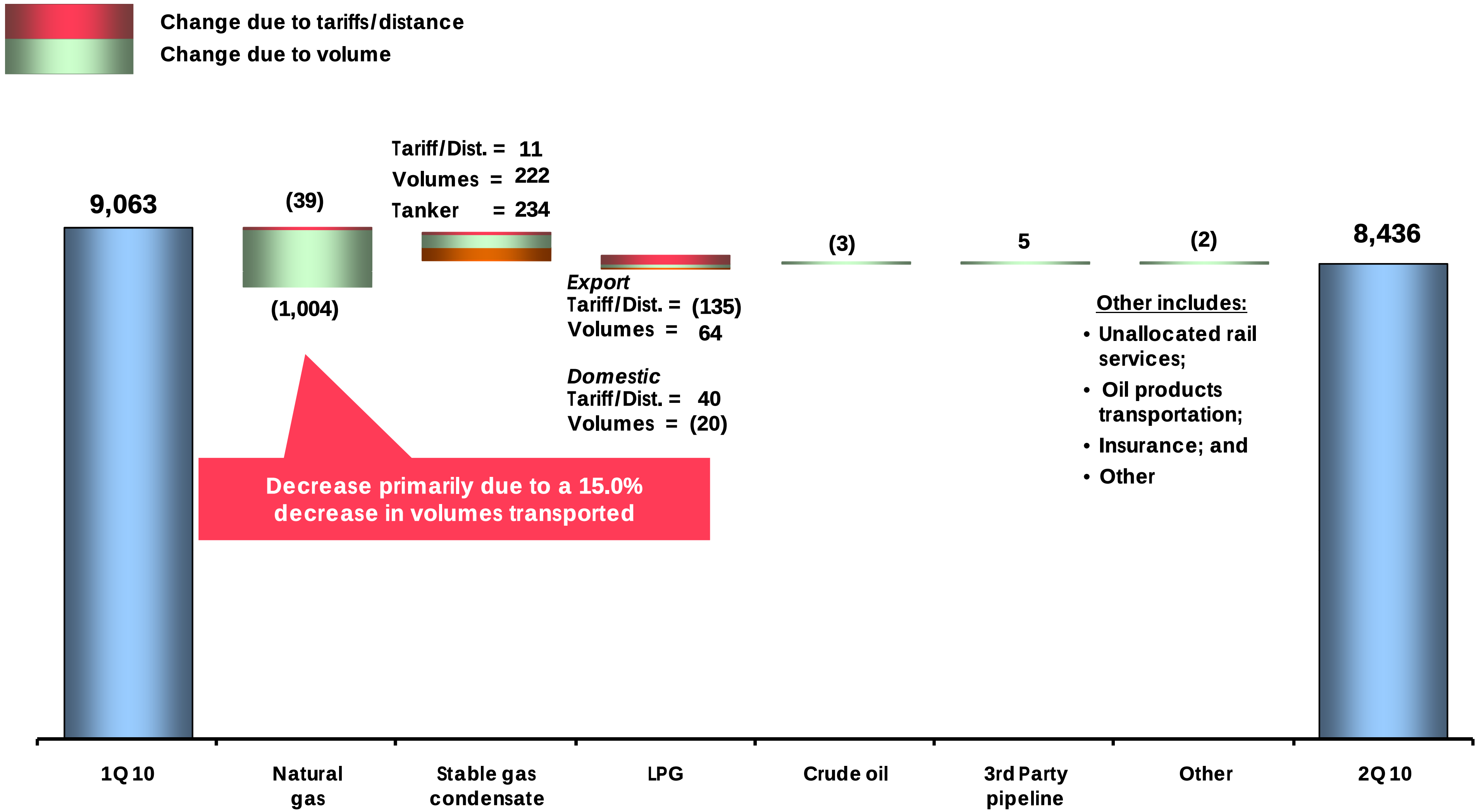
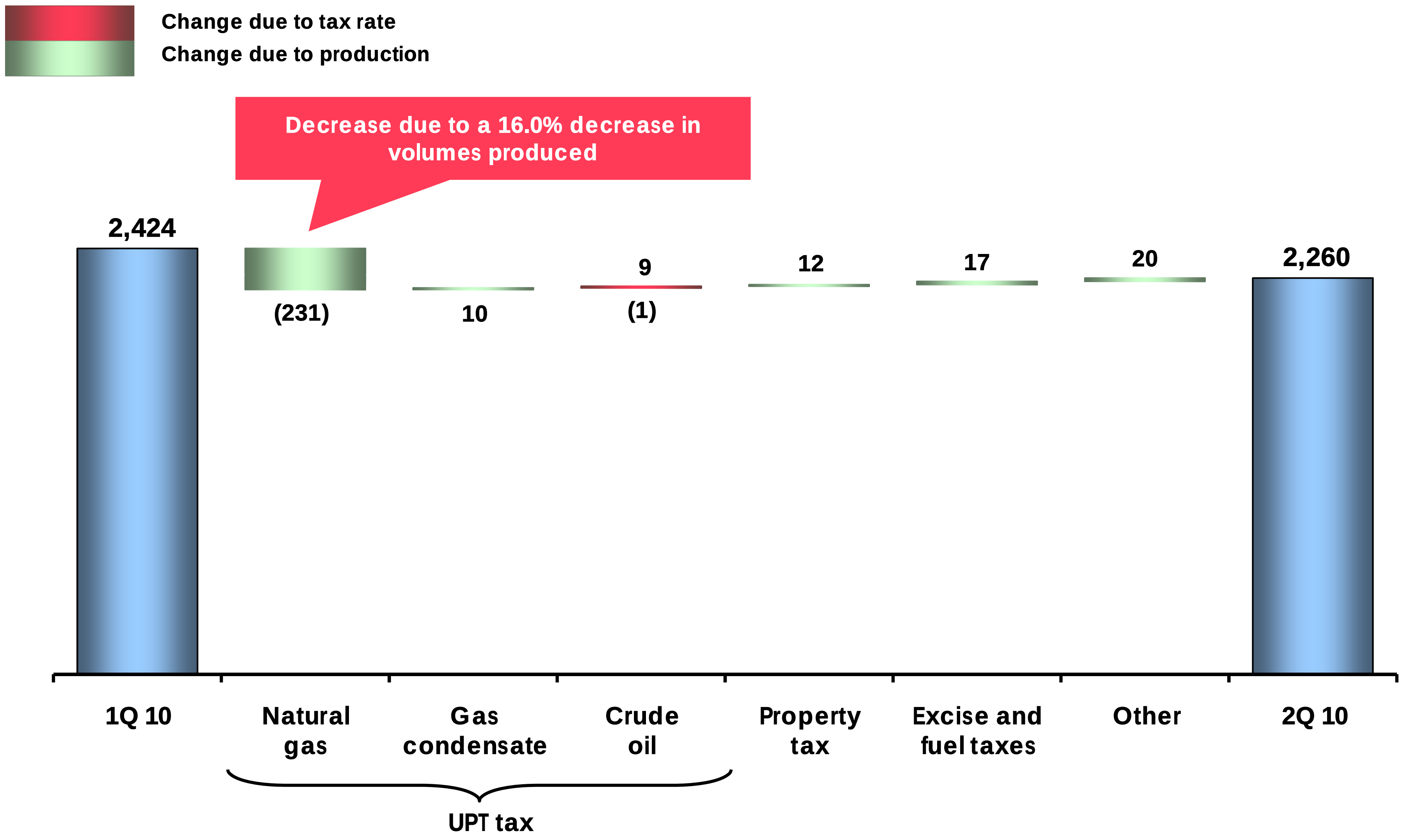
Total Revenues Breakdown



Transportation Expenses (RR million)



Taxes Other Than Income Tax Expense (RR million)



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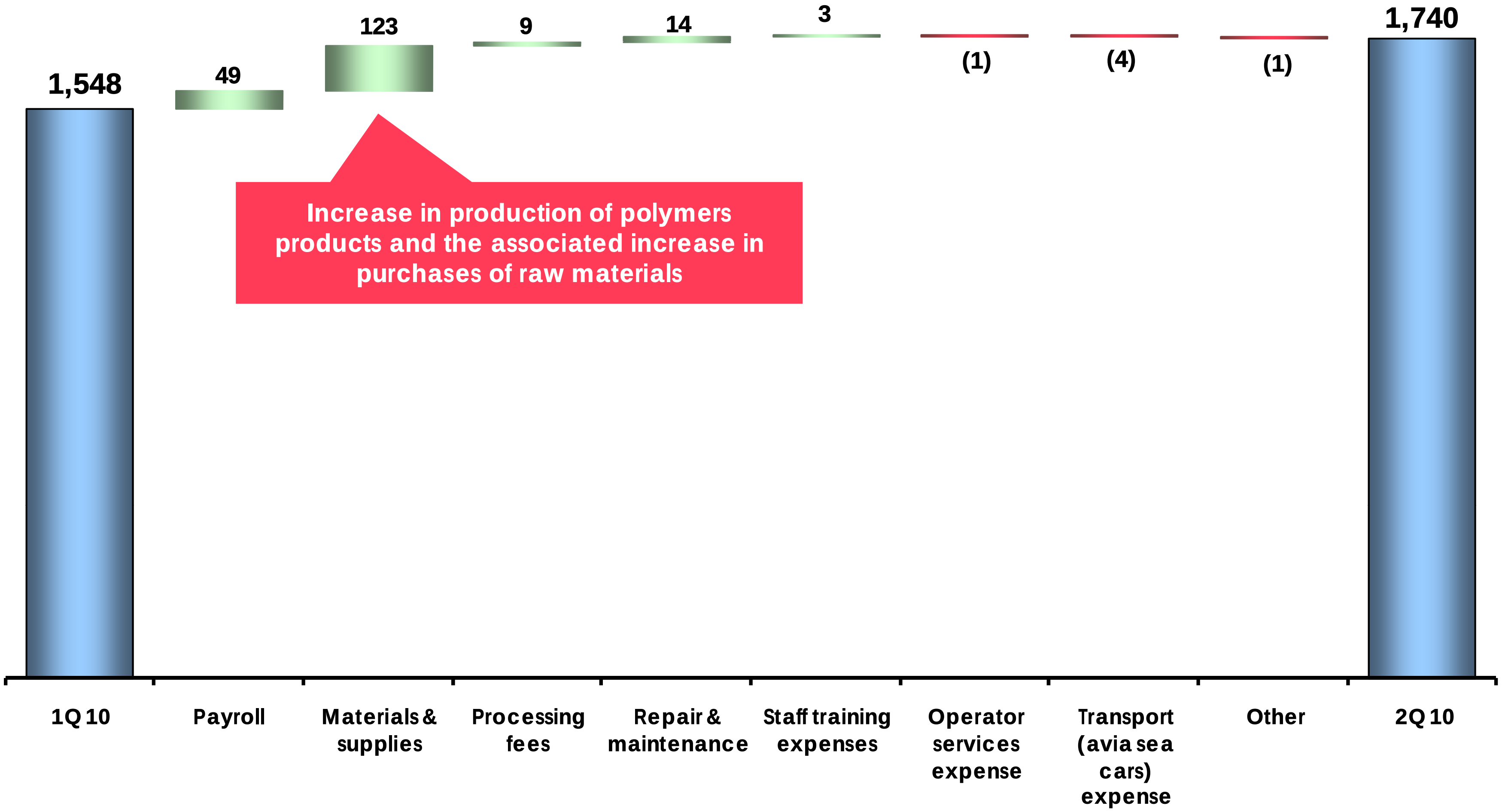
Materials, Services and Other Expenses (RR million)



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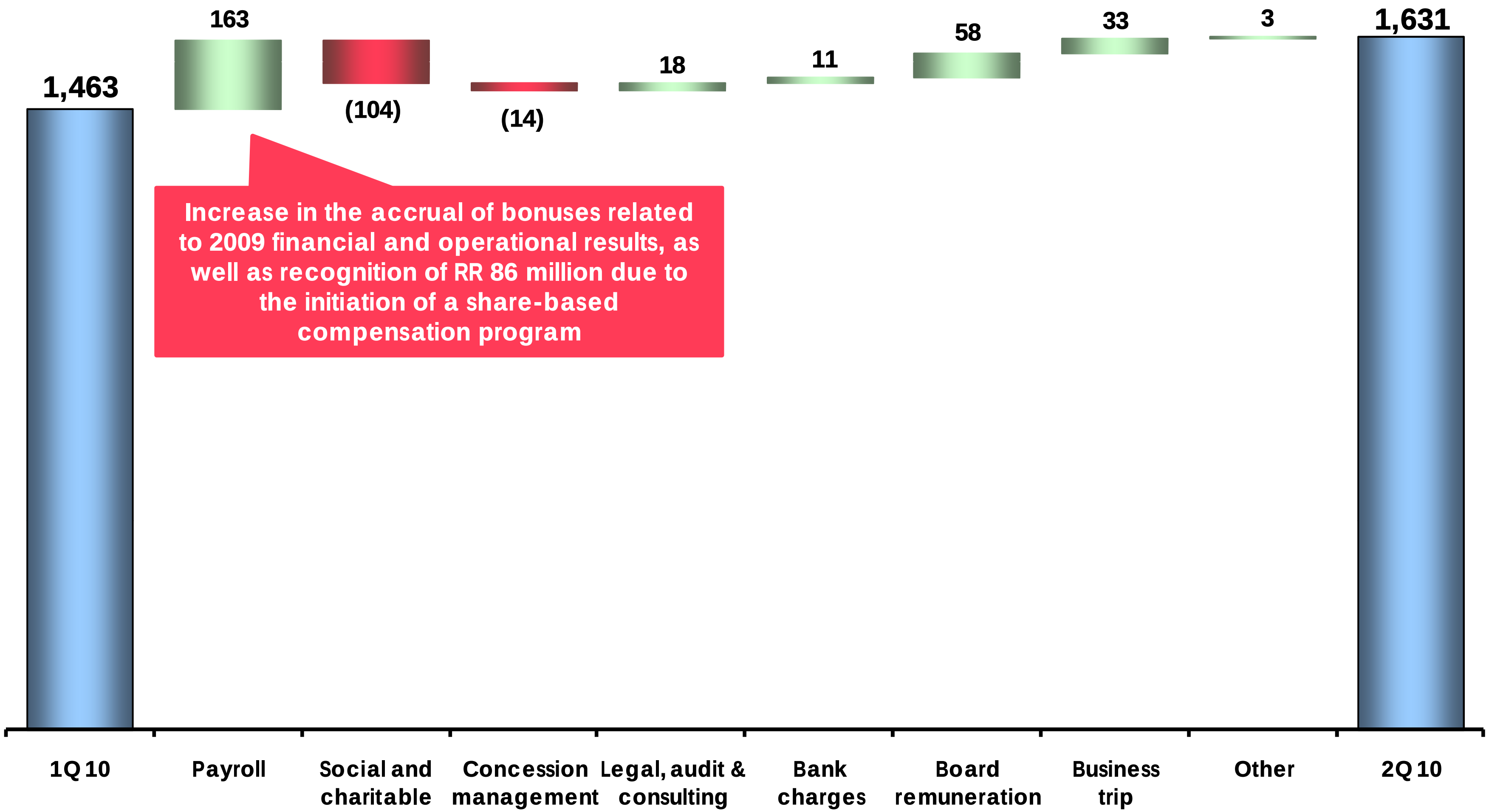
General and Administrative Expenses (RR million)



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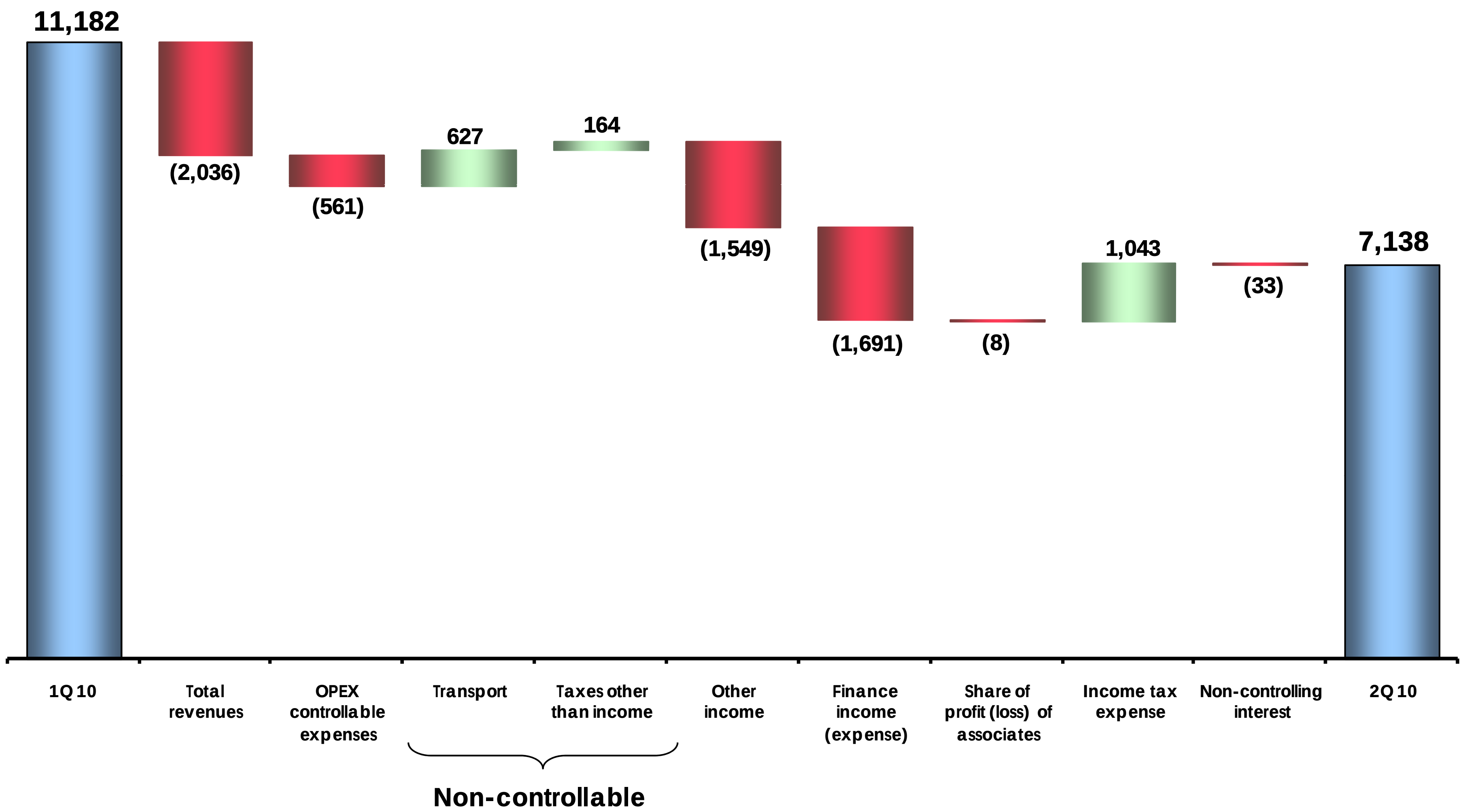
Profit Attributable to NOVATEK Shareholders (RR million)



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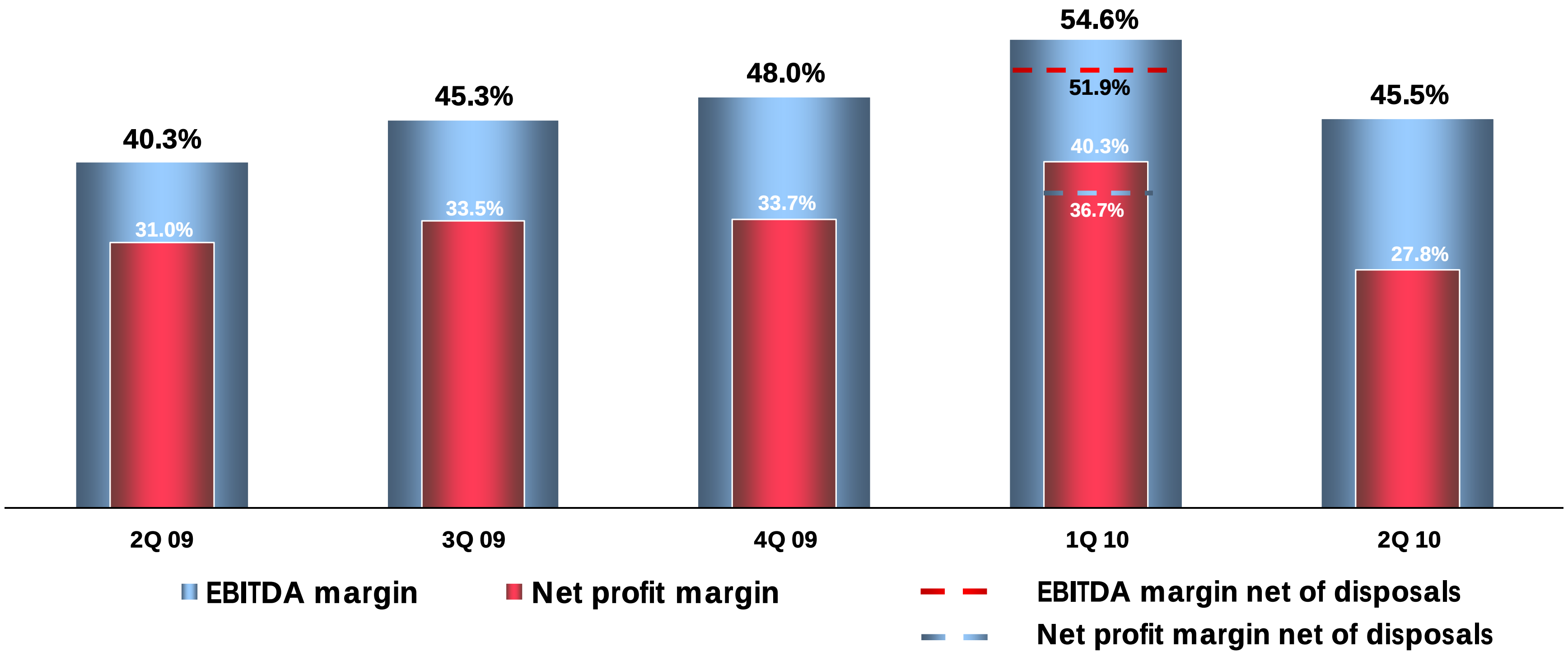
Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

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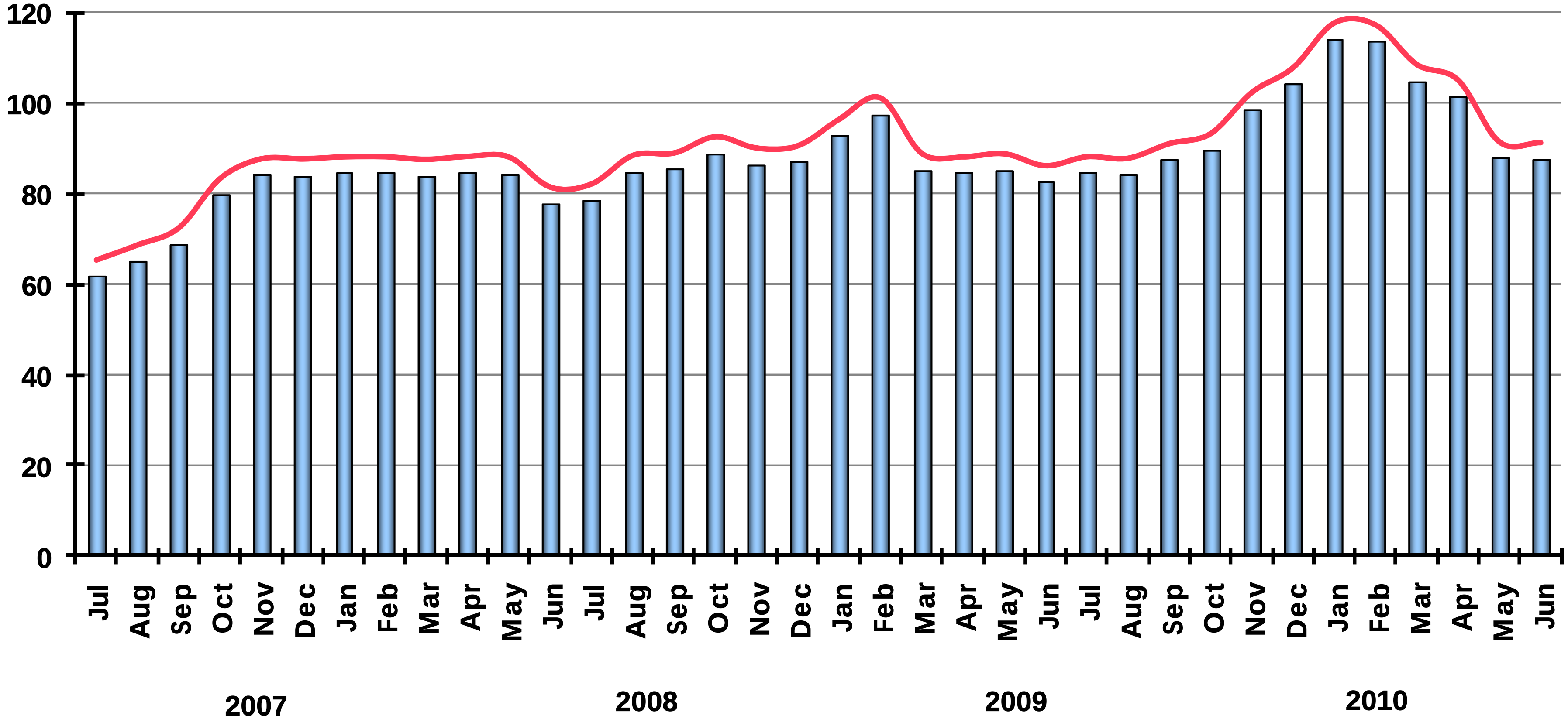
Increasing Natural Gas Production[1] (mmcm per day)



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

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

2009 Avg.
90 mmcm/day
3,171 bcf/day

2Q 10 Avg.
92 mmcm/day
3,263 bcf/day

6M 10 Avg.
102 mmcm/day
3,588 bcf/day

Note 1: Production shown is gross production

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Condensed Balance Sheet (RR million)

	30 June 2010	31 December 2009	+/(-)	+/(-)%
Total current assets	**35,778**	**26,867**	**8,911**	**33.2%**
Incl. Cash and cash equivalents	*18,082*	*10,532*	*7,550*	*71.7%*
Total non-current assets	**181,472**	**166,264**	**15,208**	**9.1%**
Incl. Net PP&E	*176,929*	*161,448*	*15,481*	*9.6%*
Assets classified as held for sale	**-**	***508***	**(508)**	**-100.0%**
Total assets	**217,250**	**193,639**	**23,611**	**12.2%**
Total current liabilities	**28,930**	**23,593**	**5,337**	**22.6%**
Incl. ST debt	*21,223*	*13,827*	*7,396*	*53.5%*
Total non-current liabilities	**38,473**	**36,602**	**1,871**	**5.1%**
Incl. Deferred income tax liability	*9,176*	*7,460*	*1,716*	*23.0%*
Incl. LT debt	*23,765*	*23,876*	*(111)*	*-0.5%*
Liabilities assoc. with assets held for sale	**-**	**4**	**(4)**	**-100.0%**
Total liabilities	**67,403**	**60,199**	**7,204**	**12.0%**
Total equity	**149,847**	**133,440**	**16,407**	**12.3%**
Total liabilities & equity	**217,250**	**193,639**	**23,611**	**12.2%**

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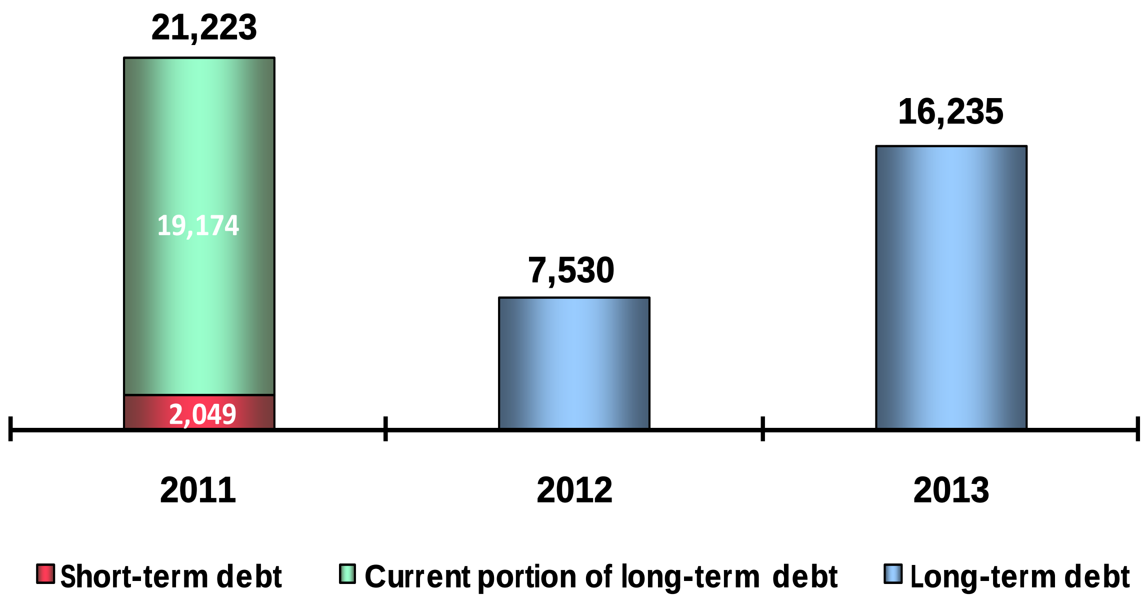
Total Debt Maturity Profile (RR million)



- ✓ In July 2010, the Group repaid RR 3,466 million (USD 114 million) of our Syndicated term loan facility as per maturity schedule
- ✓ In July 2010, the Group fully repaid a RR 5 billion loan from OAO Sberbank ahead of its maturity schedule

Debt repayment schedule:

2011 – 4 tranches of the syndicated loan *(1 tranche repaid in July 2010)* and Sberbank loan *fully repaid in July 2010*

2012 – Gazprombank credit line and UniCredit loan

2013 – Russian rouble denominated bonds,

Gazprombank credit line and UniCredit loan

Note: Current debt maturity profile as of 30 June 2010 with repayments in the 12 months ended 30 June 2011, 2012, 2013

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Questions and Answers

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