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## “A Decade of Delivering Clean Energy” Deutsche Bank Russia 1-on-1 Conference

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*Mark Gyetvay, Chief Financial Officer and Member of the Board of Directors  
Andaz London, London  
5 – 7 February, 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:

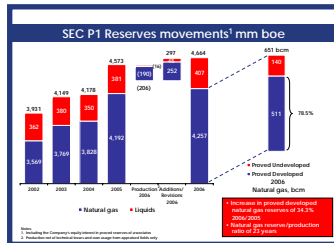
- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our 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.

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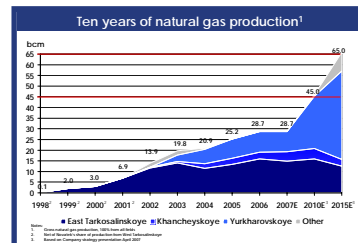
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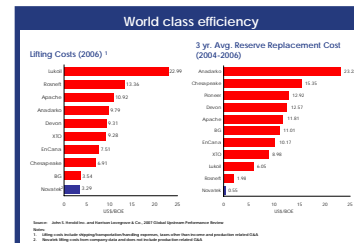
# Four pillars supporting growth & value creation



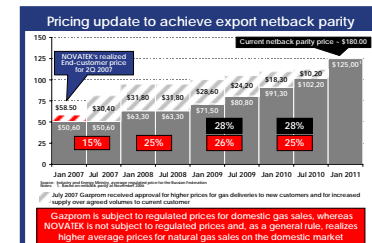
High Quality  
Long Life  
Reserves



Strong  
Production  
Growth



Low Cost  
Producer



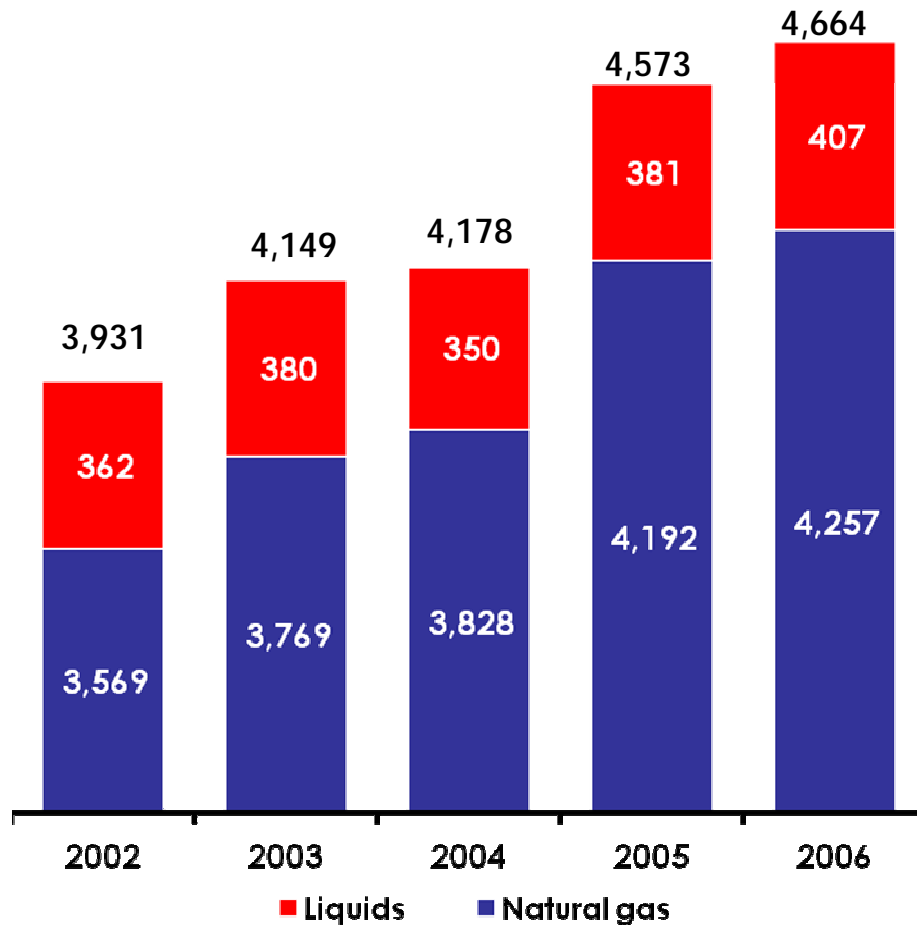
Liberalized  
Pricing  
Environment



# High Quality Long Life Reserves

# High quality long-life reserves

SEC P1 Proved reserves (mm boe)



Reserve-to-production life (as of 2006)

Reserve category	Reserves/production (years)		
	Gas	Oil/liquids <sup>1</sup>	Total
Proved (P1)	23	22	23
Proved + Probable (P2)	35	43	36
ABC1	30	38	30

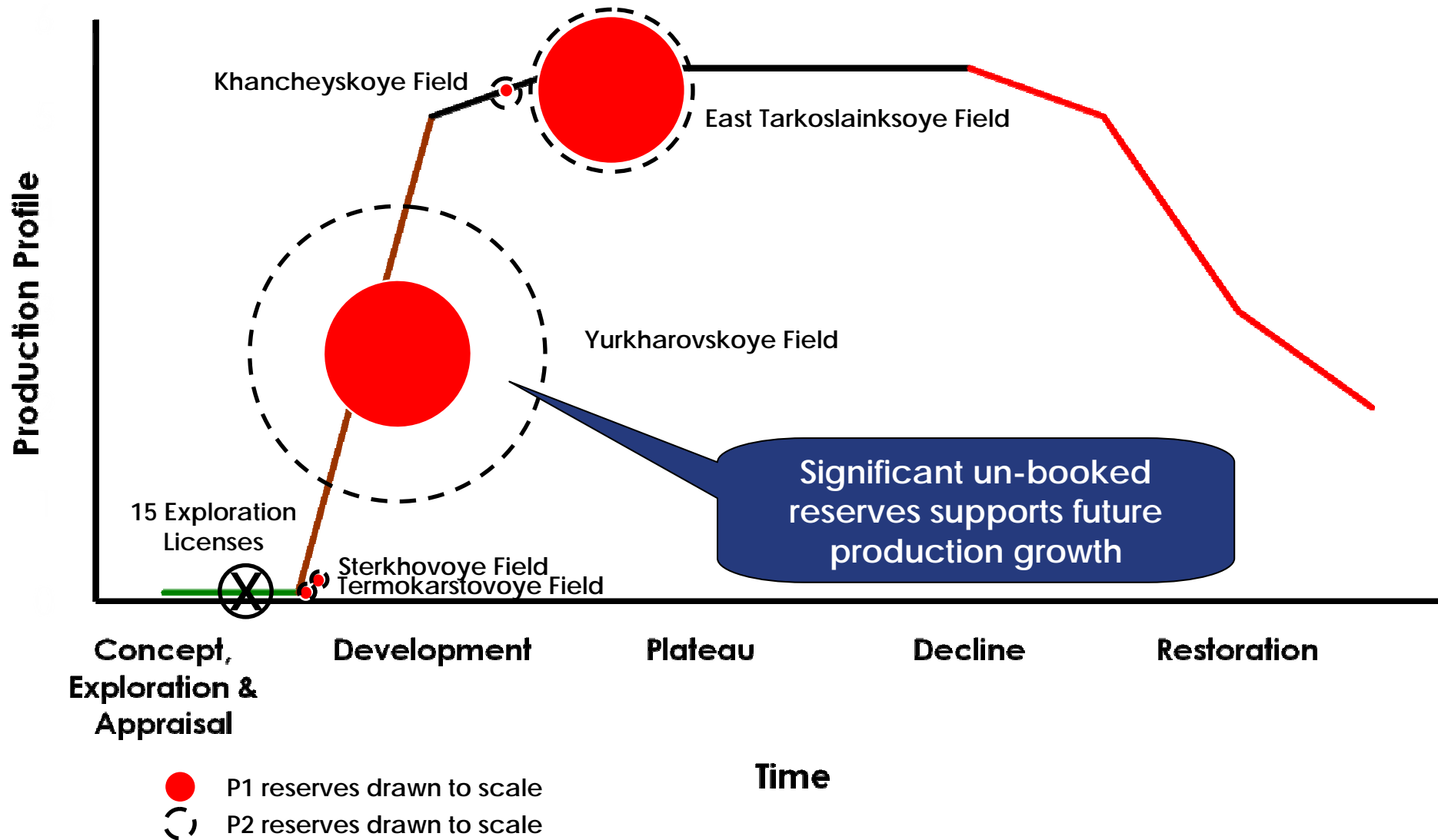
- As of December 31, 2006, NOVATEK's proved developed (PD) reserves accounted for ~76% of total P1 reserves.
- Increase in proved developed natural gas reserves of 34.3% 2006/2005
- Natural gas accounts for ~ 90% or more of total P2, P1 and PD reserves.

Notes:

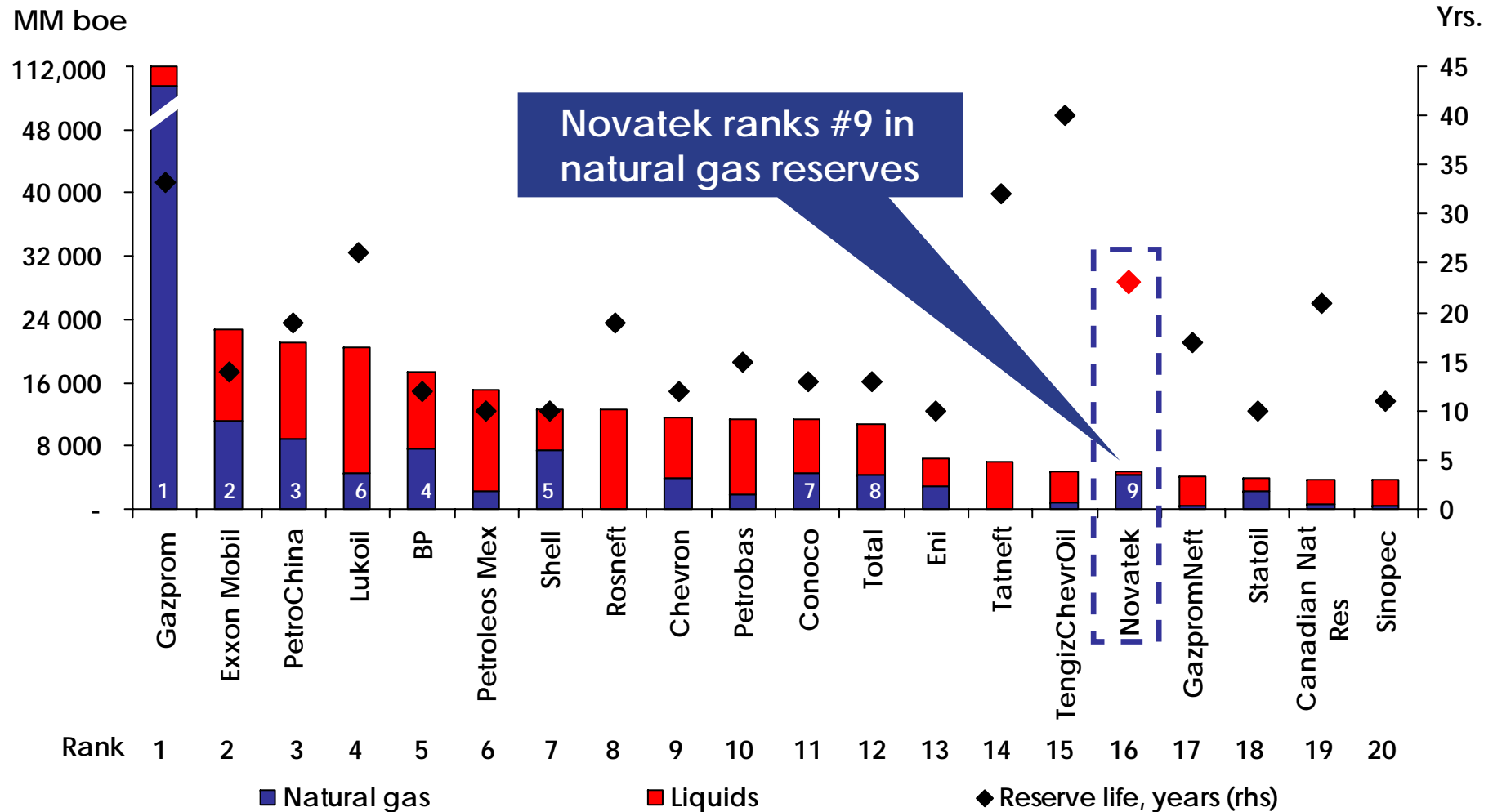
1. Including the Company's equity interest in proved reserves of associates



# NOVATEK development profile



# Global oil and gas reserves - 2006

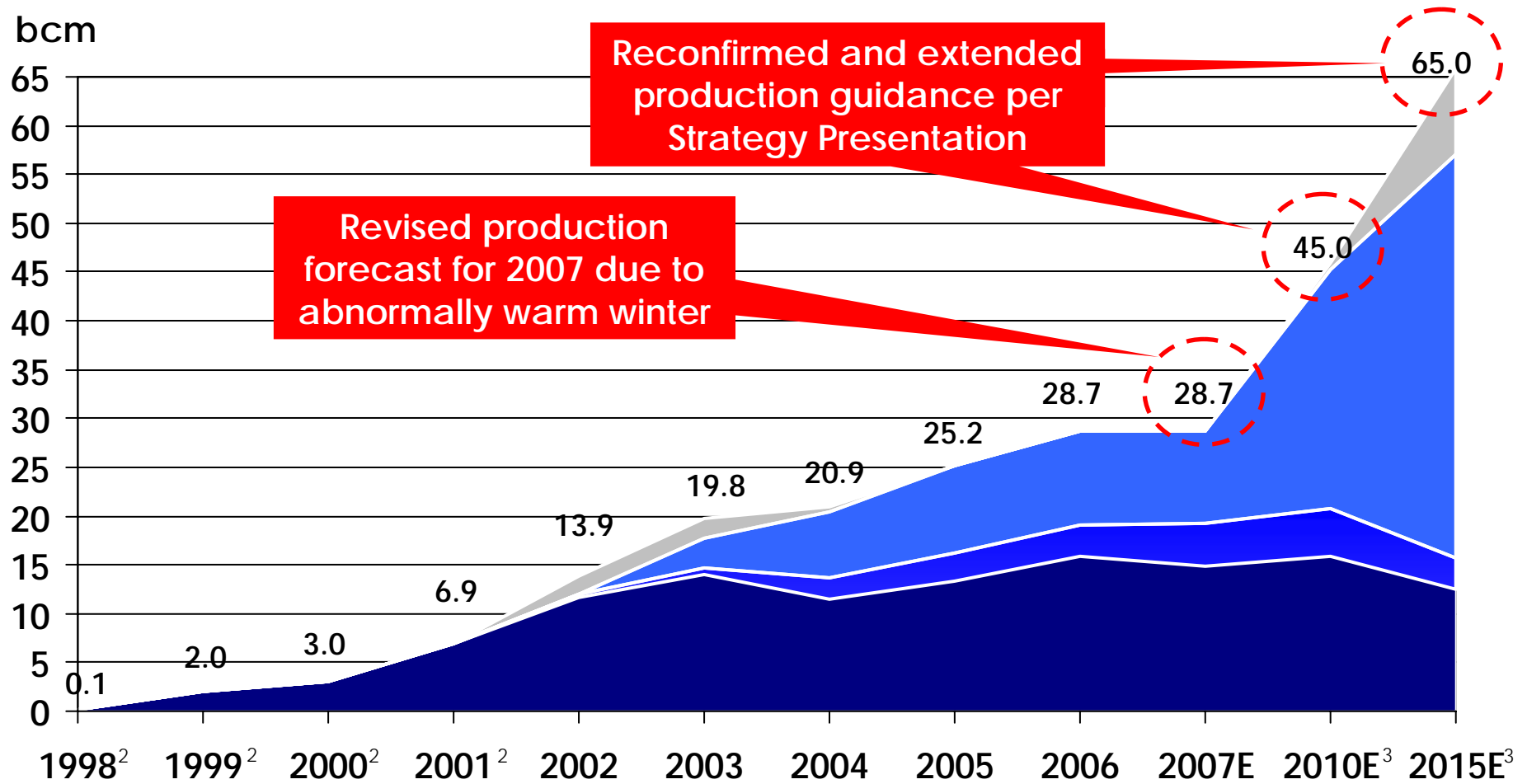


Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, Company data

# Production growth



# Natural gas production overview



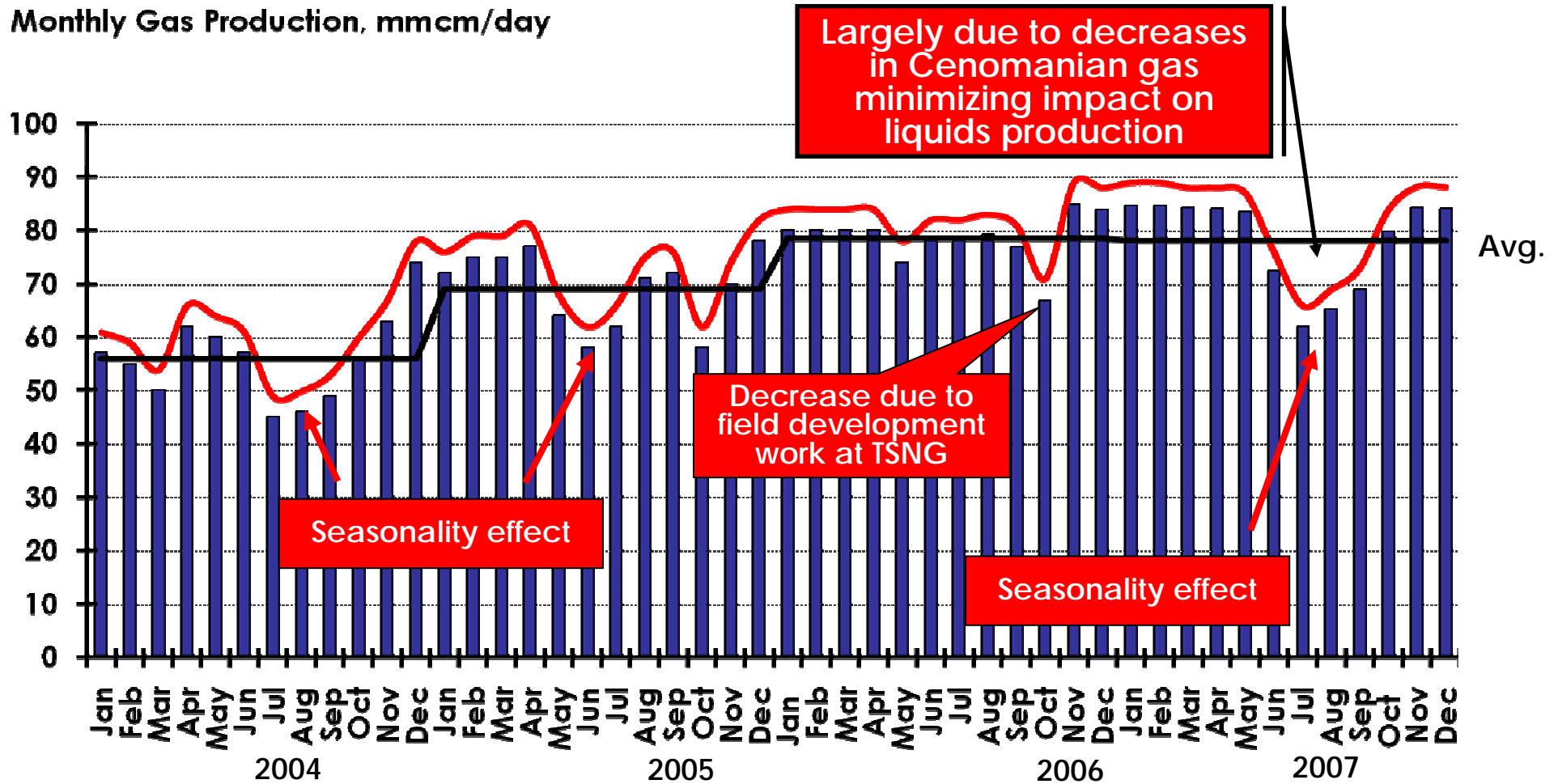
■ East Tarkosalinskoye ■ Khancheyevskoye ■ Yurkharovskoye ■ Other

Notes:

1. Gross natural gas production, 100% from all fields
2. Net of Novatek's share of production from West Tarkosalinskoye
3. Based on Company strategy presentation April 2007

# Increasing natural 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

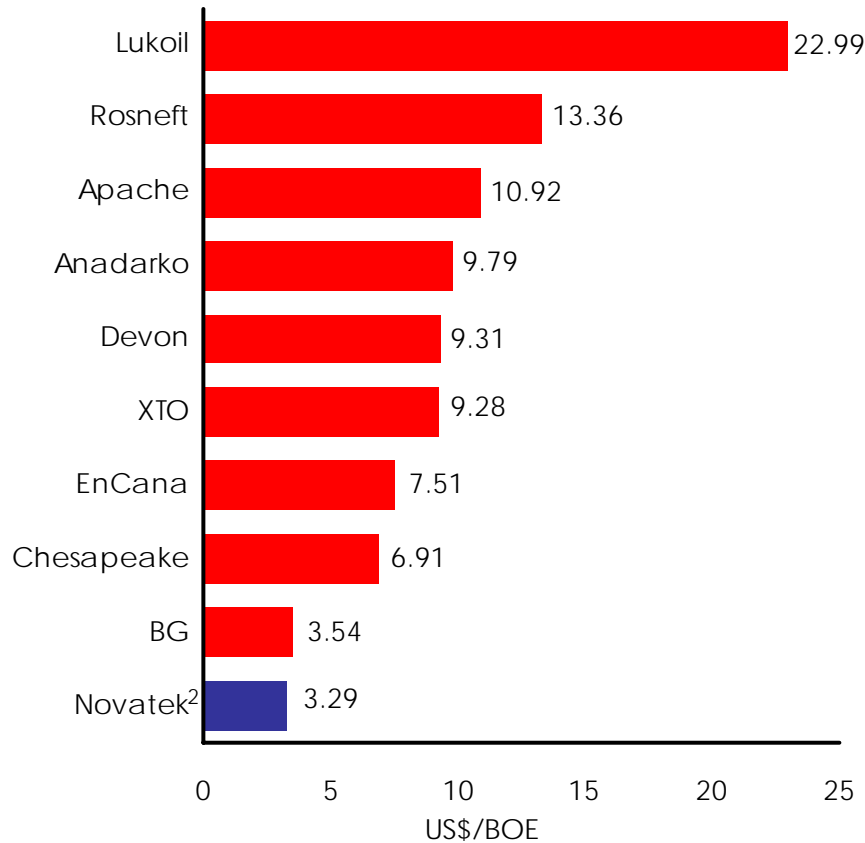
2006 Avg.  
79 mmcm/day  
2,789 bcf/day

2007 Avg.  
78 mmcm/day  
2,759 bcf/day

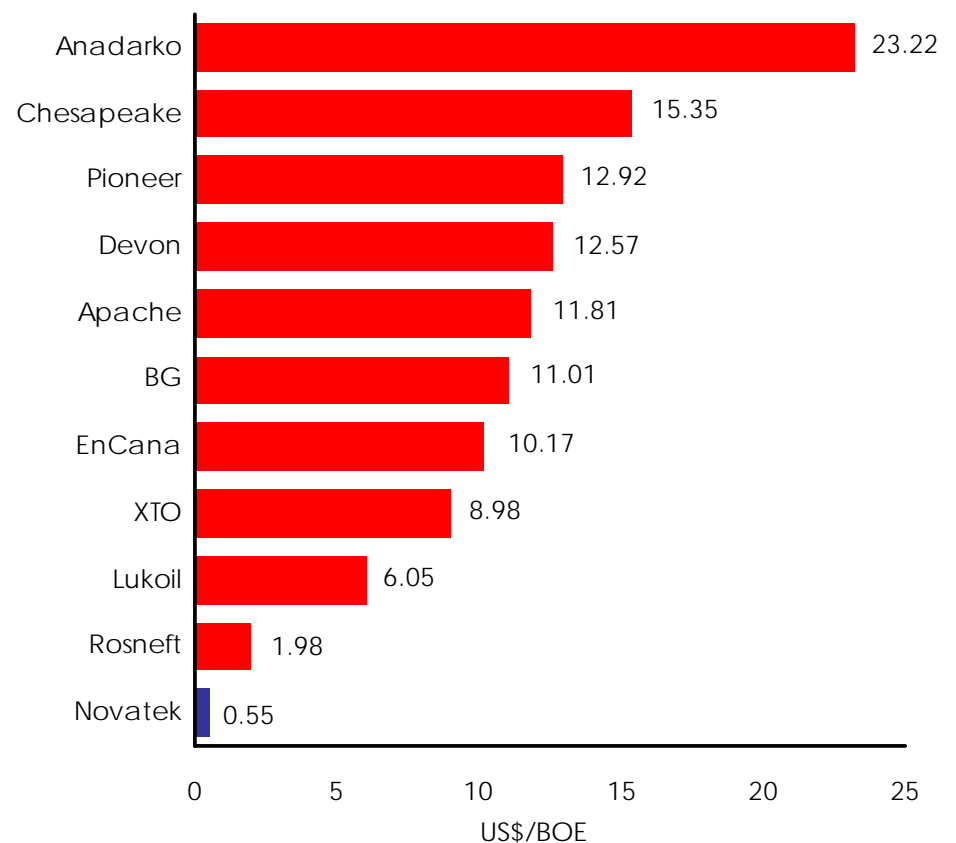
Low cost producer

# World class efficiency

## Lifting Costs (2006) <sup>1</sup>



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



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

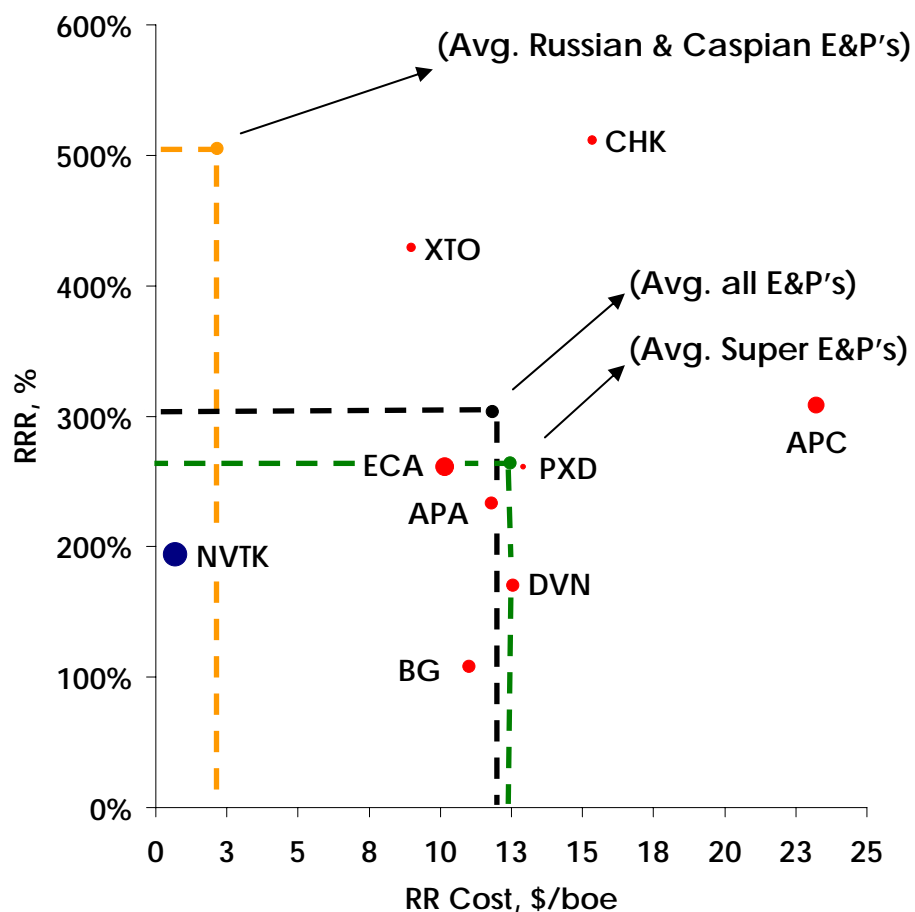
Notes:

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



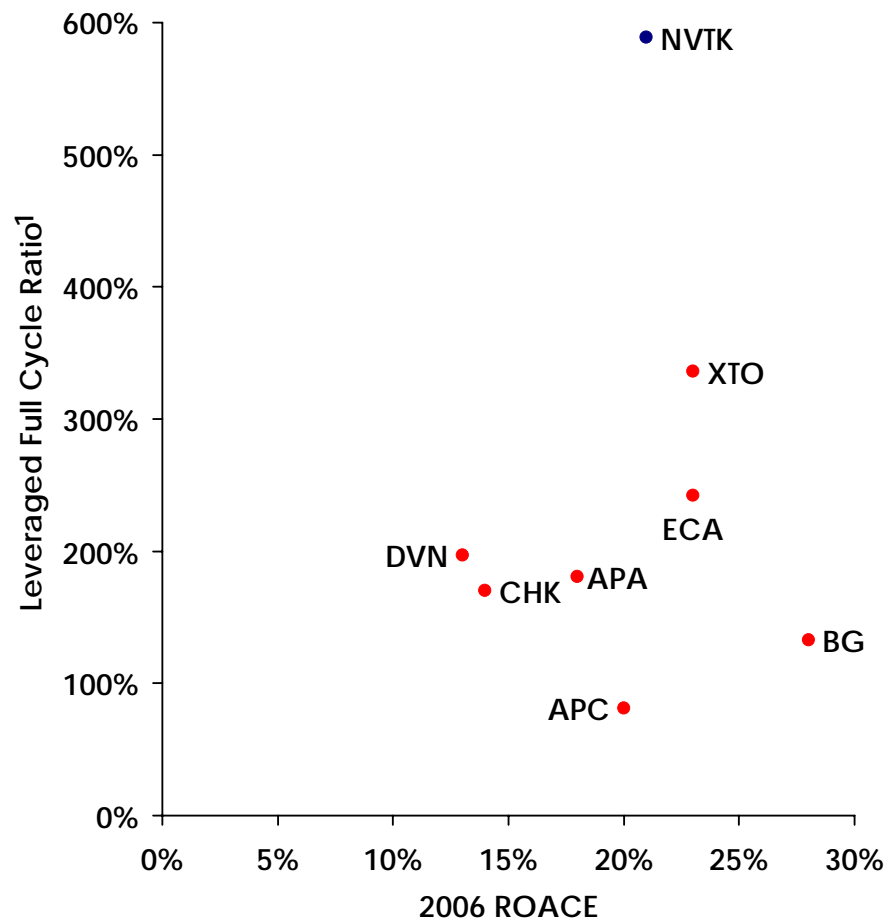
(Bubbles drawn to scale based on proved reserves)

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

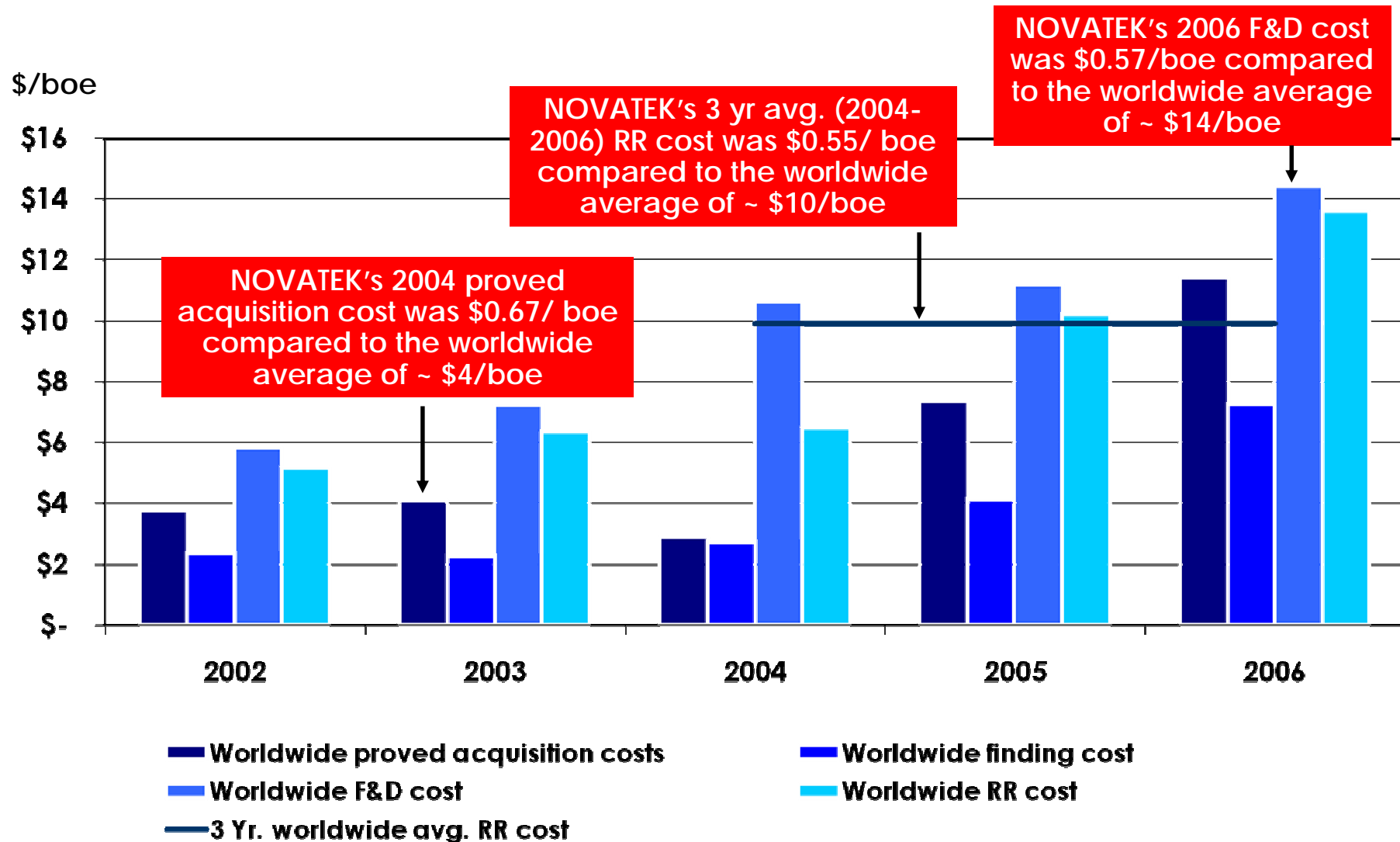
Notes:

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

## Efficient use of capital & cost discipline



# Worldwide performance metrics

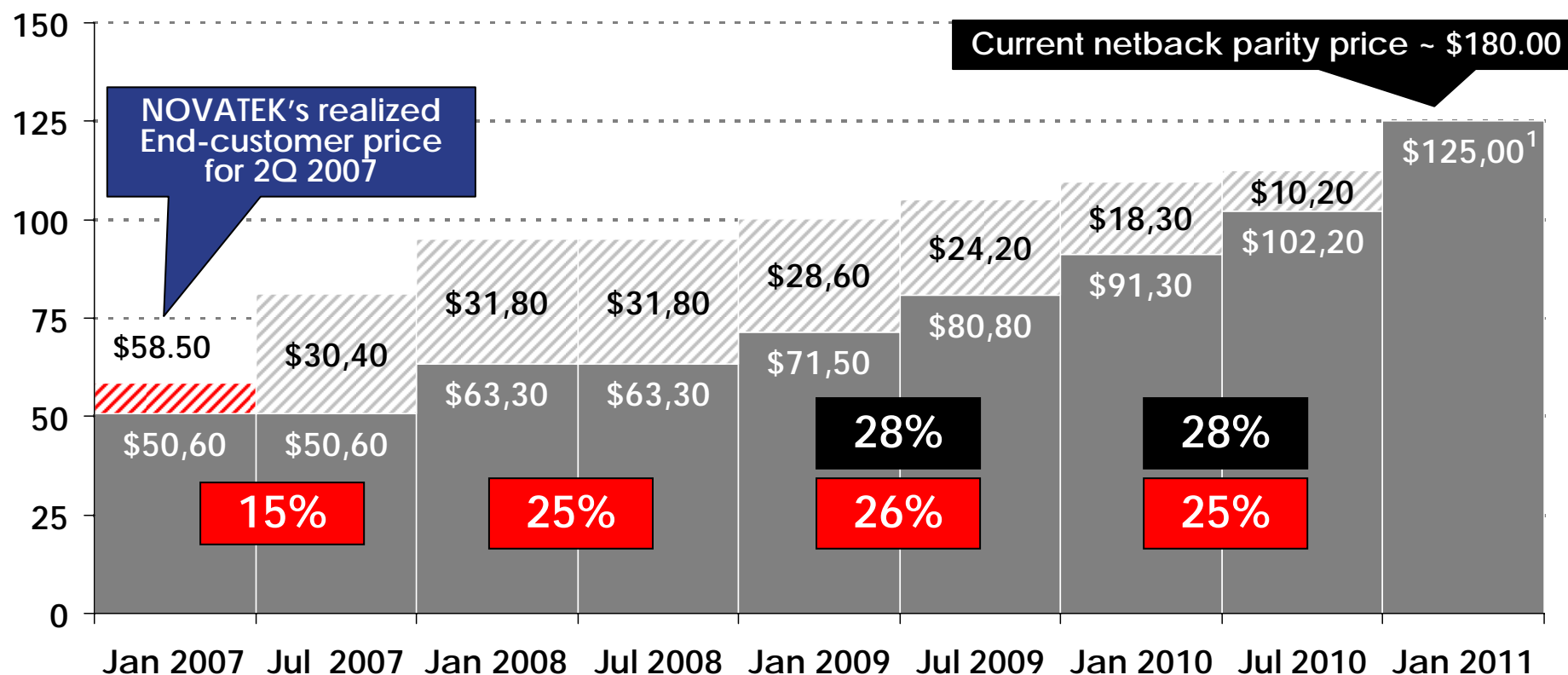


Source: John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review and Company date



# Liberalized pricing environment

# 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

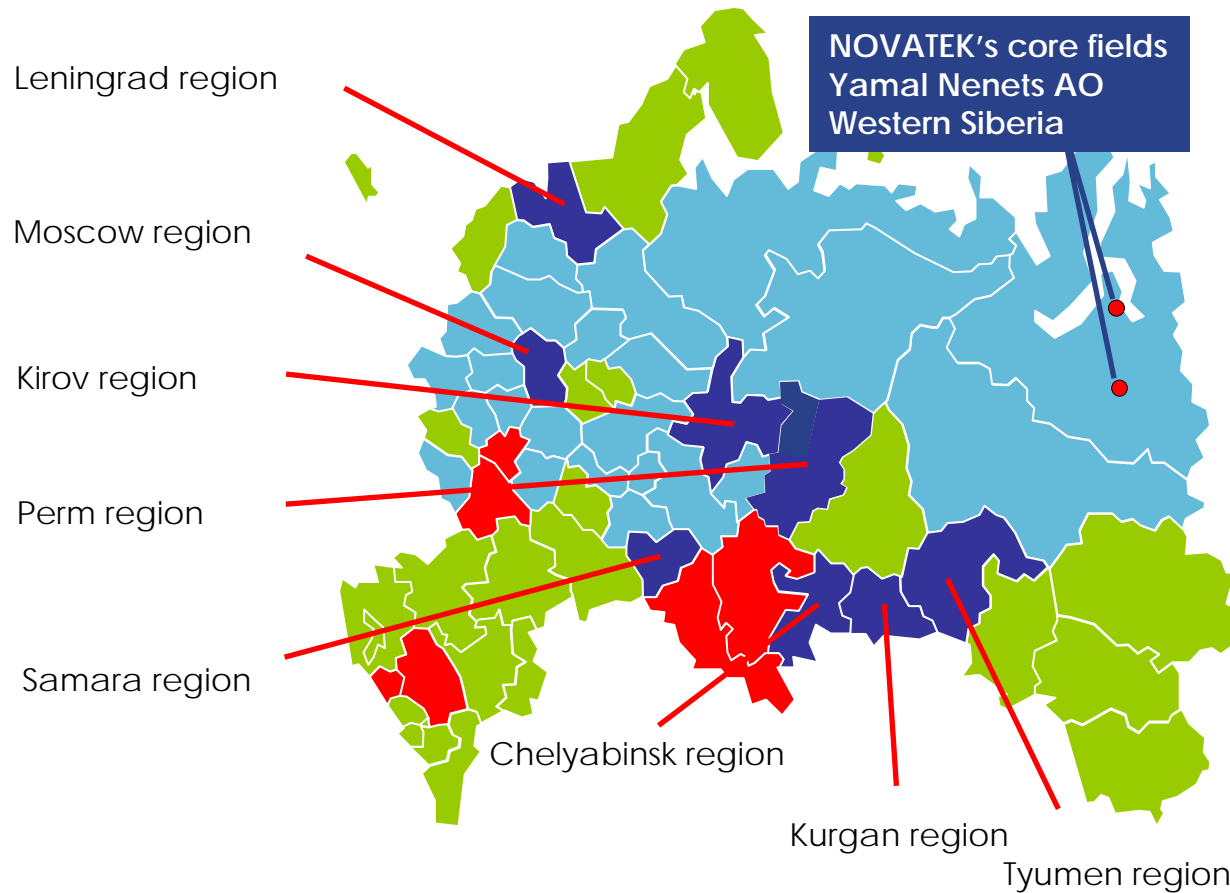
July 2007 Gazprom received approval for higher prices for gas deliveries to new customers and for increased supply over agreed volumes to current customer

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



# Regulated price vs. Net-back parity price

## Regulated price and current net-back parity price for NOVATEK core regions<sup>1</sup>



FTS Regulated Price RR/1000 cm		
Region	2008	Net-back parity <sup>2</sup>
Leningrad	1,728	3,845
Moscow	1,784	3,970
Kirov	1,633	3,634
Perm	1,533	3,456
Samara	1,650	3,671
Chelyabinsk	1,633	3,634
Kurgan	1,553	3,456
Tyumen	1,380	3,071

### NOVATEK delivered gas

- Core regions
- New regions in 2006
- Other regions

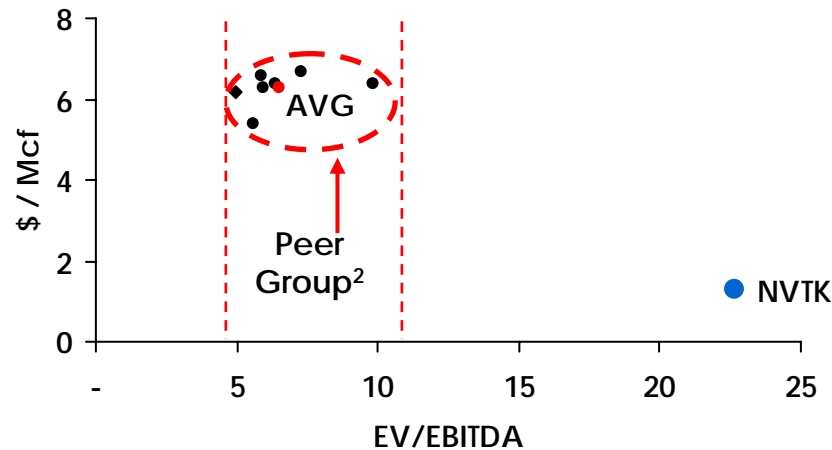
#### Notes:

1. Core regions based on NOVATEK 2006 gas sales results
2. FTS estimates as of December 2007

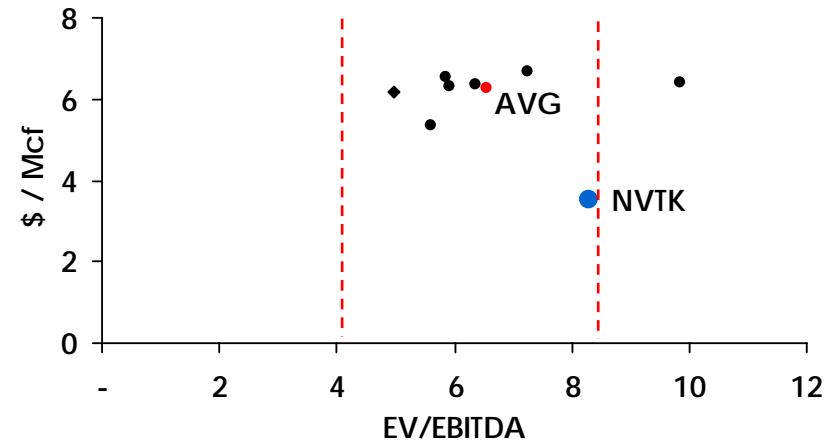


# What if scenarios...gas price sensitivities?

## 1. NVTK 2006 EBITDA<sup>1</sup> - Price \$1.30 / mcf

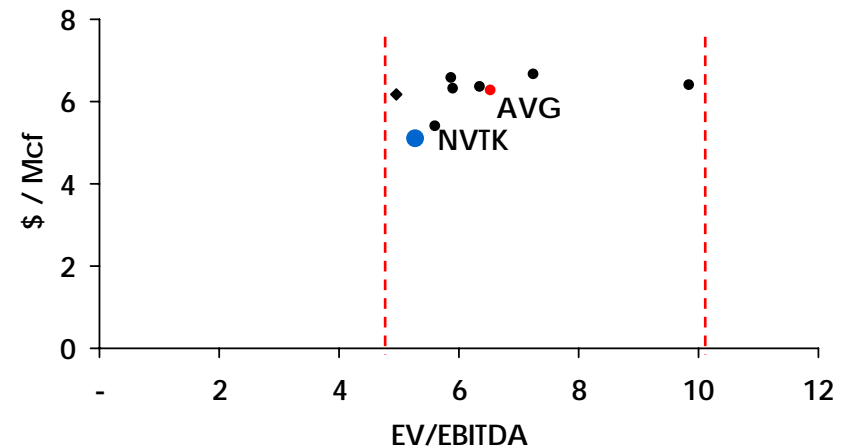


## 2. Pro-forma NVTK EBITDA -Price \$3.54 / mcf



- 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 m<sup>3</sup> and \$180/1000 m<sup>3</sup>

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



Source: Yahoo finance, Company data

Notes:

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



# NOVATEK's fundamentals

- ✓ Significant long-life resource base – *R/P ratio 23 years*
- ✓ 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 F&D and reserve replacement (RR) costs<sup>1</sup>*
- ✓ High impact exploration activities
- ✓ Unique pure domestic gas play
- ✓ Strong corporate governance and transparency
- ✓ Proven management track record
- ✓ Investment grade corporate rating by Moody's

Notes:

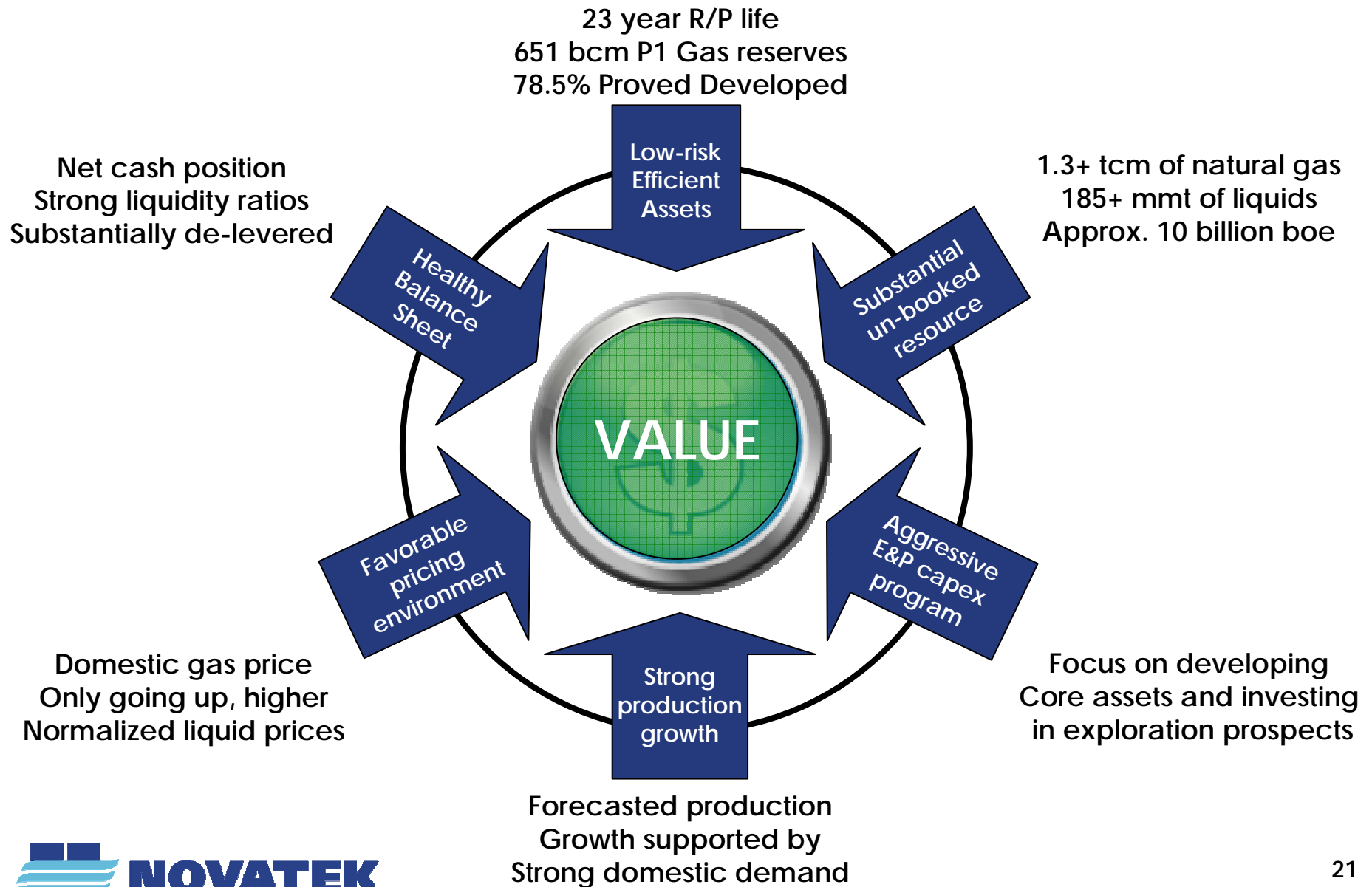
1. John S. Herold Inc. and Harrison Lovegrove & Co., 2007 Global Upstream Performance Review, Yahoo finance and Company data



# Issues and Positions

Issues	NOVATEK's Position	Gazprom's Position (Based on comments from Investor Day Presentation 11/07)
<b>Gas price</b>	<ul style="list-style-type: none"> <li>• Full liberalization by 2011</li> <li>• Higher expected liberalized price based on current European net-back forecasts</li> <li>• 25% Y-o-Y tariff increase expected (approved 4 December 2007)</li> </ul>	<ul style="list-style-type: none"> <li>• Endorsed full liberalization by 2011</li> <li>• Increased 2011 target price from \$125/mcm to \$152/mcm based on current FTS scenario</li> <li>• Much higher European price being discussed</li> <li>• Expecting 25% tariff increase in 2008</li> </ul>
<b>Gas production tax</b>	<ul style="list-style-type: none"> <li>• No change until 2009</li> <li>• Between 15% to 20% of end customer price</li> <li>• Tax differentiation component</li> </ul>	<ul style="list-style-type: none"> <li>• Russian government foresees no change prior to 2009</li> <li>• Gazprom's capex and long-term investment program to underlie new tax regime</li> <li>• Tax rate to be differentiated according to complexity of field development &amp; production</li> <li>• Average rate to be indexed in line with projected inflation post 2011</li> </ul>
<b>Pipeline access</b>	<ul style="list-style-type: none"> <li>• No restrictions/bottlenecks envisioned</li> <li>• Tariff increase maximum 1.6x to 1.75x current rate               <ul style="list-style-type: none"> <li>• In line with gas price increases</li> </ul> </li> <li>• Sufficient capex planned by Gazprom to ensure capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Confirmed substantial capex dedicated to transportation grid over next 7 years</li> <li>• Transportation per mcm to increase to \$2/mcm/100km from current ~\$1.1/mcm/100km</li> </ul>
<b>Market demand</b>	<ul style="list-style-type: none"> <li>• Strong base demand supported by 5% to 7% GDP growth and 4.5% to 5.0% power generation growth</li> <li>• No elasticity effect associated with liberalized price</li> </ul>	<ul style="list-style-type: none"> <li>• Bullish on domestic demand growth despite effects on possible price elasticity and efficiency projects</li> <li>• Gas demand to remain closer to GDP growth</li> </ul>

# Value formula



# Questions and Answers