



Fourth Quarter and Full Year 2009 Operational and Financial Results Conference Call



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Moscow, Russian Federation
17 March 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.

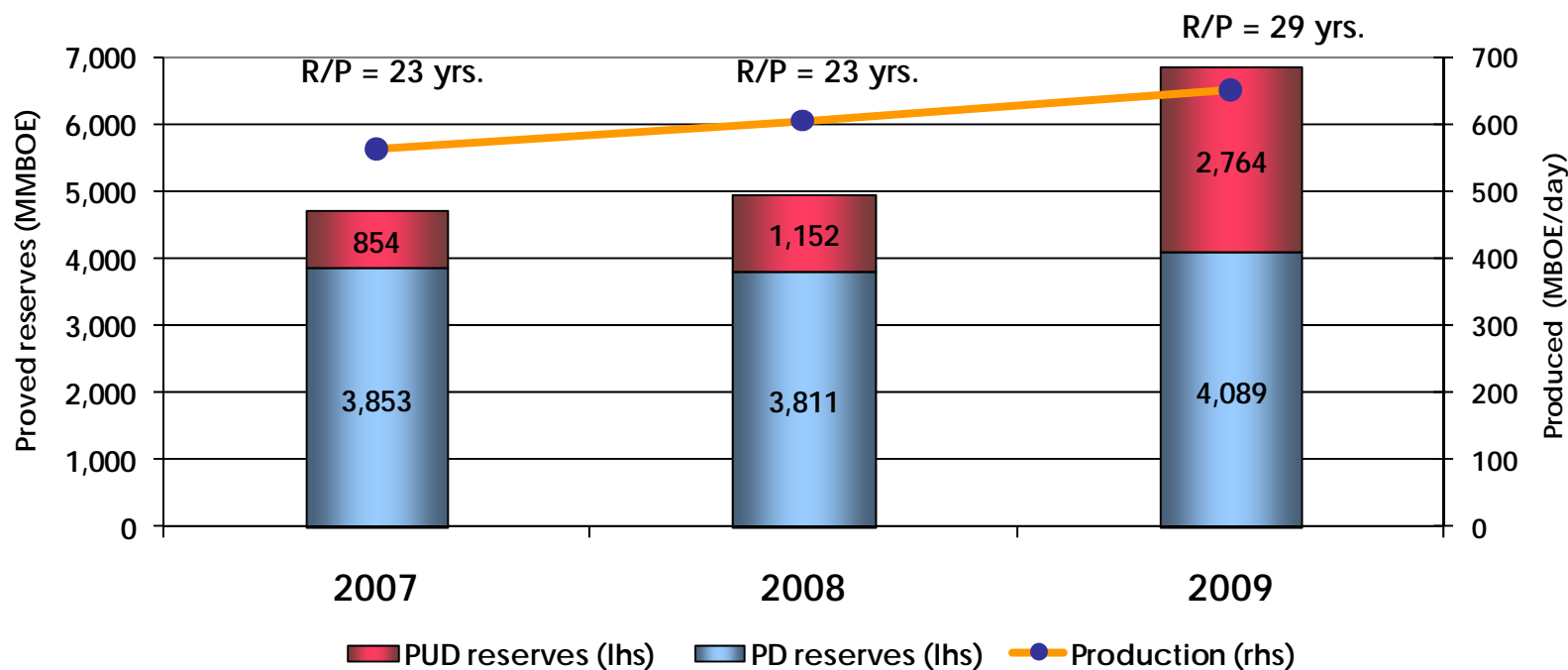
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Summary Highlights - 2009

- ❑ **Increase in revenues and earnings** driven by higher natural gas prices and liquids sales volumes
 - Natural gas sales increased by 17.5%
 - Liquids sales increased by 9.4%
- ❑ **Cash flow from operations** increased by 15.7% to RR 36,454 million from RR 31,514 million
- ❑ **Capital expenditures** related to exploration and production decreased by 43.8% to RR 17,872 million
- ❑ **EPS** increased by 13.9% to RR 8.59 from RR 7.54; **EBITDA** increased by 7.8%
- ❑ **Reduced lifting costs** to \$0.50 per boe (2008 - \$0.64 per boe) and **successfully replaced** 898% of 2009 total production; 958% of 2009 natural gas production
- ❑ **Natural gas and liquids production increased organically** due to the launch of the first two stages of the 2nd phase development at our Yurkharovskoye field:
 - Natural gas production increased by 6.3%
 - Liquids production increased by 18.5%
- ❑ **Purovsky Plant output increased by 28.2%** due to the launch of its second phase expansion in the 4Q 08

Operational Overview

Proved Reserves Base at Year-End



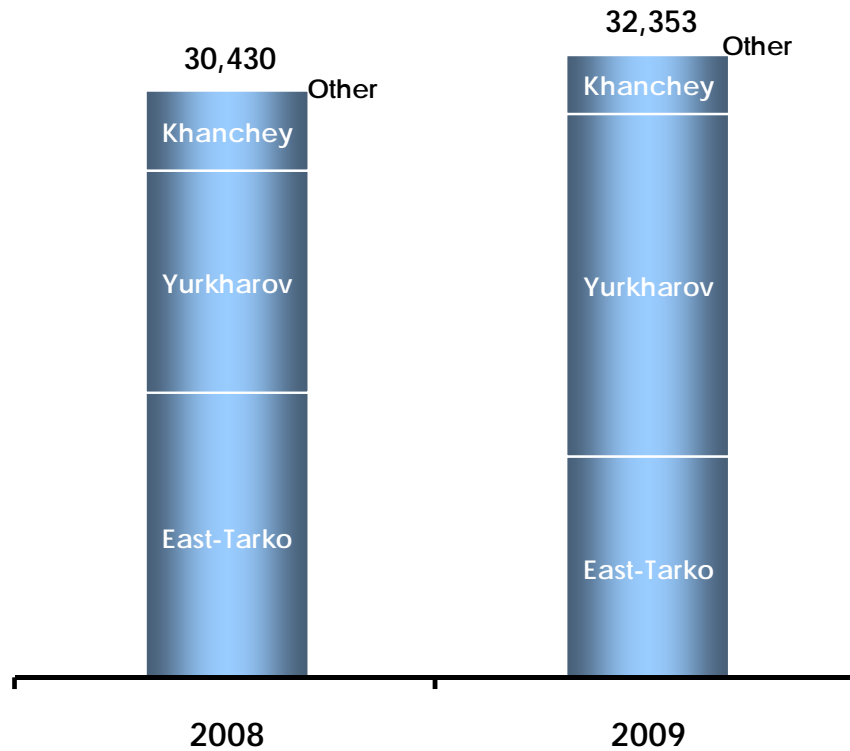
Our reserve replacement rate (RRR) for 2009 is 898%;
our three year average RRR for 2007 to 2009 is 431%

Note: NOVATEK production and SEC classification reserves based on ownership interest as of 31 December 2009 for all periods, some producing fields do not have reserve appraisals

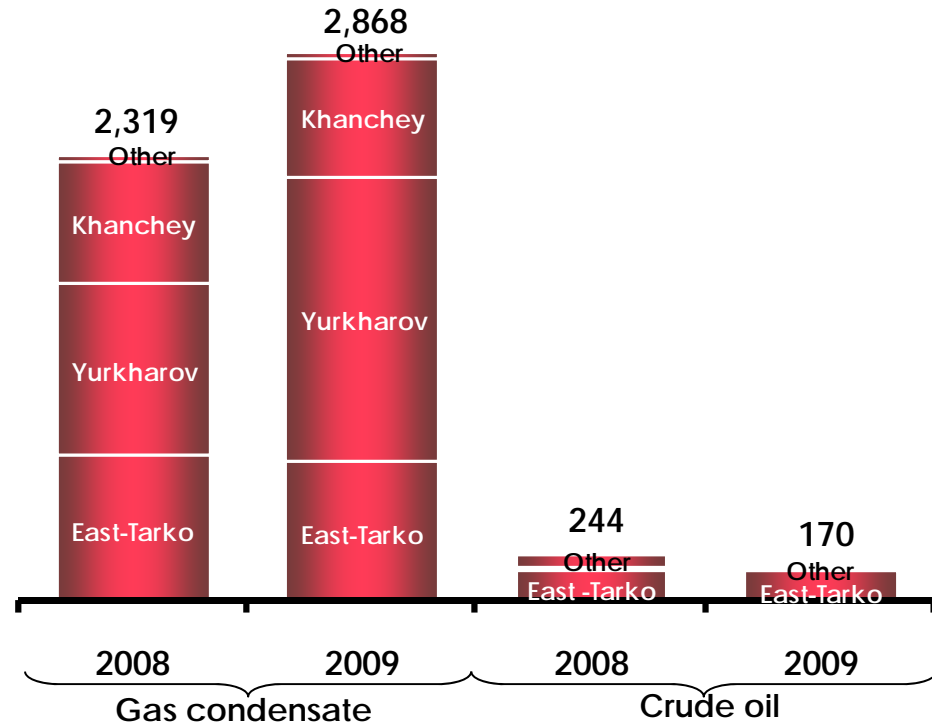


Net Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



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

- Significant capacity increase at Yurkharov
- Offset by planned reductions at East-Tarko and Khanchey

Liquids production increased Y-o-Y due to:

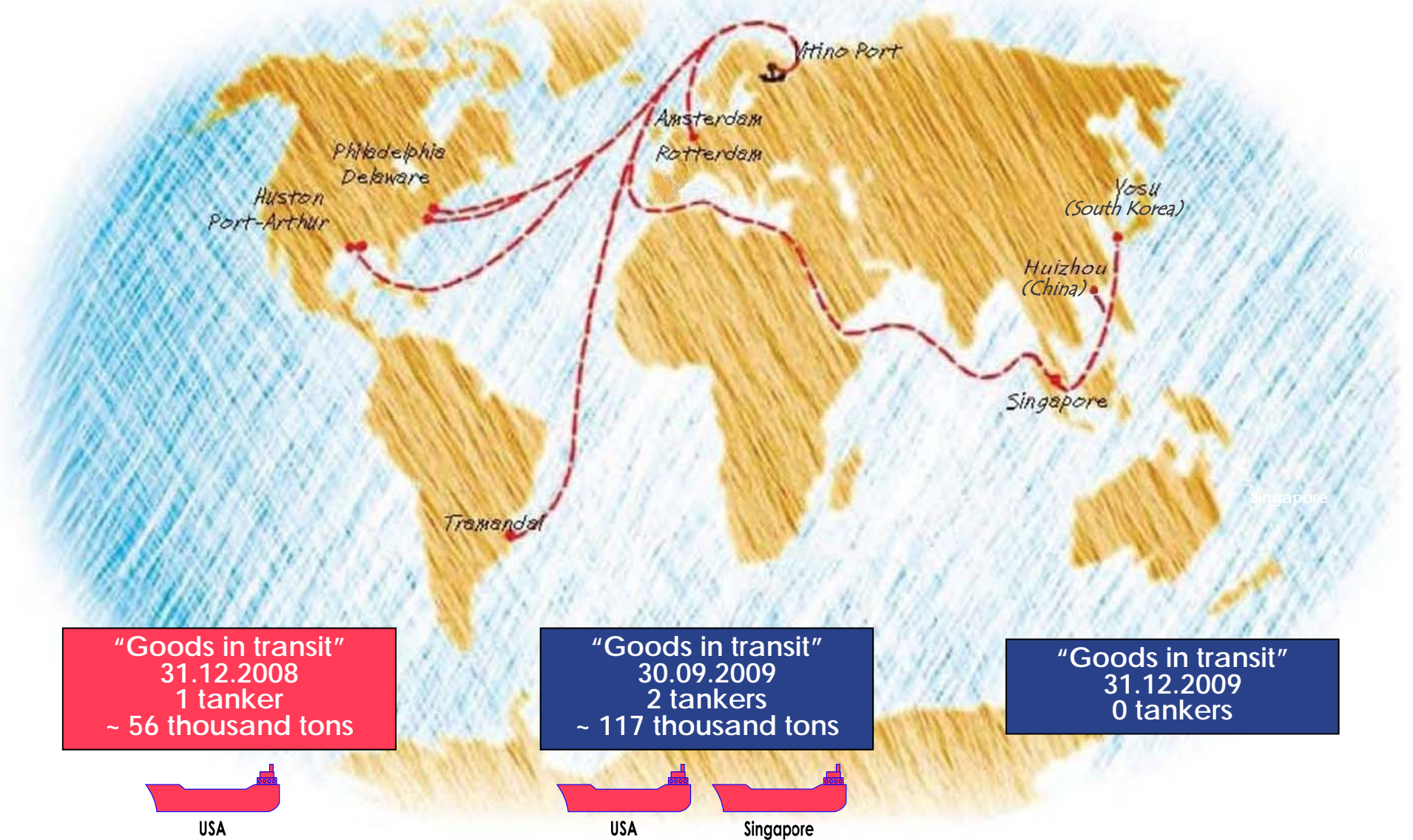
- Significant capacity increase at Yurkharov
- Offset by planned reduction of gas condensate at East-Tarko and Khanchey, and a reduction in oil production at Ust-Purpeiskiy license area due to its disposal in April 2009

Purovsky Plant & Vitino Sea Port Terminal

- ❑ **Total volumes delivered: 2,846 mt**
 - East-Tarkosalinskoye and Khancheyevskoye fields: 1,351 mt (100% of net production)
 - Yurkharovskoye field: 1,466 mt (99% of net production)
 - Other : 29 mt
- ❑ **Total plant output: 2,822 mt**
 - Stable gas condensate: 2,062 mt
 - LPG: 760 mt
- ❑ **Plant capacity: approximately 57%**
- ❑ **36 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
 - 23 tankers to USA ~ 1,350 mt
 - 4 tankers to Europe ~ 181 mt
 - 4 tankers to Singapore ~ 236 mt
 - 4 tankers to China ~ 224 mt
 - 1 tanker to South Korea ~ 59 mt
- ❑ **Stable gas condensate inventory reconciliation**
 - Rail road cisterns and port storage facilities ~ 95 mt
 - Plant storage facilities ~ 16 mt
- ❑ **Increase in export volumes of LPG: ~ 54% of total LPG volumes**

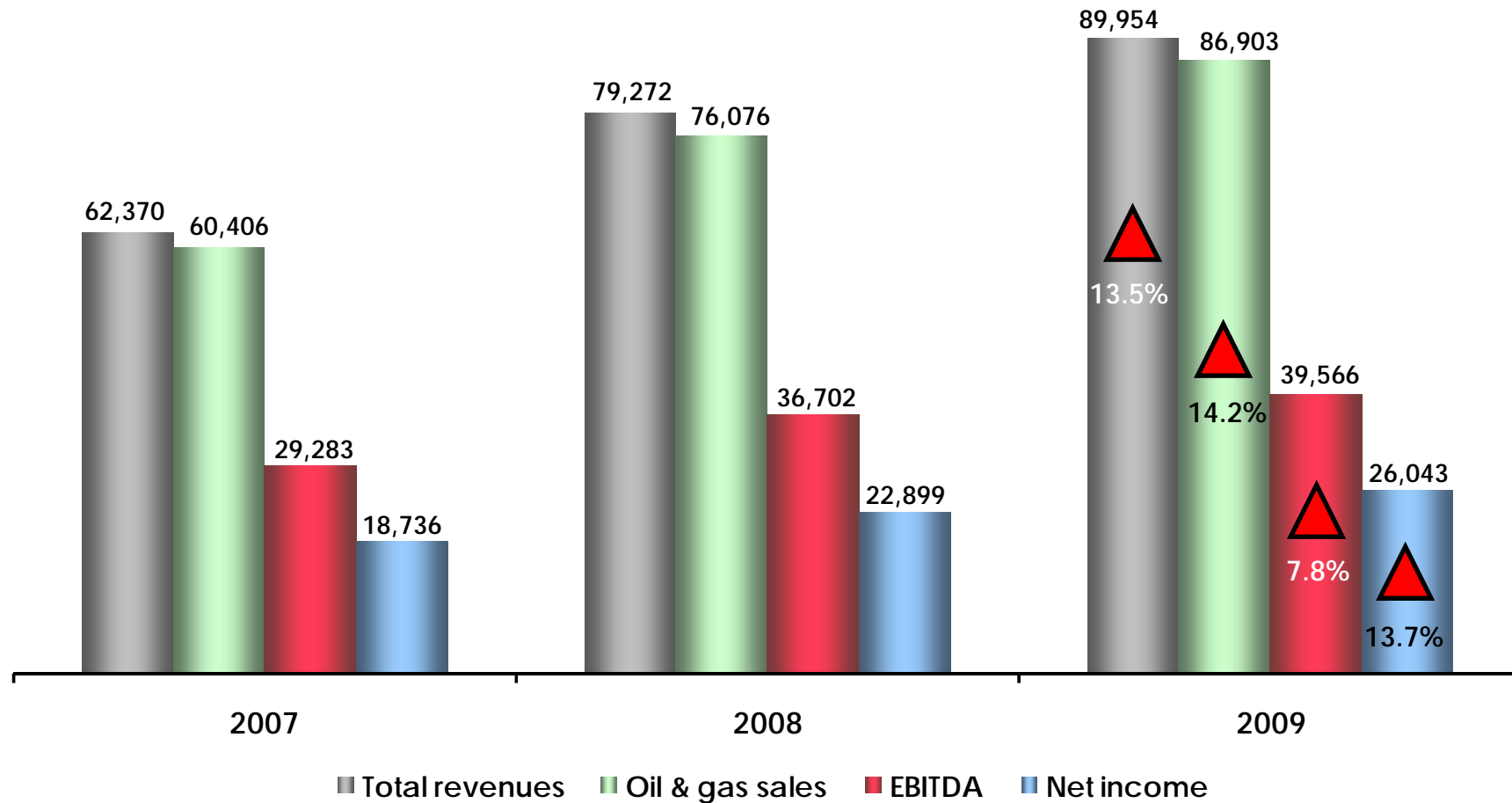


Stable Gas Condensate in Transit



Financial Overview – 2009 vs. 2008

Summary Financial Results (RR million)



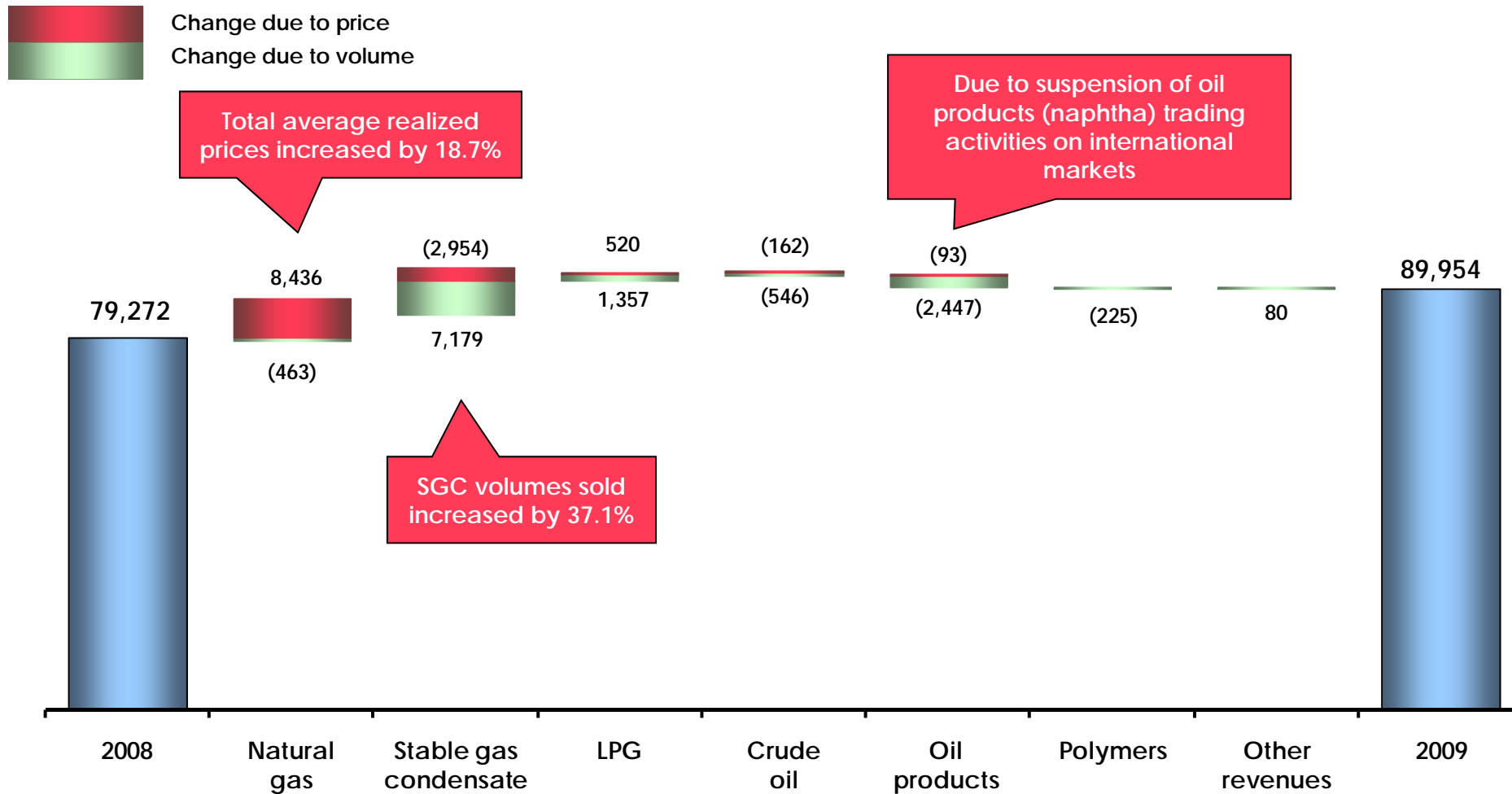
Another Record Year (RR million)

	2009	2008	+ / (-)	+ / (-)%
Oil and gas sales	86,903	76,076	10,827	14.2%
Total revenues	89,954	79,272	10,682	13.5%
Operating expenses	(56,130)	(46,916)	(9,214)	19.6%
EBITDA ⁽¹⁾	39,566	36,702	2,864	7.8%
EBITDA margin	44.0%	46.3%	-	-
Effective income tax rate ⁽²⁾	20.7%	19.7%	-	-
Profit attributable to NOVATEK	26,043	22,899	3,144	13.7%
Net profit margin	29.0%	28.9%	-	-
Earnings per share	8.59	7.54	1.05	13.9%
CAPEX	17,872	31,810	(13,938)	-43.8%
Net debt ⁽³⁾	27,171	15,285	11,886	77.8%

Notes:

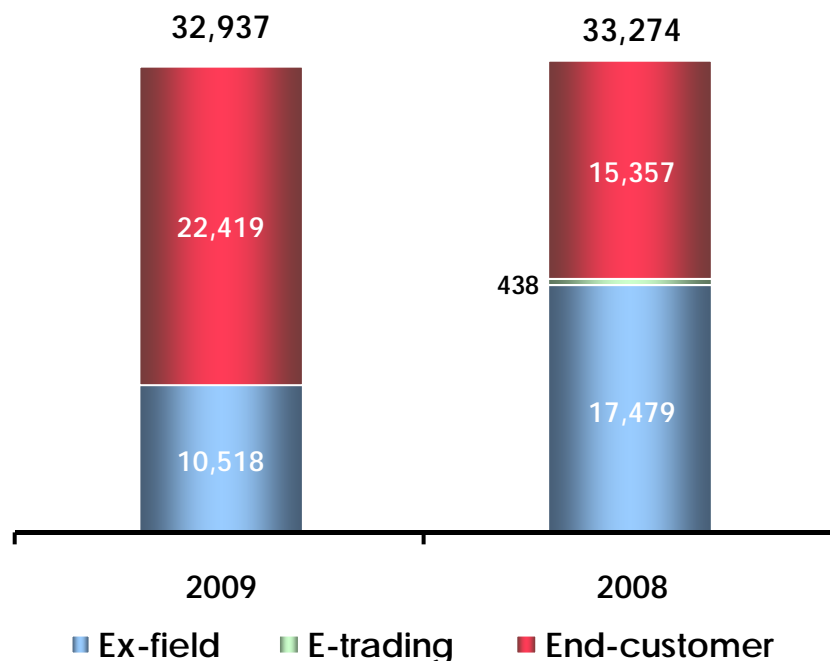
1. EBITDA represents net income before finance income (expense) and income taxes from the Statements of Income, and depreciation, depletion and amortization and Share-based compensation from the Statements of Cash Flows
2. Starting from the 4Q 08 the effective income tax rate is calculated based on the change in Russian statutory income tax rate from 24% to 20%
3. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Total Revenues (RR million)



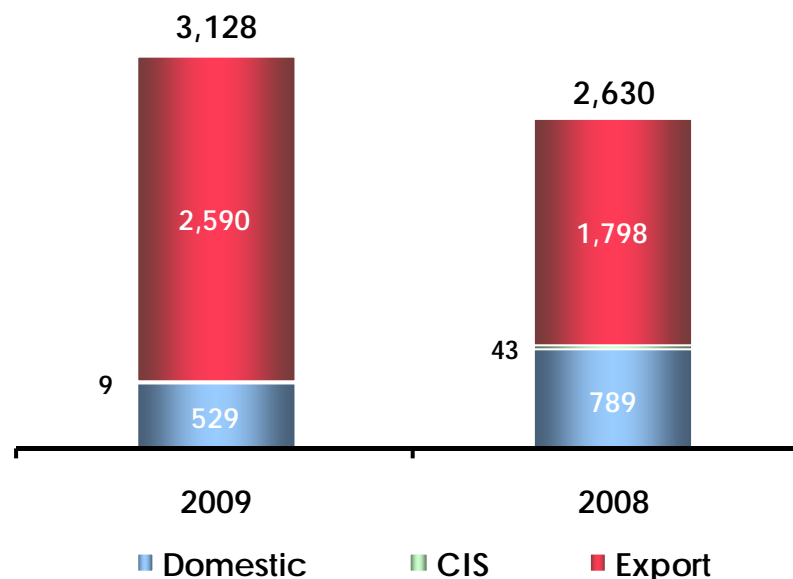
Market Distribution – Sales Volumes

Natural gas sales volumes, mcm



- Slight decrease in natural gas sales volumes due to a decrease in purchases from third parties and an increase in our natural gas inventory balance which was offset by increased production at the Yurkharovskoye field
- End-customer sales volumes as a % of total natural gas sales volumes increased due primarily to the initiation of natural gas sales on a delivered basis to traders in remote points beginning in April 2009

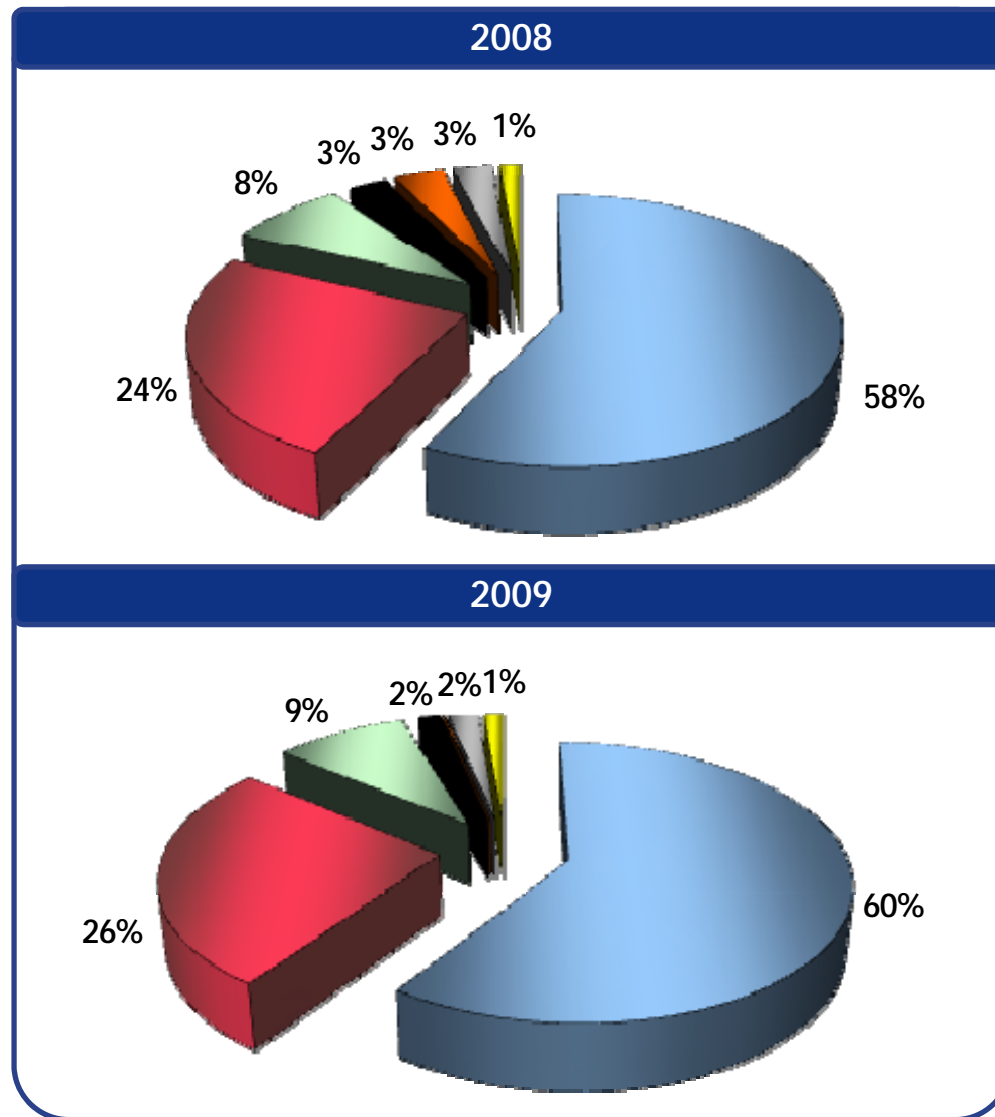
Liquids sales volumes, mt



- Growth in liquids sales was mainly due to production increases at our Yurkharovskoye field
- Increase in export sales was due to higher SGC volumes and an increase in LPG volumes sold to export markets in order to take advantage of the suspension of LPG export duties from January 2009 until 1 December 2009
- In 2009, we did not purchase oil products (naphtha) for resale to the international markets

Total Revenues Breakdown

- Natural gas
- Stable condensate
- LPG
- Crude oil
- Oil products
- Polymers
- Other



Realized Hydrocarbon Prices (net of VAT and export duties)

	2009	2008	+ / (-)	+ / (-)%
<u>Domestic prices</u>				
Natural gas end-customers, RR/mcm	1,933	1,818	115	6.3%
Natural gas sales to traders in remote points, RR/mcm	1,836	-	n/a	n/a
Natural gas e-trading, RR/mcm	-	1,412	n/a	n/a
Natural gas ex-field, RR/mcm	1,049	979	70	7.2%
Stable gas condensate, RR/ton	6,483	8,135	(1,652)	-20.3%
LPG, RR/ton	7,962	9,810	(1,848)	-18.8%
LPG (retail stations), RR/ton	11,745	-	n/a	n/a
Crude oil, RR/ton	6,051	7,881	(1,830)	-23.2%
Oil products, RR/ton	5,419	7,026	(1,607)	-22.9%
<u>CIS market</u>				
LPG, RR/ton	10,694	11,853	(1,159)	-9.8%
<u>Export market</u>				
Stable gas condensate, RR/ton	10,989	12,249	(1,260)	-10.3%
LPG, RR/ton	13,416	12,333	1,083	8.8%
Crude oil, RR/ton	8,093	2,925	5,168	176.7%
Oil products, RR/ton	9,498	3,720	5,778	155.3%

Note: Prices are shown only for own production (excluding trading activities)

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

	2009	% of TR	2008	% of TR
Transportation expenses	29,026	32.3%	18,153	22.9%
Taxes other than income tax	8,042	8.9%	7,186	9.1%
Non-controllable expenses	37,068	41.2%	25,339	32.0%
Materials, services & other	6,259	7.0%	6,332	8.0%
Depreciation and amortization	5,588	6.2%	4,478	5.6%
General and administrative	5,126	5.7%	5,064	6.4%
Exploration expenses	566	0.6%	1,117	1.4%
Net impairment expense	125	n/m	105	n/m
Change in natural gas, liquids, and polymer products and WIP	255	n/m	(184)	n/m
Subtotal operating expenses	54,987	61.1%	42,251	53.3%
Purchases of natural gas and liquid hydrocarbons	1,143	1.3%	4,665	5.9%
Total operating expenses	56,130	62.4%	46,916	59.2%

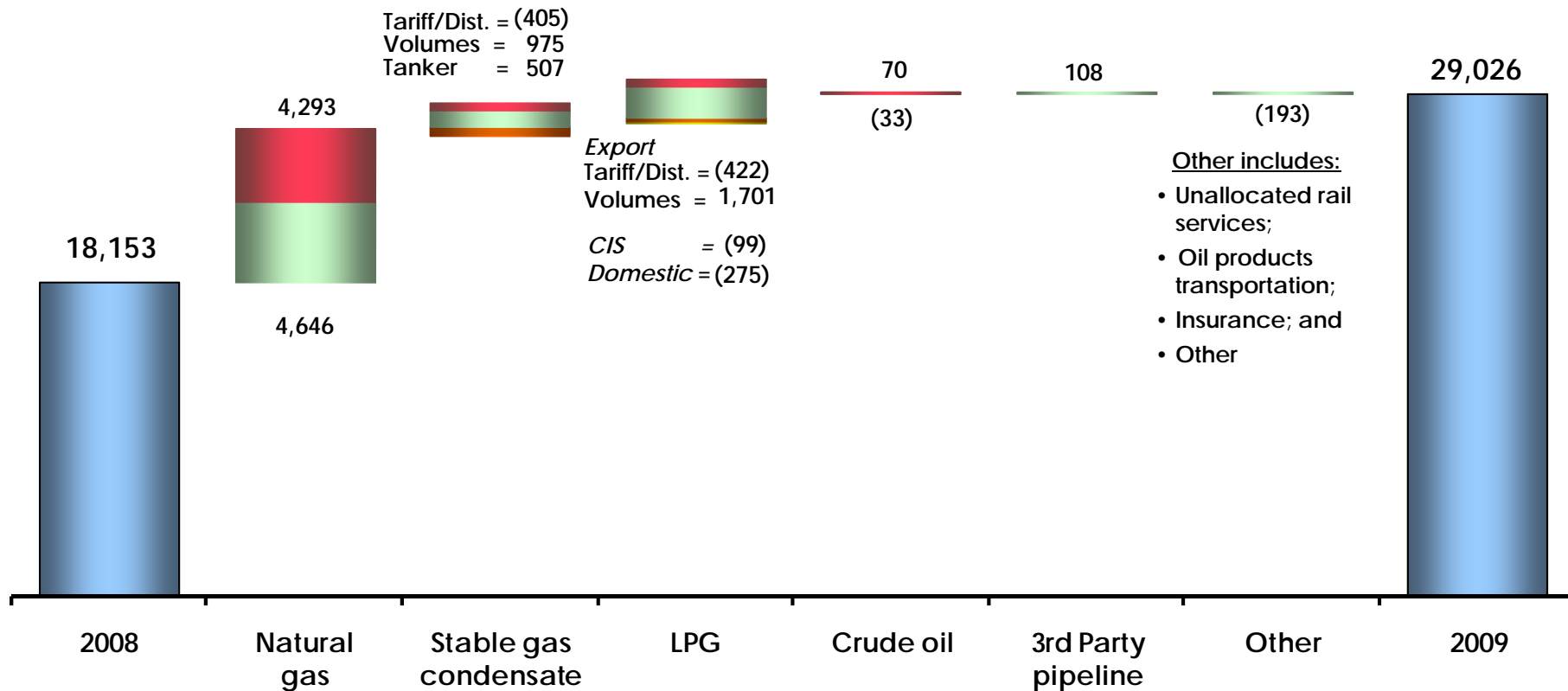
- Total operating expenses as a percentage of total revenues increased from 59.2% in 2008 to 62.4% in 2009 primarily due to a 46.3% increase in non-controllable expenses
- Transportation expenses increased due to increases in end-customer sales volumes and natural gas transportation tariffs as well as increases in liquids sales volumes
- Purchases of natural gas and liquids decreased mainly due to suspension of trading operations with oil products, namely naphtha, by our foreign trading subsidiary on the international markets as well as a reduction in natural gas purchases from third parties due to our ability to meet contractual obligations from our own natural gas production
- The increase in DDA was primarily due to an increase in our depletable cost base and an increase in our hydrocarbon production as well as the completion of work related to the launch of the Purovsky Plant expansion in the fourth quarter 2008

Transportation Expenses (RR million)

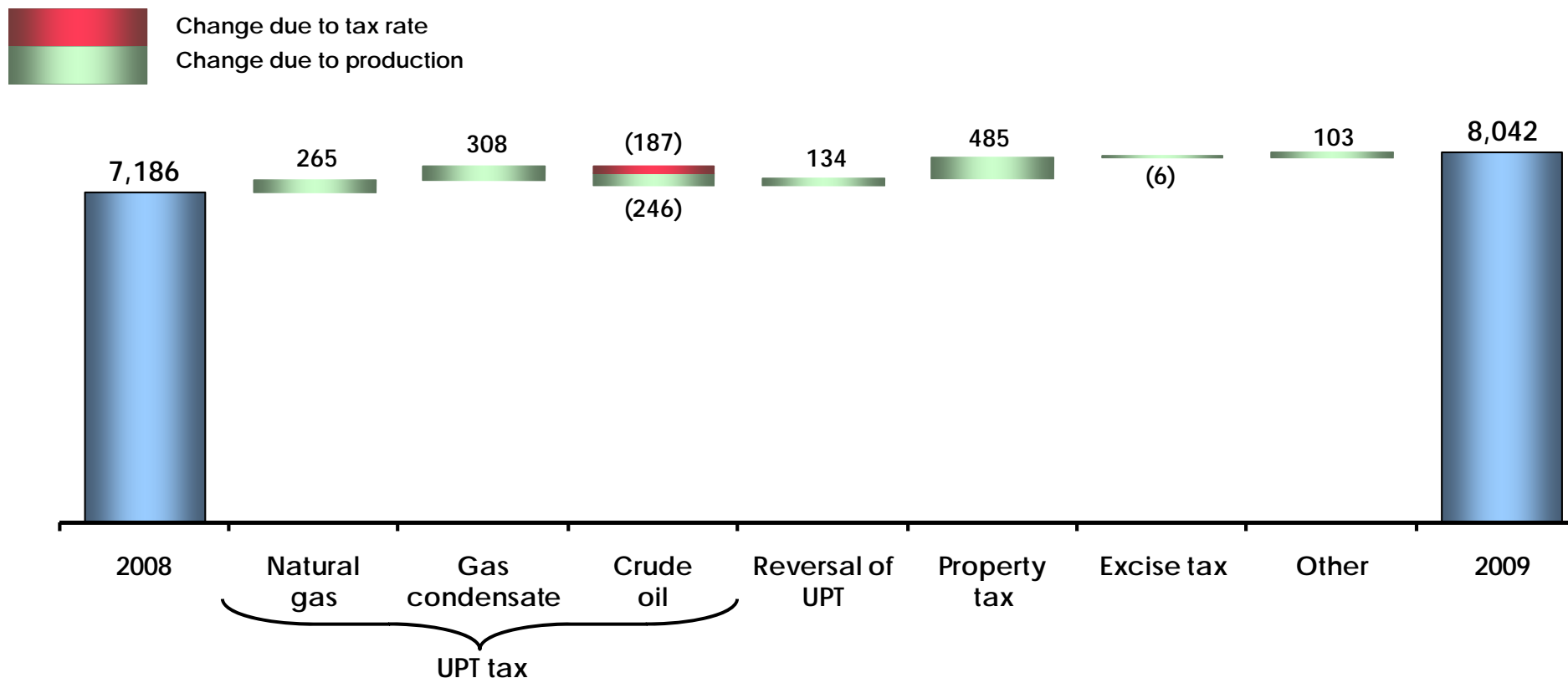


Change due to tariffs/distance

Change due to volume

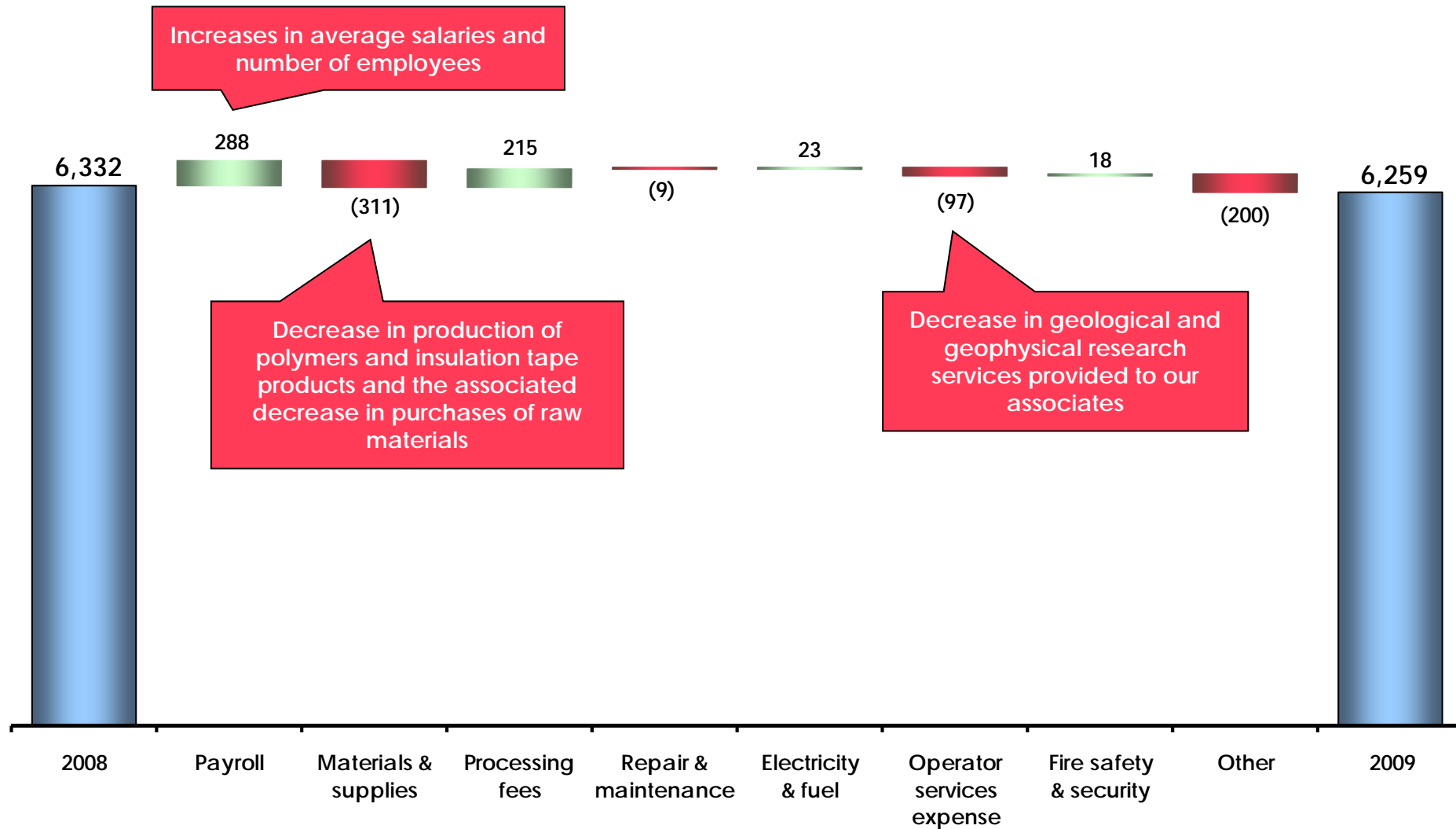


Taxes Other Than Income Tax Expense (RR million)

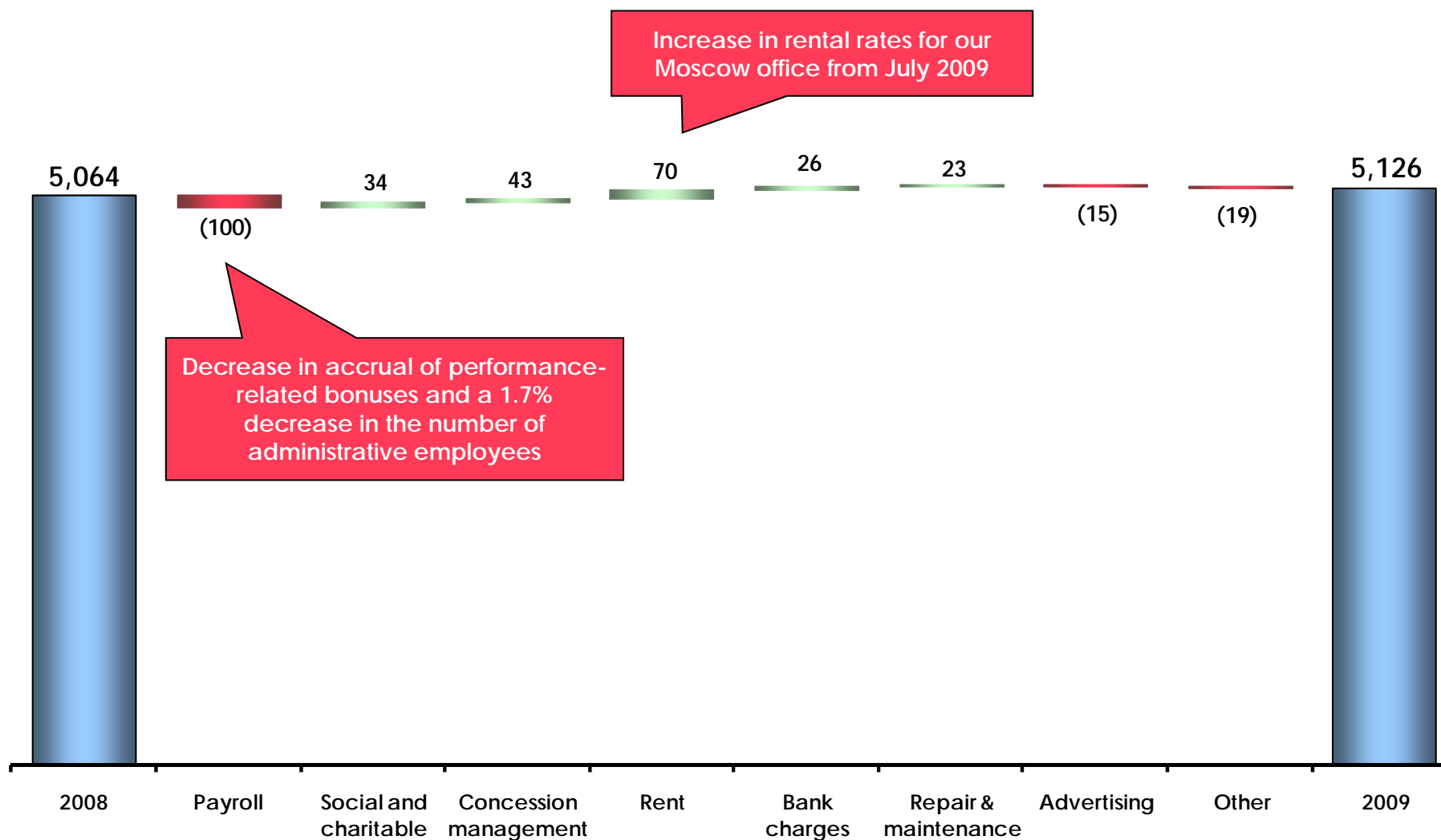


- Our UPT for gas condensate and natural gas increased due to an increase in our production volumes. The decrease in UPT for crude oil was due to both a reduction in volumes produced, and a decrease in our average crude oil production tax rate, which is linked to the Urals benchmark crude oil price
- Property tax expense increased by RR 485 million, or 72.4%, primarily due to additions of PP&E at our production subsidiaries

Materials, Services and Other Expenses (RR million)



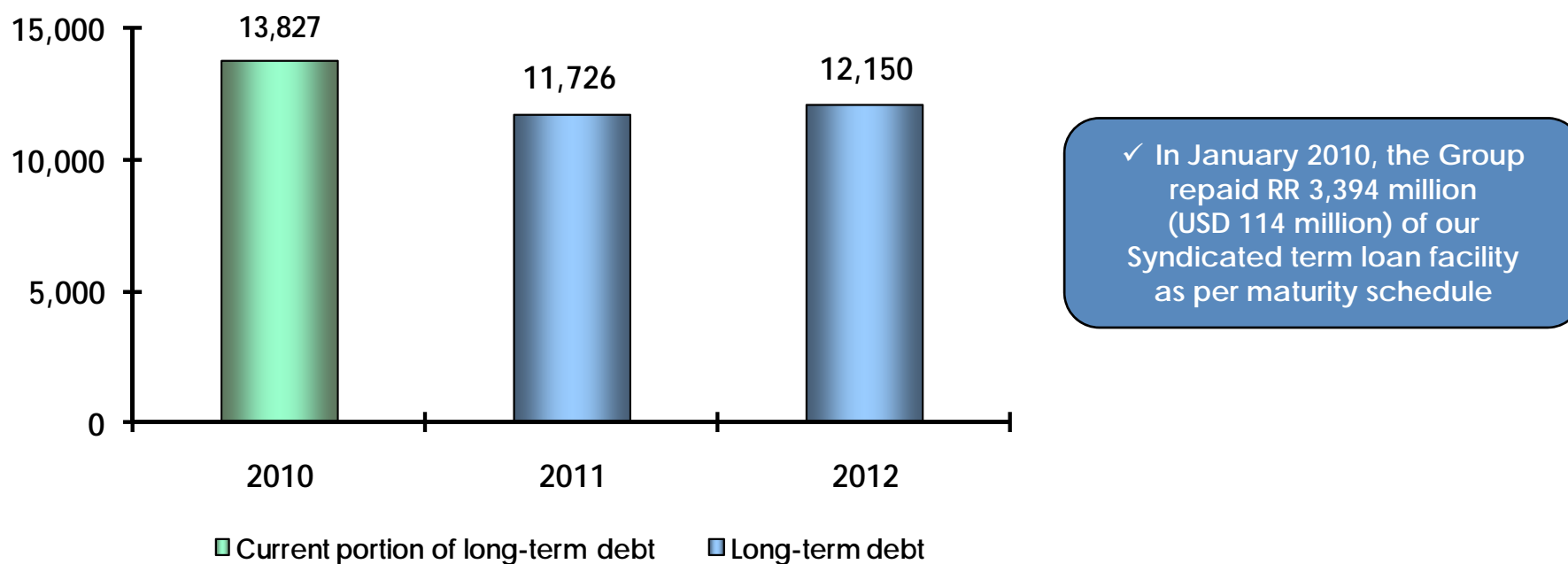
General and Administrative Expenses (RR million)



Condensed Balance Sheet (RR million)

	31 December 2009	31 December 2008	+ / (-)	+ / (-)%
Total current assets	26,867	25,428	1,439	5.7%
<i>Incl. Cash and cash equivalents</i>	<i>10,532</i>	<i>10,992</i>	<i>(460)</i>	<i>-4.2%</i>
Total non-current assets	166,264	113,578	52,686	46.4%
<i>Incl. Net PP&E</i>	<i>161,448</i>	<i>108,714</i>	<i>52,734</i>	<i>48.5%</i>
Assets classified as held for sale	508	901	(393)	-43.6%
Total assets	193,639	139,907	53,732	38.4%
Total current liabilities	23,593	14,169	9,424	66.5%
<i>Incl. ST debt</i>	<i>13,827</i>	<i>6,342</i>	<i>7,485</i>	<i>118.0%</i>
Total non-current liabilities	36,602	28,763	7,839	27.3%
<i>Incl. Deferred income tax liability</i>	<i>7,460</i>	<i>6,720</i>	<i>740</i>	<i>11.0%</i>
<i>Incl. LT debt</i>	<i>23,876</i>	<i>19,935</i>	<i>3,941</i>	<i>19.8%</i>
Liabilities assoc. with assets held for sale	4	335	(331)	-98.8%
Total liabilities	60,199	43,267	16,932	39.1%
Total equity	133,440	96,640	36,800	38.1%
Total liabilities & equity	193,639	139,907	53,732	38.4%

Total Debt Maturity Profile (RR million)



Debt repayment schedule:
2010 – 4 tranches of the syndicated loan
2011 – Sberbank loan and 2 tranches of syndicated loan
2012 – Gazprombank credit line and UniCredit loan

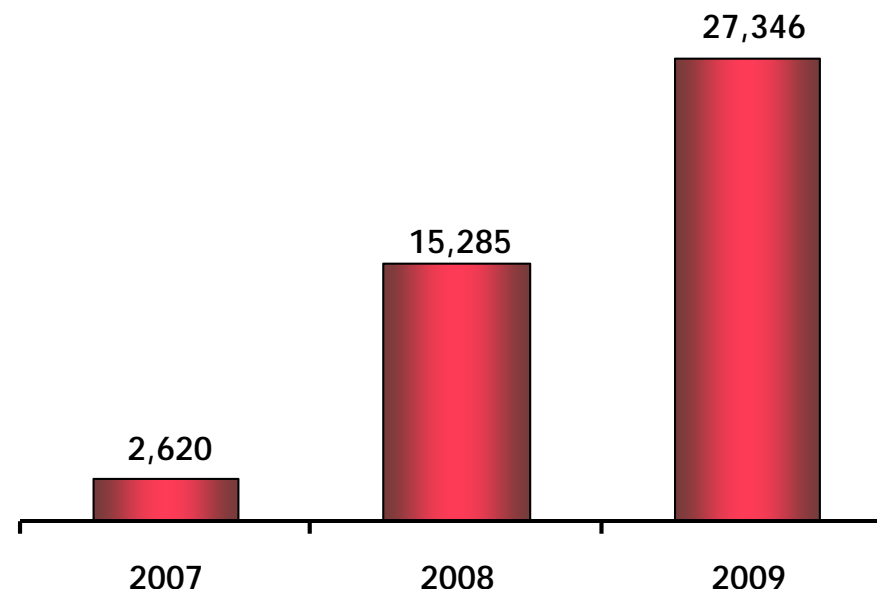
Note: Current debt maturity profile as of 31 December 2009 with repayments in the 12 months ended 31 December 2010, 2011, 2012

Debt Structure

Debt structure and maturities

RR million	2009	2008
Short-term debt	13,827	6,342
<i>Including current portion of long-term debt</i>	13,827	3,403
Long-term debt	23,876	19,935
Scheduled maturities		
2011	11,726	13,242
2012	12,150	6,693
Total debt	37,703	26,277
Cash and cash equivalents	10,532	10,992
Net debt (cash)	27,346	15,285

Net Debt (cash) evolution, RR million



During 2009, the Group obtained long-term debt facilities from Gazprombank, UniCredit and Sberbank in an aggregated amount of RR 16,926 million

Financial Overview – 4Q 09 vs. 3Q 09

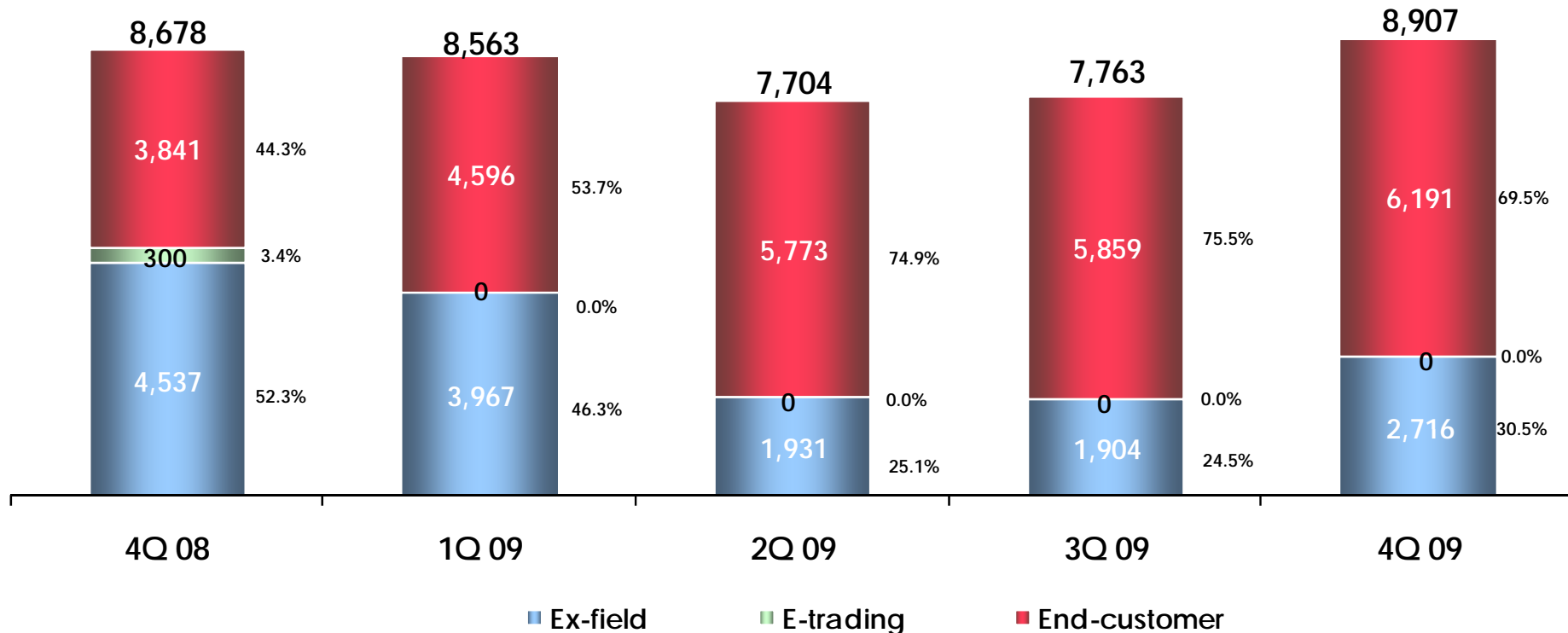
Comparison of Quarterly Results (RR million)

	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	16,061	16,316	22,376	21,217	26,994	27.2%	68.1%
Total revenues	16,581	16,981	23,148	21,971	27,854	26.8%	68.0%
Operating expenses	12,135	11,379	15,038	13,638	16,075	17.9%	32.5%
EBITDA ⁽¹⁾	5,822	6,899	9,334	9,960	13,373	34.3%	129.7%
EBITDA margin	35.1%	40.6%	40.3%	45.3%	48.0%		
Effective income tax rate	21.2%	21.7%	21.0%	21.2%	19.9%		
Profit attributable to NOVATEK	2,661	2,134	7,178	7,353	9,378	27.5%	252.4%
Net profit margin	16.0%	12.6%	31.0%	33.5%	33.7%		
Earnings per share	0.88	0.70	2.37	2.43	3.09	27.2%	251.1%
CAPEX	6,019	3,871	4,794	3,933	5,274	34.1%	-12.4%
Net debt ⁽²⁾	15,285	16,801	32,262	30,919	27,171	-12.1%	77.8%

Notes:

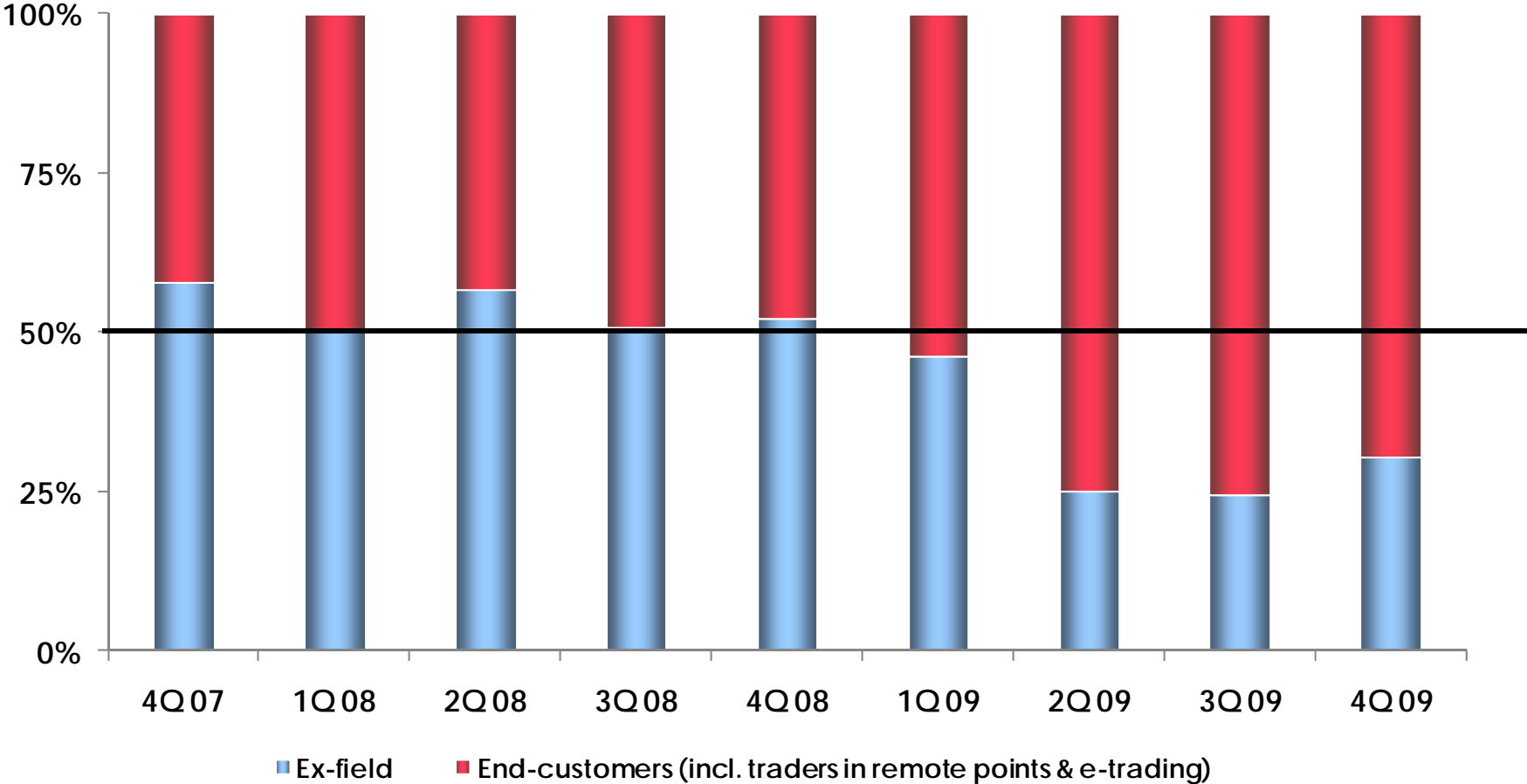
1. EBITDA represents net income before finance income (expense) and income taxes from the Statements of Income, and depreciation, depletion and amortization and Share-based compensation from the Statements of Cash Flows
2. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

Market Distribution – Gas Sales Volumes (mmcm)

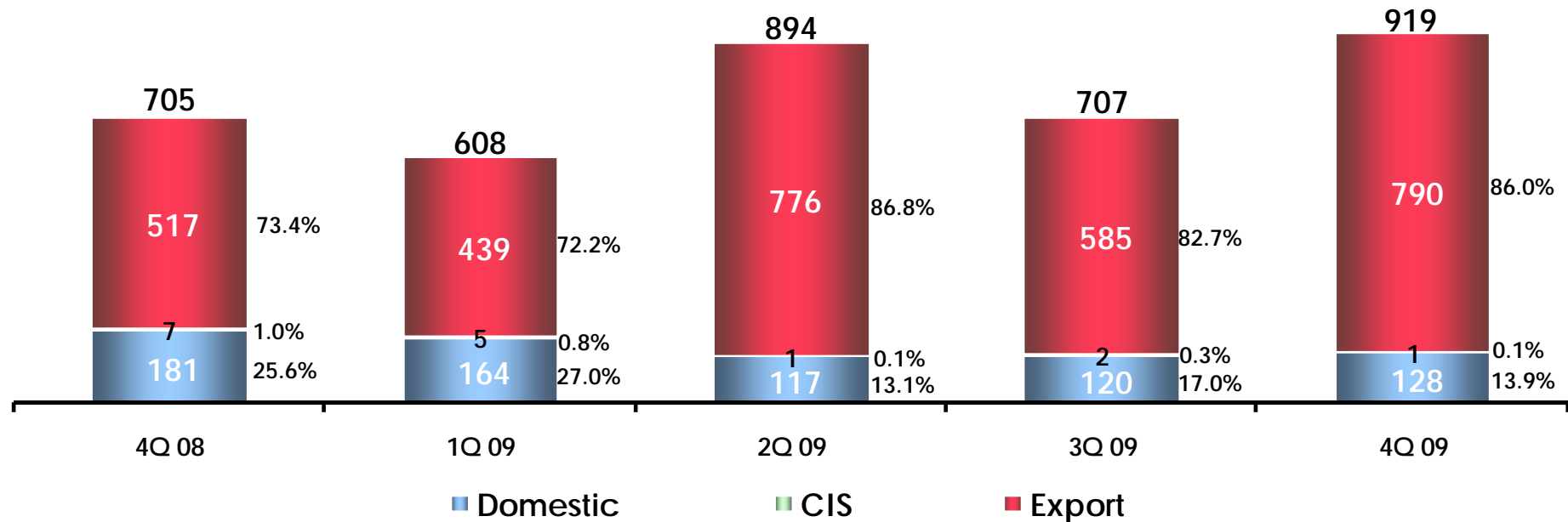


- Q-o-Q increase in natural gas sales volumes due to a 14.2% increase in production
- End-customer sales volumes as a % of total natural gas sales volumes decreased Q-o-Q due to our sales volumes obligations towards ex-field traders
- Y-o-Y increase in natural gas sales volumes due to an 11.6% increase in production that was offset by a reduction in purchases and an increase in natural inventory balances
- End-customer sales as a % of total natural gas sales volumes increased Y-o-Y due to the change in delivery terms in 2Q 09 for one of our large wholesale traders from ex-field to delivered

Natural Gas Sales Volume Mix



Market Distribution – Liquids Sales Volumes (mt)

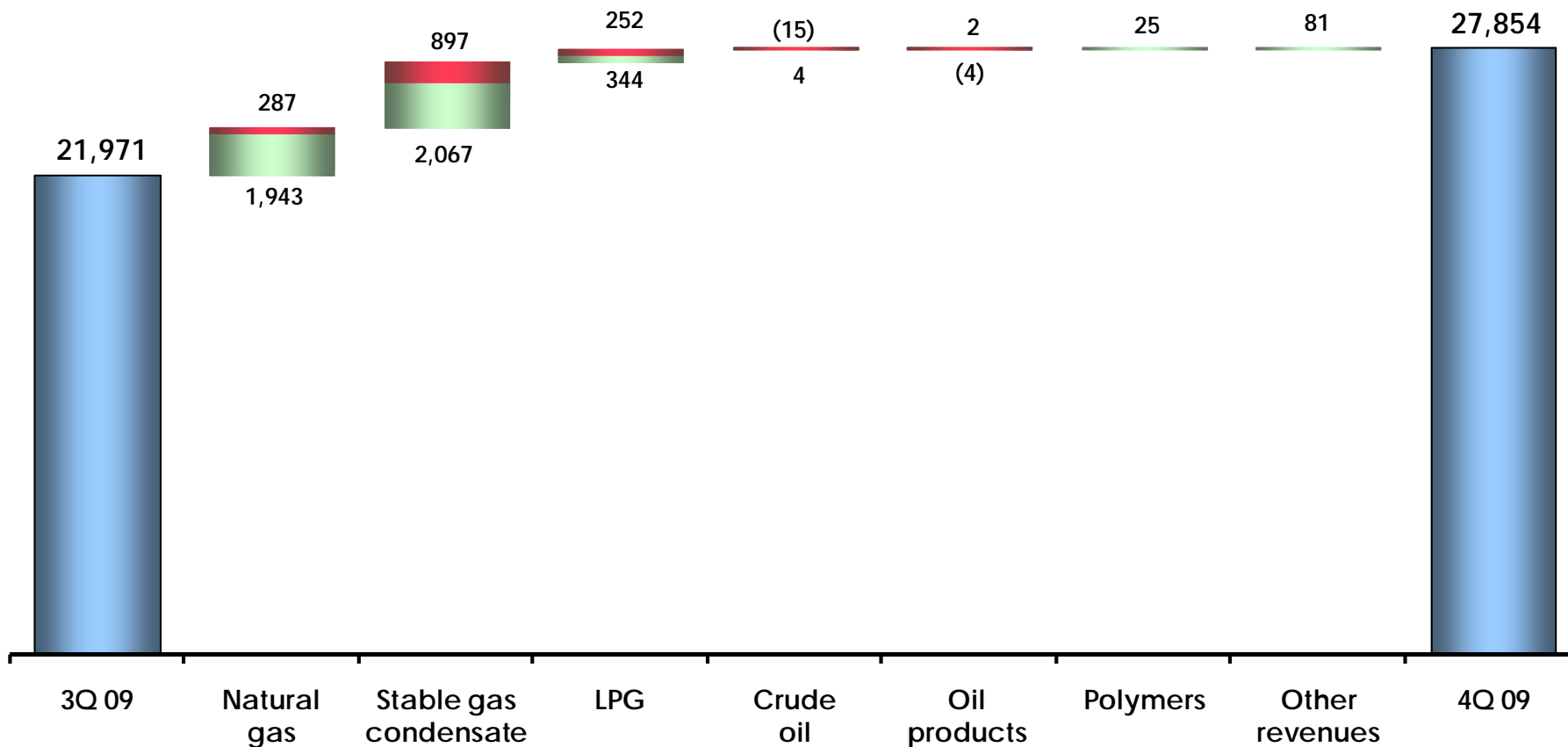


- Q-o-Q increase in liquids sales volumes was mainly due to an increase in gas condensate production volumes and a decrease in the inventory balance of stable gas condensate by 91 mt in 4Q09 compared to an increase of 30 mt in 3Q09
- The Q-o-Q increase in export volumes was due to 11 tankers of our stable gas condensate sold in 4Q09 compared to 8 tankers sold in 3Q09
- Y-o-Y growth in liquids sales volumes was mainly due to an increase in our gas condensate production volumes
- The increase in the % of export volumes Y-o-Y was primarily due to a shift in LPG volumes to export markets in order to take advantage of the suspension of LPG export duties from January 2009 until 1 December 2009

Total Revenues (RR million)

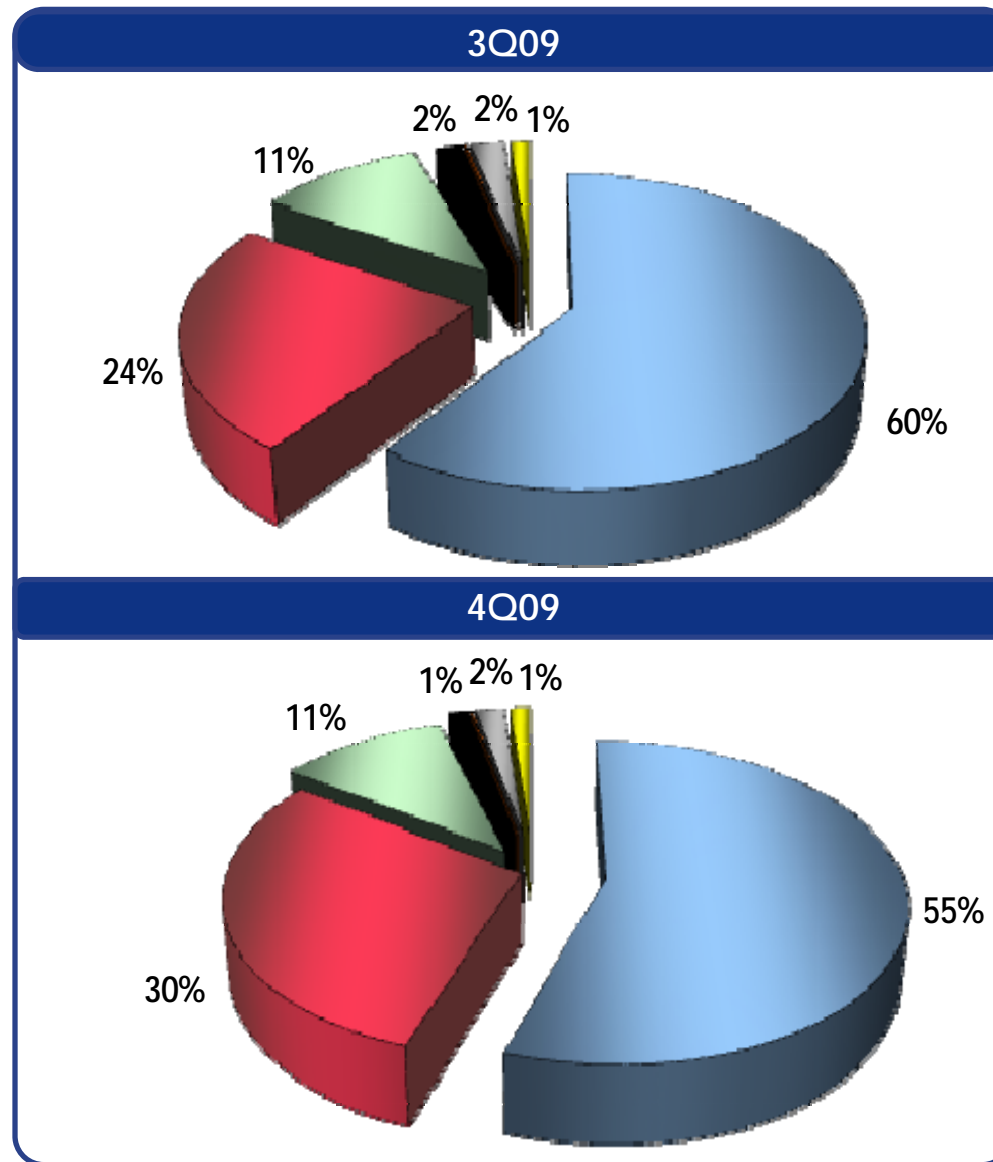


Change due to price
Change due to volume



Total Revenues Breakdown

- Natural gas
- Stable condensate
- LPG
- Crude oil
- Oil products
- Polymers
- Other



Realized Hydrocarbon Prices (net of VAT and export duties)

4Q 08	4Q 09	+ /(-)	+ /(-)%		3Q 09	4Q 09	+ /(-)	+ /(-)%
<u>Domestic prices</u>								
1,790	2,031	241	13.5%	Natural gas end-customers, RR/mcm	2,006	2,031	25	1.2%
1,325	-	n/a	n/a	Natural gas e-trading, RR/mcm	-	-	n/a	n/a
-	1,920	n/a	n/a	Natural gas traders in remote points, RR/mcm	1,767	1,920	153	8.7%
972	1,135	163	16.8%	Natural gas ex-field, RR/mcm	1,083	1,135	52	4.8%
4,940	-	n/a	n/a	Stable gas condensate, RR/ton	10,014	-	n/a	n/a
8,539	10,228	1,689	19.8%	LPG, RR/ton	9,311	10,228	917	9.8%
-	11,910	n/a	n/a	LPG (retail stations), RR/ton	11,415	11,910	495	4.3%
4,261	7,113	2,852	66.9%	Crude oil, RR/ton	7,705	7,113	(592)	-7.7%
7,901	7,007	(894)	-11.3%	Oil products, RR/ton	6,199	7,007	808	13.0%
<u>CIS market</u>								
11,855	16,286	4,431	37.4%	LPG, RR/ton	14,285	16,286	2,001	14.0%
<u>Export market</u>								
5,146	12,601	7,455	144.9%	Stable gas condensate, RR/ton	11,224	12,601	1,377	12.3%
9,573	16,525	6,952	72.6%	LPG, RR/ton	15,292	16,525	1,233	8.1%
2,925	8,277	5,352	183.0%	Crude oil, RR/ton	8,321	8,277	(44)	-0.5%
3,720	-	n/a	n/a	Oil products, RR/ton	-	-	n/a	n/a

Note: Prices are shown excluding trading activities



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

4Q 08	% of TR	4Q 09	% of TR		3Q 09	% of TR	4Q 09	% of TR
4,803	29.0%	8,268	29.7%	Transportation expenses	7,190	32.7%	8,268	29.7%
1,703	10.3%	2,231	8.0%	Taxes other than income tax	1,955	8.9%	2,231	8.0%
6,506	39.2%	10,499	37.7%	Non-controllable expenses	9,145	41.6%	10,499	37.7%
1,478	8.9%	1,704	6.1%	Materials, services & other	1,594	7.3%	1,704	6.1%
1,416	8.5%	1,665	6.0%	Depreciation and amortization	1,467	6.7%	1,665	6.0%
1,375	8.3%	1,437	5.2%	General and administrative	1,308	6.0%	1,437	5.2%
483	2.9%	219	0.8%	Exploration expenses	17	0.1%	219	0.8%
59	n/m	59	n/m	Net impairment expense	(4)	n/m	59	n/m
82	n/m	113	n/m	Change in natural gas, liquids, and polymer products and WIP	(199)	n/m	113	n/m
11,399	68.8%	15,696	56.3%	Subtotal operating expenses	13,328	60.7%	15,696	56.3%
736	4.4%	379	1.4%	Purchases of natural gas and liquid hydrocarbons	310	1.4%	379	1.4%
12,135	73.2%	16,075	57.7%	Total operating expenses	13,638	62.1%	16,075	57.7%

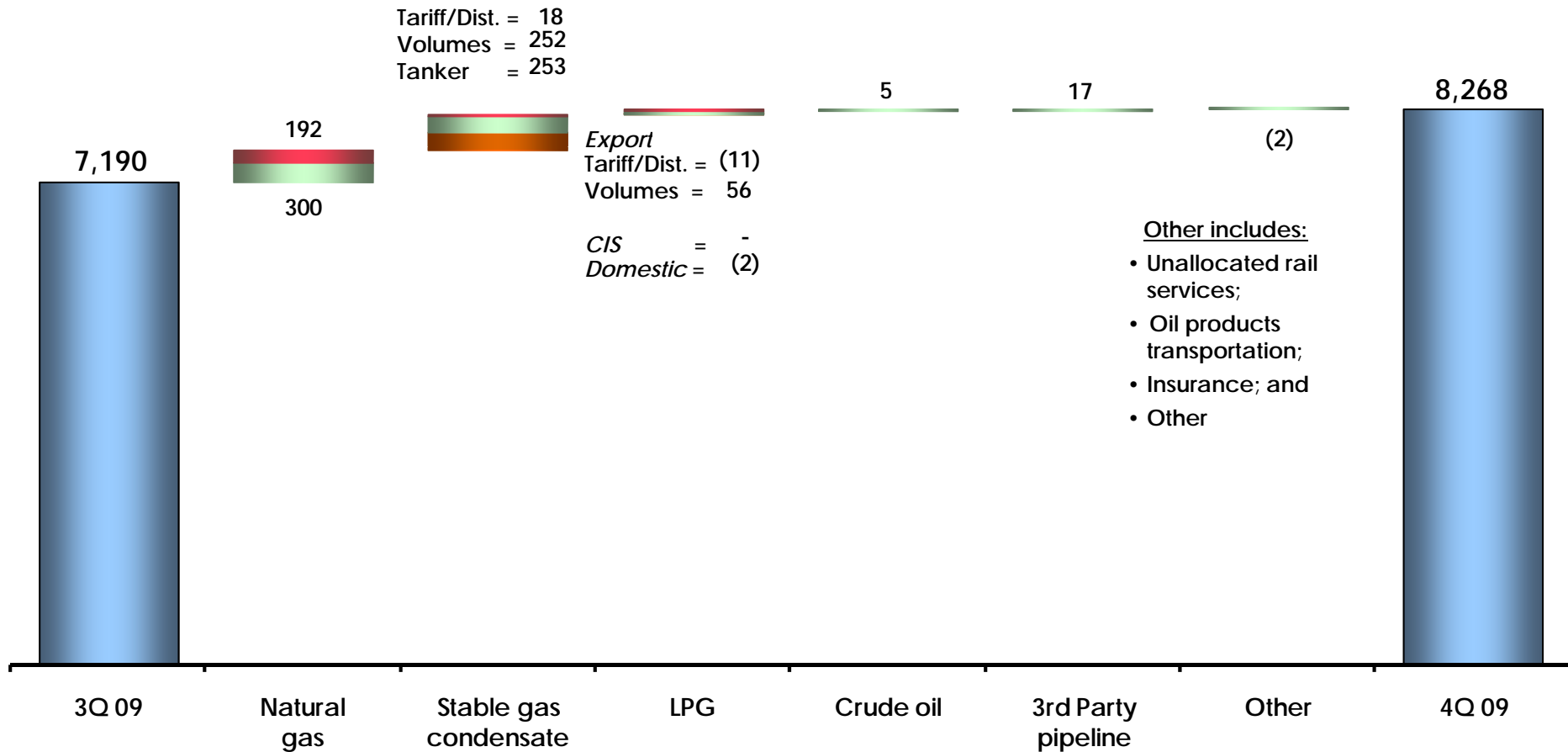
- Our operating expenses as a % of total revenues decreased significantly Q-o-Q and Y-o-Y due to an increase in our oil & gas sales revenue in 4Q09. In the 3Q09 and 4Q08, we had lower revenues due to overall lower prices and volumes for oil and gas sales.
- Transportation expenses increased Q-o-Q primarily due to increases in end-customer sales volumes and the regulated natural gas transportation tariffs as well as increase in our stable gas condensate transported volumes
- Taxes other than income tax increased Q-o-Q and Y-o-Y primarily due to increases in natural gas and gas condensate production volumes and an increase in property tax due to additions of property, plant and equipment (PPE) at our production subsidiaries
- Purchases decreased Y-o-Y due to a decrease in natural gas purchases due to our ability to meet contract obligations from our own production

Transportation Expenses (RR million)

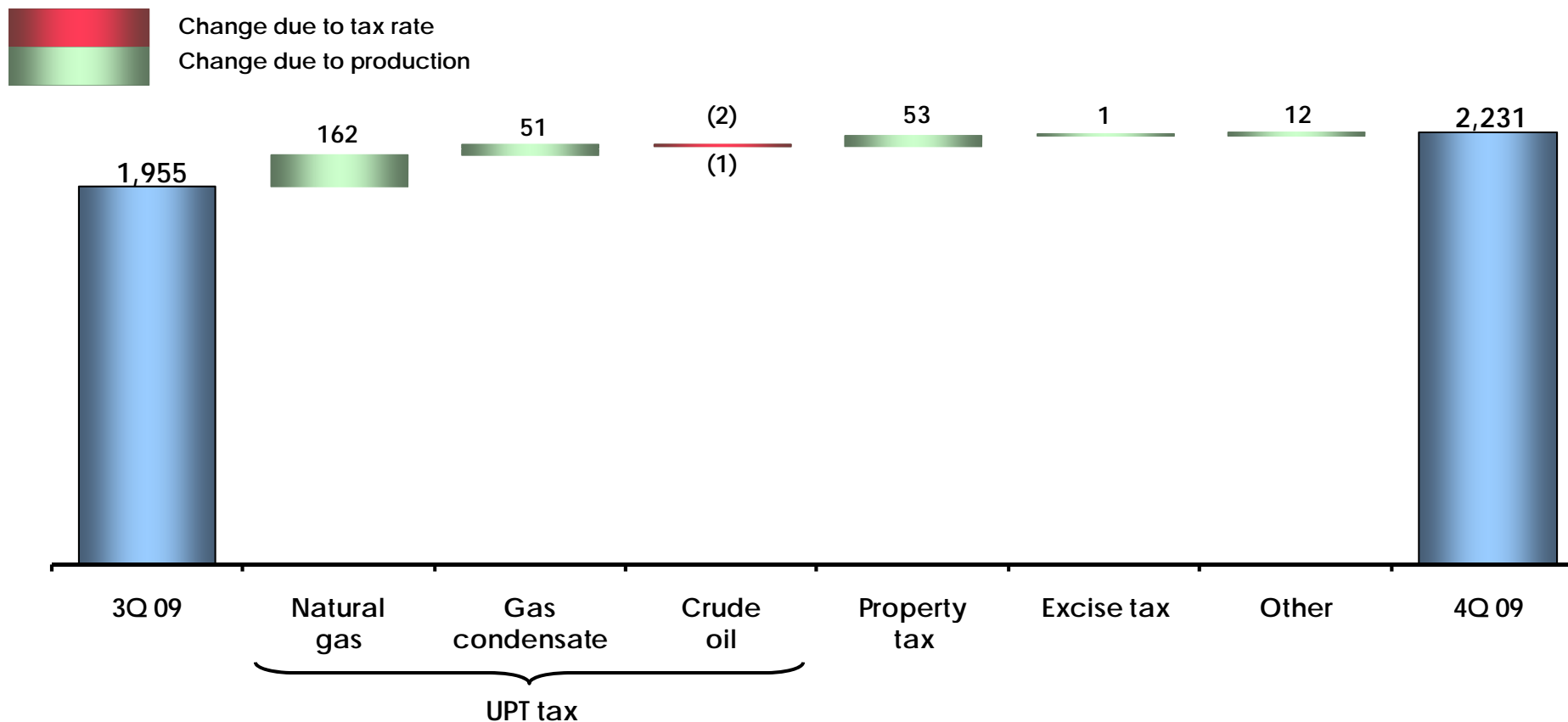


Change due to tariffs/distance

Change due to volume

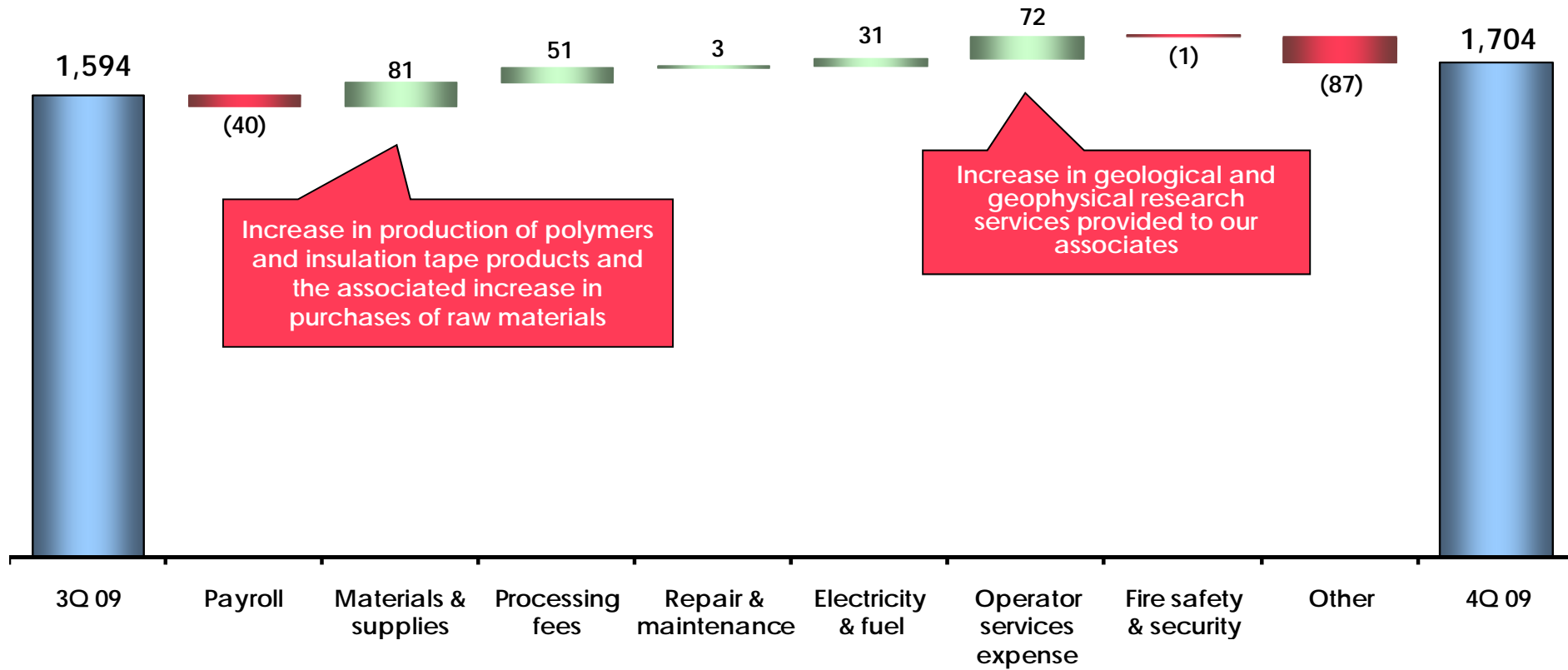


Taxes Other Than Income Tax Expense (RR million)

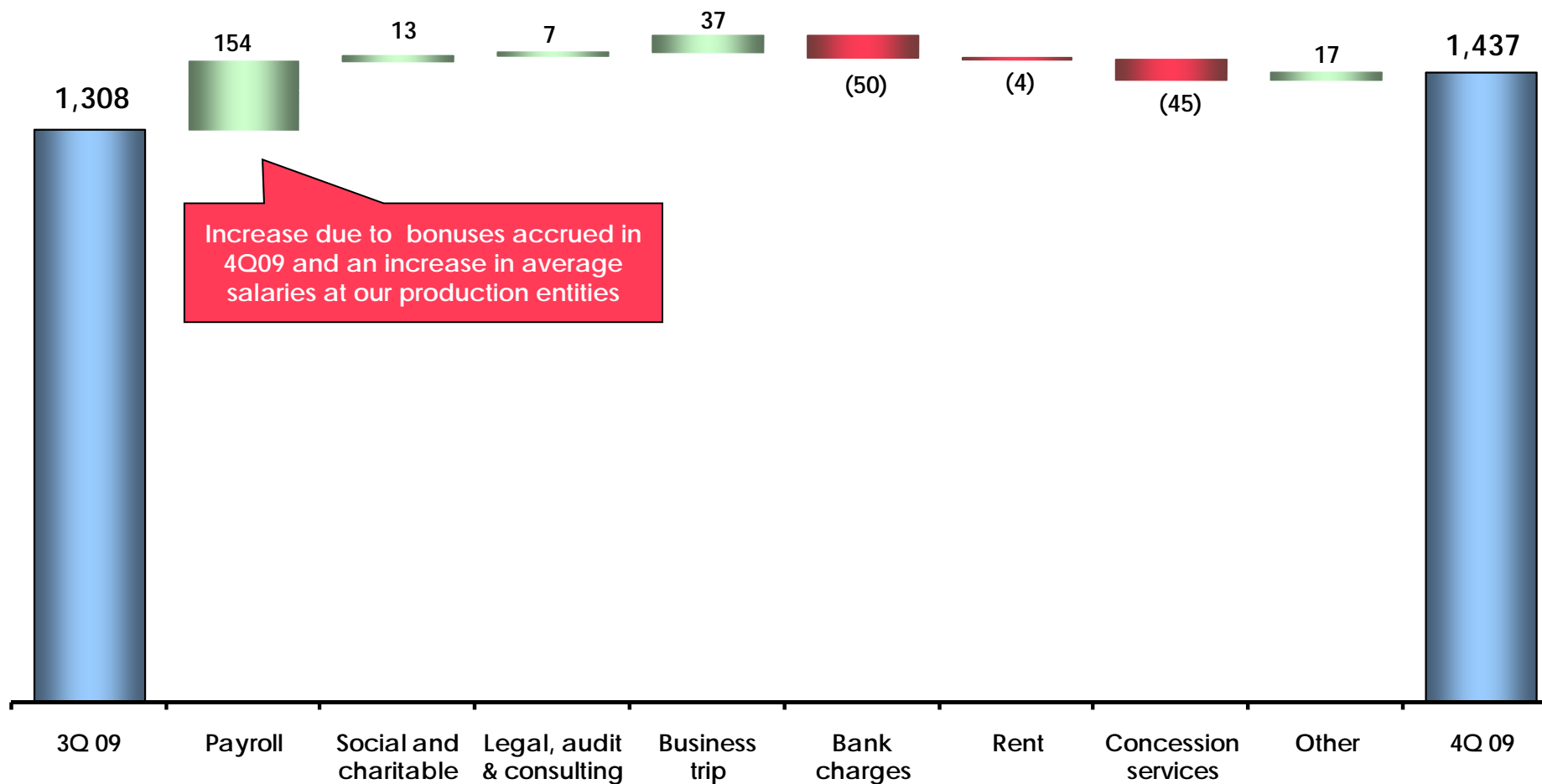


- The increase in UPT tax by RR 210 million, or 12.9%, was primarily due to an increase in UPT tax for natural gas and gas condensate due to higher production volumes

Materials, Services and Other Expenses (RR million)



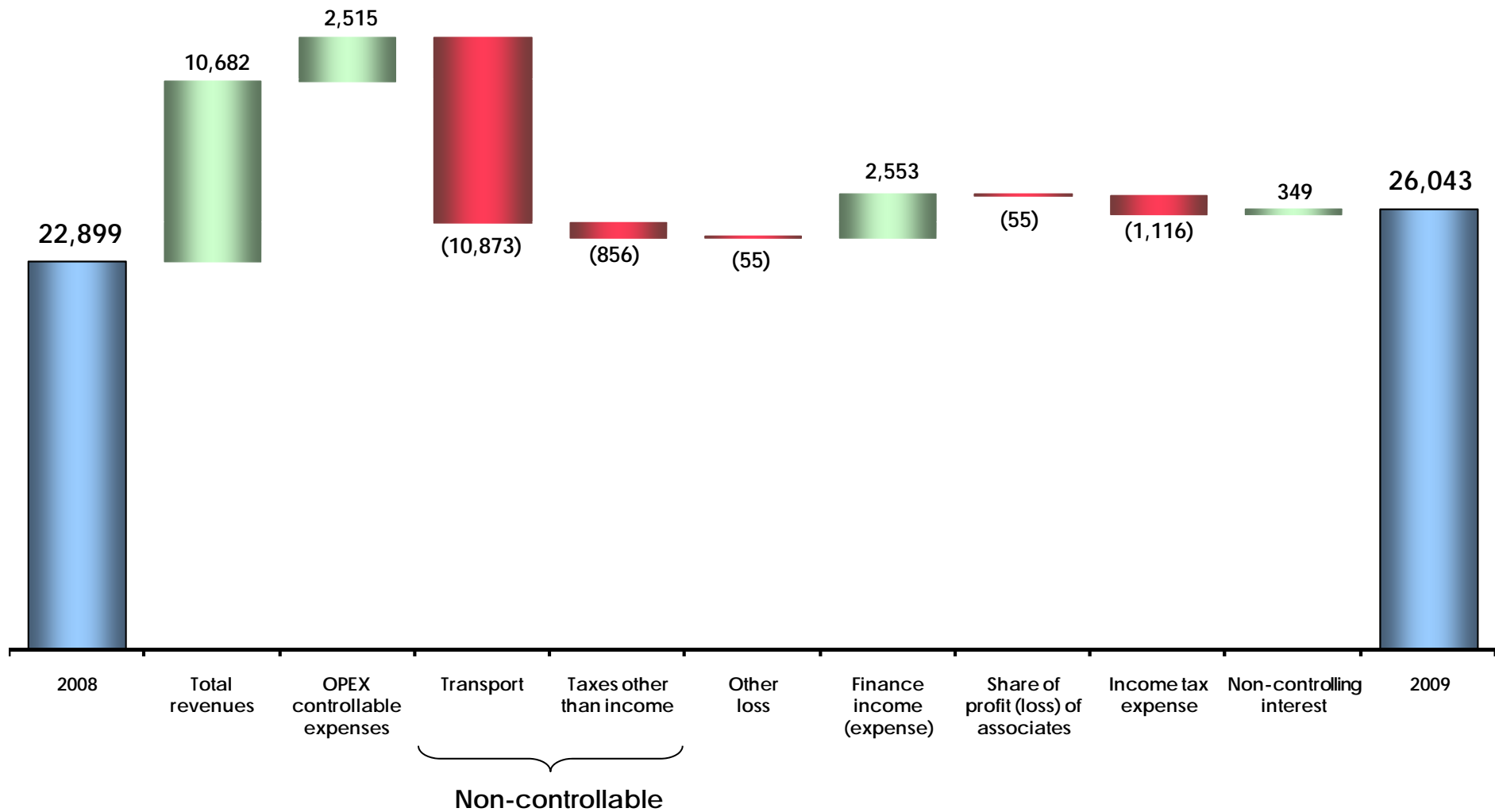
General and Administrative Expenses (RR million)



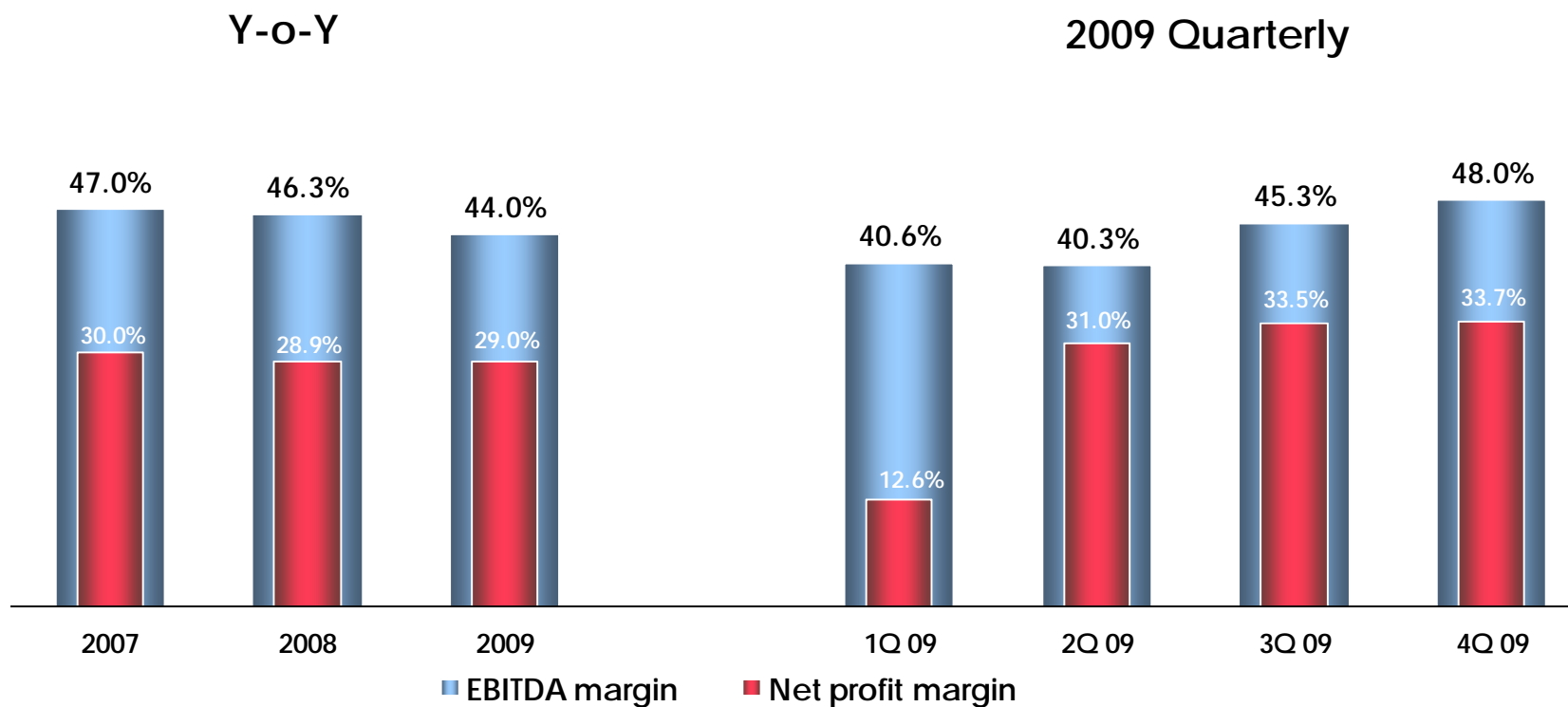
Questions and Answers

Appendices

Profit Attributable to NOVATEK Shareholders (RR million)

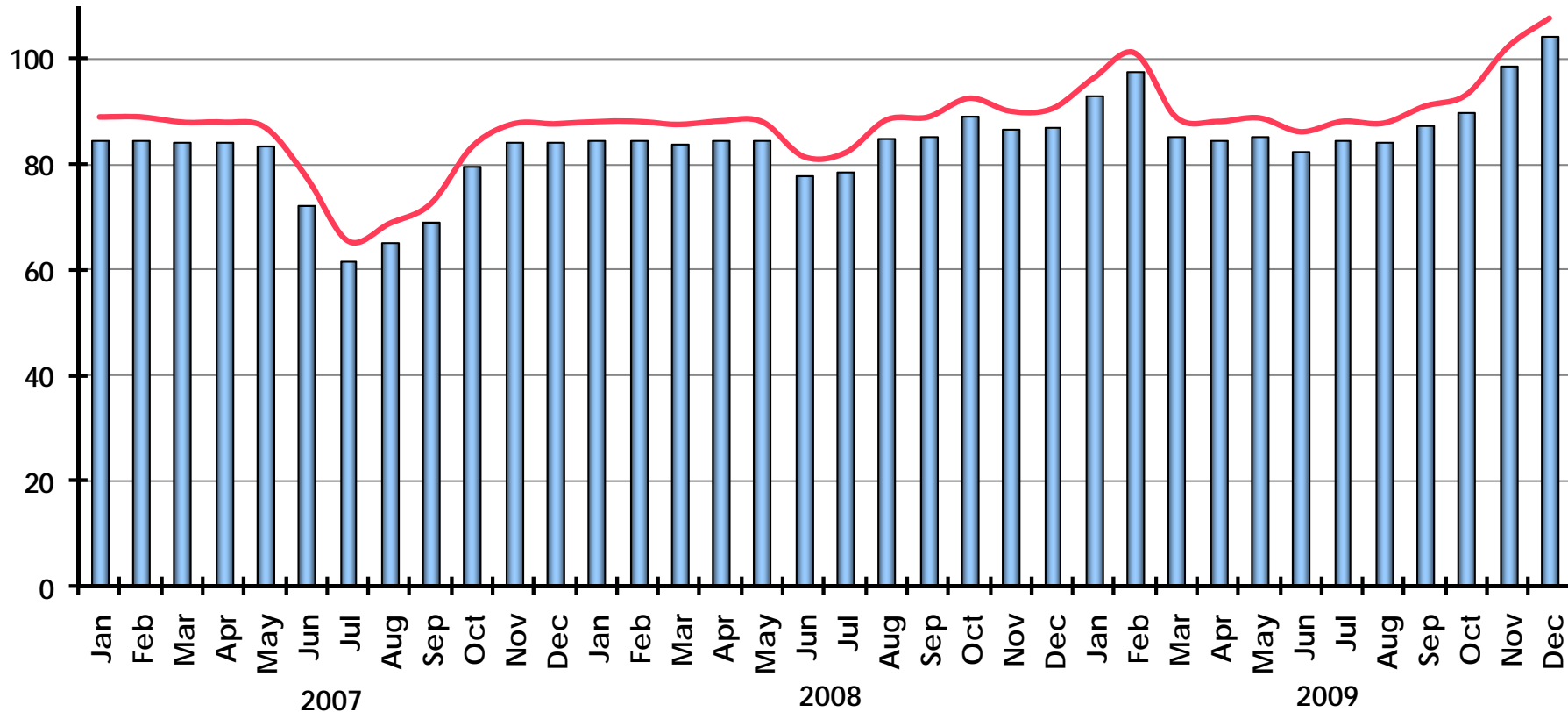


Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

Increasing Natural Gas Production¹ (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

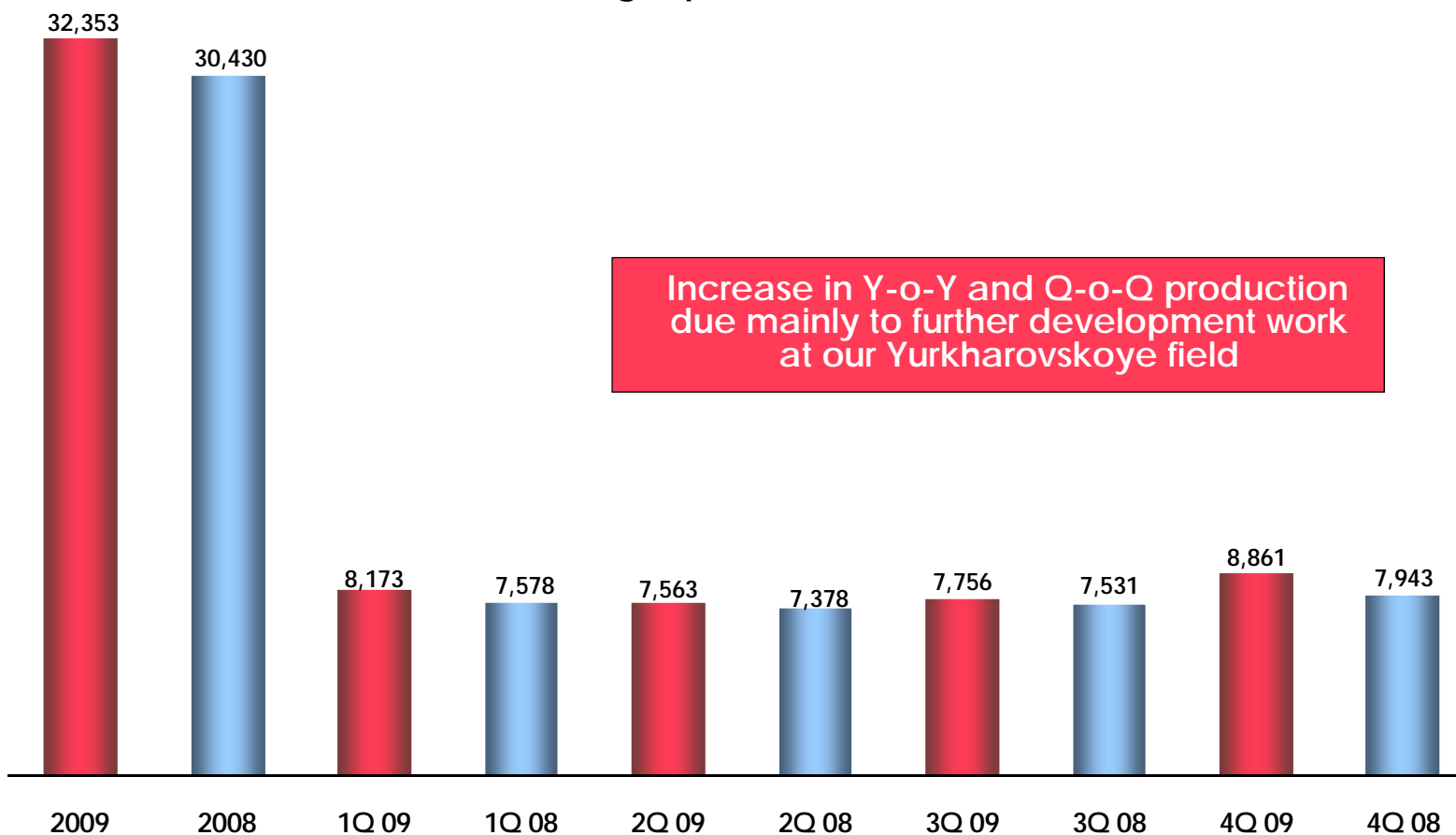
4Q 09 Avg.
98 mmcm/day
3,448 bcf/day

Note 1: Production shown is gross production



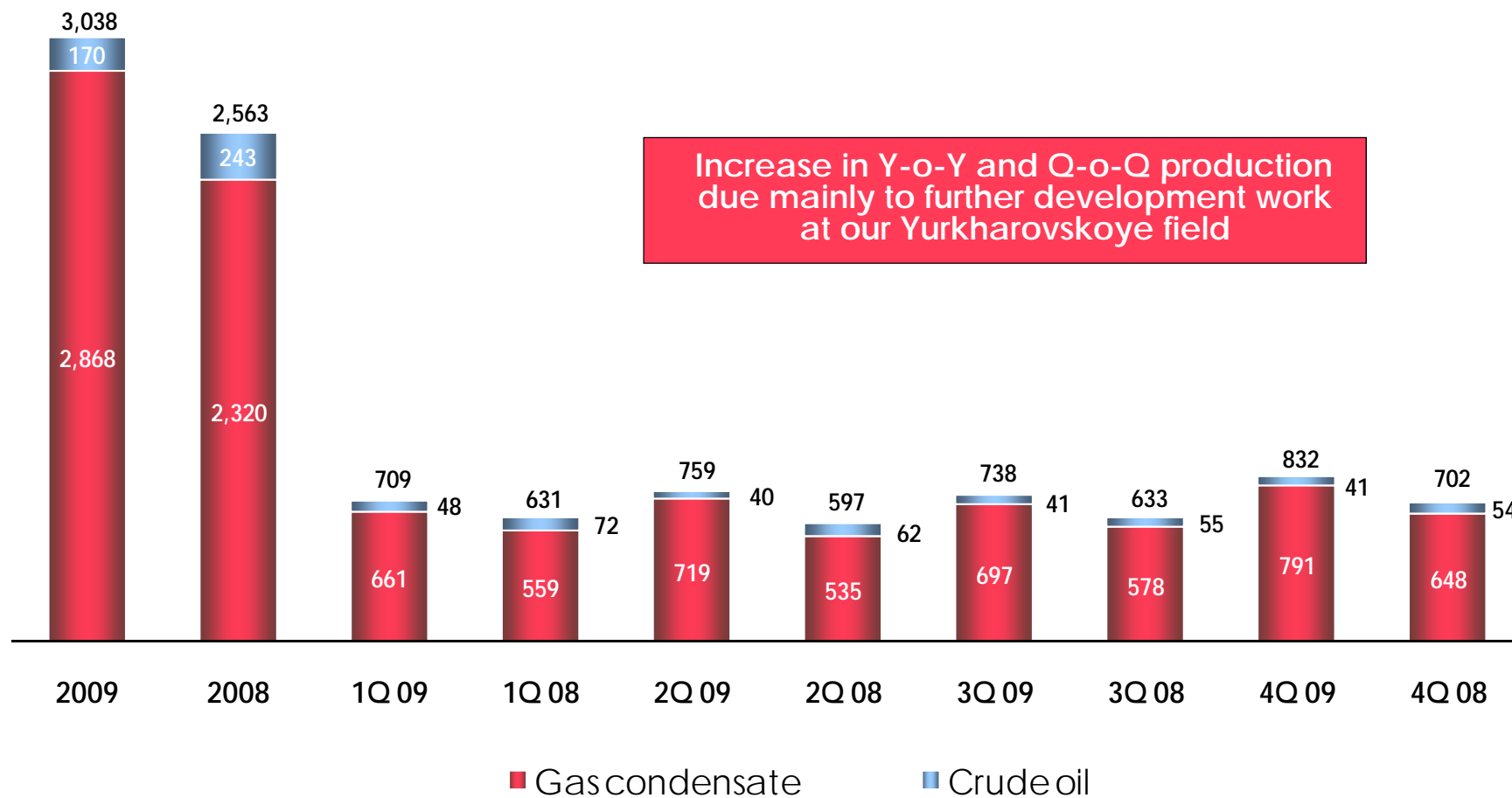
Net Production Y-o-Y and 2008/2009 Quarterly

Natural gas production, mmcm



Net Production Y-o-Y and 2008/2009 Quarterly

Liquids production, mt



Change in Inventories

