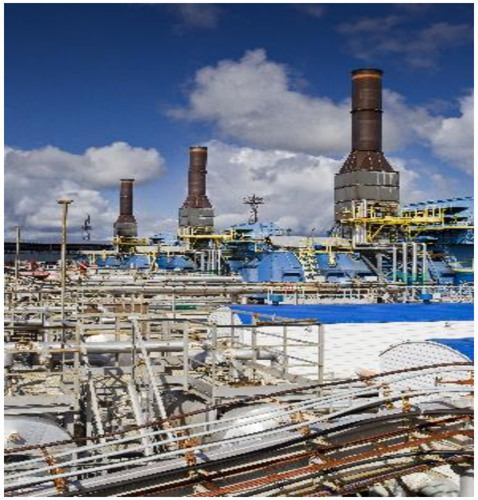
NOVATEK

Second Quarter 2013 Operational and Financial Results Conference Call



Mark A. Gyetvay, Chief Financial Officer and Member of the Board of Directors
Moscow, Russian Federation
13 August 2013

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 – 2Q 2013

- **Increase in revenues** driven by higher natural gas prices and sales volumes:
  - Natural gas sales increased Y-o-Y by 47.3%
  - Liquids sales decreased Y-o-Y by 4.4%
- **EBITDA increased** Y-o-Y by 3.6%
- **Cash flow from operations increased** Y-o-Y by 59.6% to RR 15,758 million from RR 9,874 million
- **Capital expenditures increased** Y-o-Y by 41.8% and Q-o-Q by 54.4% to RR 17,393 million
- **EPS increased** Y-o-Y by 20.2% to RR 3.83
- **Natural gas production increased** Y-o-Y by 2.6% due to ongoing development at Yurkharov and the launch of the 4th stage of the 2nd phase development in October 2012
- **Our liquids production increased** by 7.4% mainly due to an increase in crude oil production
- **Purovsky Plant output** increased Y-o-Y by 23.6% and Q-o-Q by 2.0%
- In June 2013 we launched the first stage of the **Ust-Luga Gas Condensate Fractionation and Transshipment Complex**

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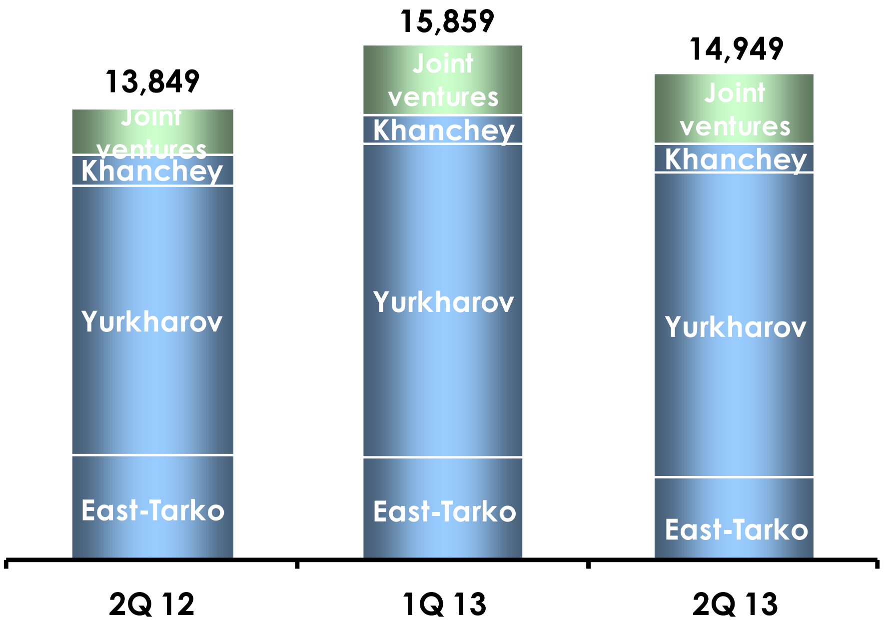
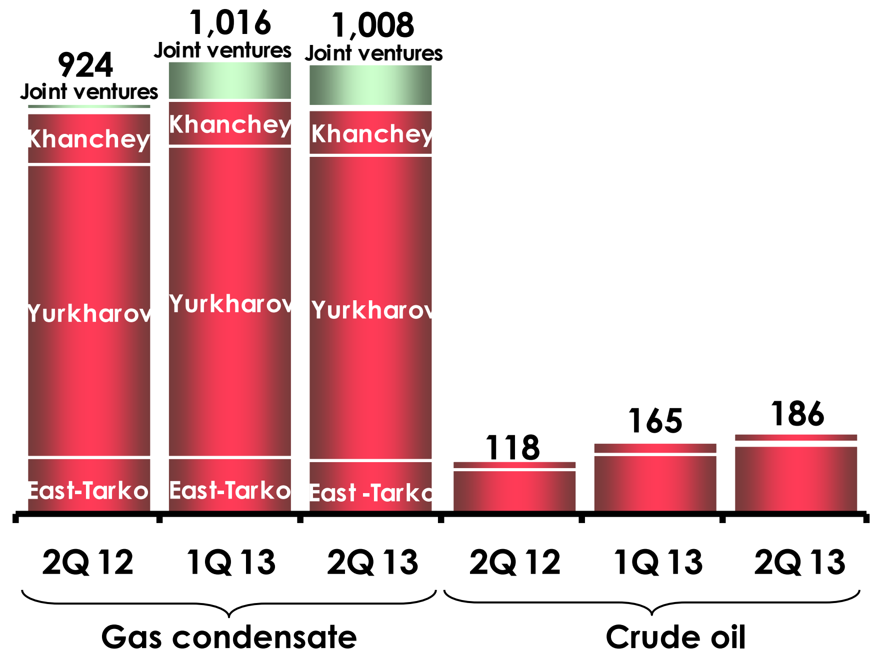
Operational Overview

Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



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

- Increased production at Yurkharov resulting from ongoing field development and the launch of the 4th stage of the 2nd phase development in October 2012
- Partially offset by a decrease in natural gas production at East-Tarko as a result of the Groups' decision to optimize the production of liquid hydrocarbons

Liquids production increased Y-o-Y due to:

- Increase in crude oil production at our East-Tarko and Khanchey fields due to development of crude oil deposits
- Increase in gas condensate production at Yurkharov due to the optimization of our liquid hydrocarbons production
- Partially offset by a slight decrease in gas condensate production at Khanchey due to natural declines in the concentration of gas condensate in extracted gas

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 1,211 mt**
  - Yurkharovskoye field: 687 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 249 mt
  - Purchases from our joint venture: 265 mt
  - Other: 10 mt
- **Total plant output: 1,201 mt**
  - Stable gas condensate: 926 mt
  - LPG: 271 mt
  - Methanol: ~ 4 mt
- **Plant capacity:** approximately 97%
- **660 mt were dispatched from Vitino Sea Port Terminal (SGC)**
  - to Asian-Pacific Region ~ 476 mt
  - to Europe ~ 184 mt
- **214 mt of SGC were sent for further processing at the Ust-Luga Complex**
- **Stable gas condensate inventory reconciliation**
  - Rail road cisterns and ports (Vitino and Ust-Luga) storage facilities ~ 135 mt
  - Tankers in transit ~ 60 mt
  - Purovsky Plant storage facilities ~ 43 mt
- **Export volumes of LPG: ~ 54% of total LPG volumes**

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Ust-Luga Complex

- **Total volumes delivered: 191 mt**
- **Total plant output: 189 mt**
  - Naphtha: 146 mt
  - Jet fuel: 26 mt
  - Fuel oil: 10 mt
  - LPG: 4 mt
  - Gasoil: 2 mt
- **80 mt of naphtha were dispatched from Ust-Luga to South America**
- **Liquids inventory reconciliation**
  - Ust-Luga Complex storage facilities ~ 129 mt (incl. 23 mt of SGC)
  - Tankers in transit ~ 80 mt of naphtha

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Liquids in Transit

"Goods in transit"
30.06.2012
~ 120 thousand tons

60 mt
Singapore (SGC)

60 mt
USA (SGC)

"Goods in transit"
31.03.2013
0 tankers

"Goods in transit"
30.06.2013
~ 140 thousand tons

60 mt
South Korea (SGC)

80 mt
South America (Naphtha)

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Financial Overview – 2Q 13 vs. 2Q 12

Comparison of Quarterly Results (RR million)

	2Q 12	3Q 12	4Q 12	1Q 13*	2Q 13	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	44,763	52,345	59,262	80,448	57,918	-28.0%	29.4%
Total revenues	44,924	52,514	59,438	80,565	58,030	-28.0%	29.2%
Operating expenses	(26,559)	(29,628)	(38,013)	(51,056)	(39,613)	-22.4%	49.2%
EBITDA (1)	20,414	25,252	25,223	33,020	21,141	-36.0%	3.6%
EBITDA margin	45.4%	48.1%	42.4%	41.0%	36.4%		
Effective income tax rate (2)	20.9%	20.9%	13.9%	19.8%	19.9%		
Profit attributable to NOVATEK	9,663	20,003	18,547	22,826	11,602	-49.2%	20.1%
Profit margin	21.5%	38.1%	31.2%	28.3%	20.0%		
Earnings per share	3.18	6.59	6.11	7.53	3.83	-49.1%	20.2%
CAPEX (3)	12,270	11,480	12,285	11,264	17,393	54.4%	41.8%
Net debt (4)	77,818	67,187	114,067	109,184	127,658	16.9%	64.0%

***** *Profit attributable to NOVATEK and EBITDA for 1Q 13 differs from previously reported due to a RR 115 million increase in the Group's share of profit (loss) of joint ventures net of income tax for the three months ended 31 March 2013, which resulted from the recognition of a reversal of depreciation in Nortgas*

Notes:

1. EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments from the "Financial instruments and financial risk factors" in the notes to the IFRS consolidated financial statements
2. In 2012, one of the Group's investment projects in the YNAO was included by the YNAO authorities in the list of priority projects, which allows the Group's subsidiary, that carried out the project, to apply for a reduced income tax rate of 15.5%
3. CAPEX represents additions to property, plant and equipment excluding prepayments for participation in tenders for mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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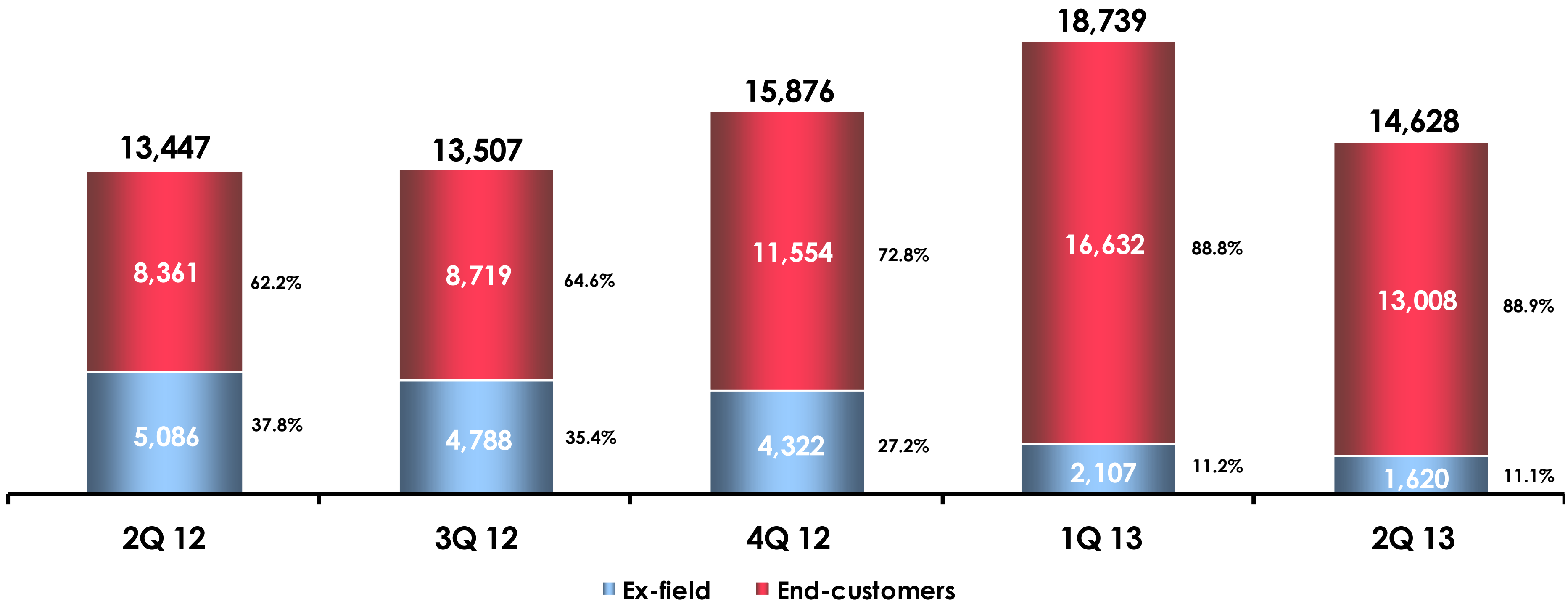
Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y increase in natural gas sales volumes was due to a combination of increased purchases from our joint ventures, related and third parties, as well as an increase in natural gas production at the Yurkharov field resulting from the launch of the fourth stage of the second phase development in October 2012
- Our proportion of natural gas sold to end-customers increased Y-o-Y due to higher natural gas deliveries to Moscow and the Moscow region through our wholly owned subsidiary NOVATEK Moscow region established in December 2012, as well as to the Kostroma region as a result of the acquisition of a regional natural gas trader Gazprom mezhregiongas Kostroma in December 2012 (NOVATEK-Kostroma since February 2013)

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Natural Gas Sales Volume Mix

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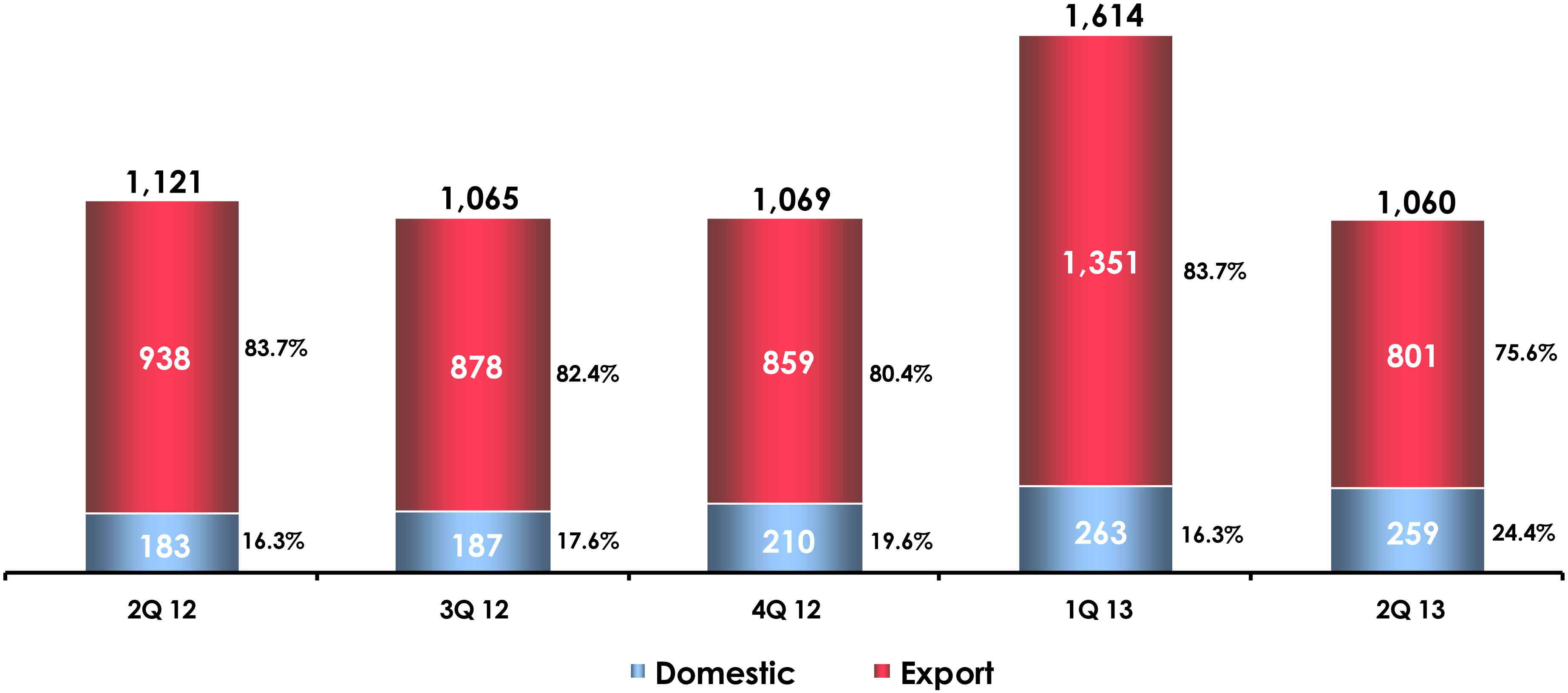
Market Distribution – Liquids Sales Volumes (mt)



Y-o-Y and Q-o-Q decrease in liquids sales volumes was due to:

- a significant increase in liquids inventory balance during 2Q 13 as a result of the launch of the Ust-Luga Complex in June 2013 and an increase in tankers in transit
- partially offset by an increase in unstable gas condensate purchases from the Group's joint ventures and an increase in crude oil production

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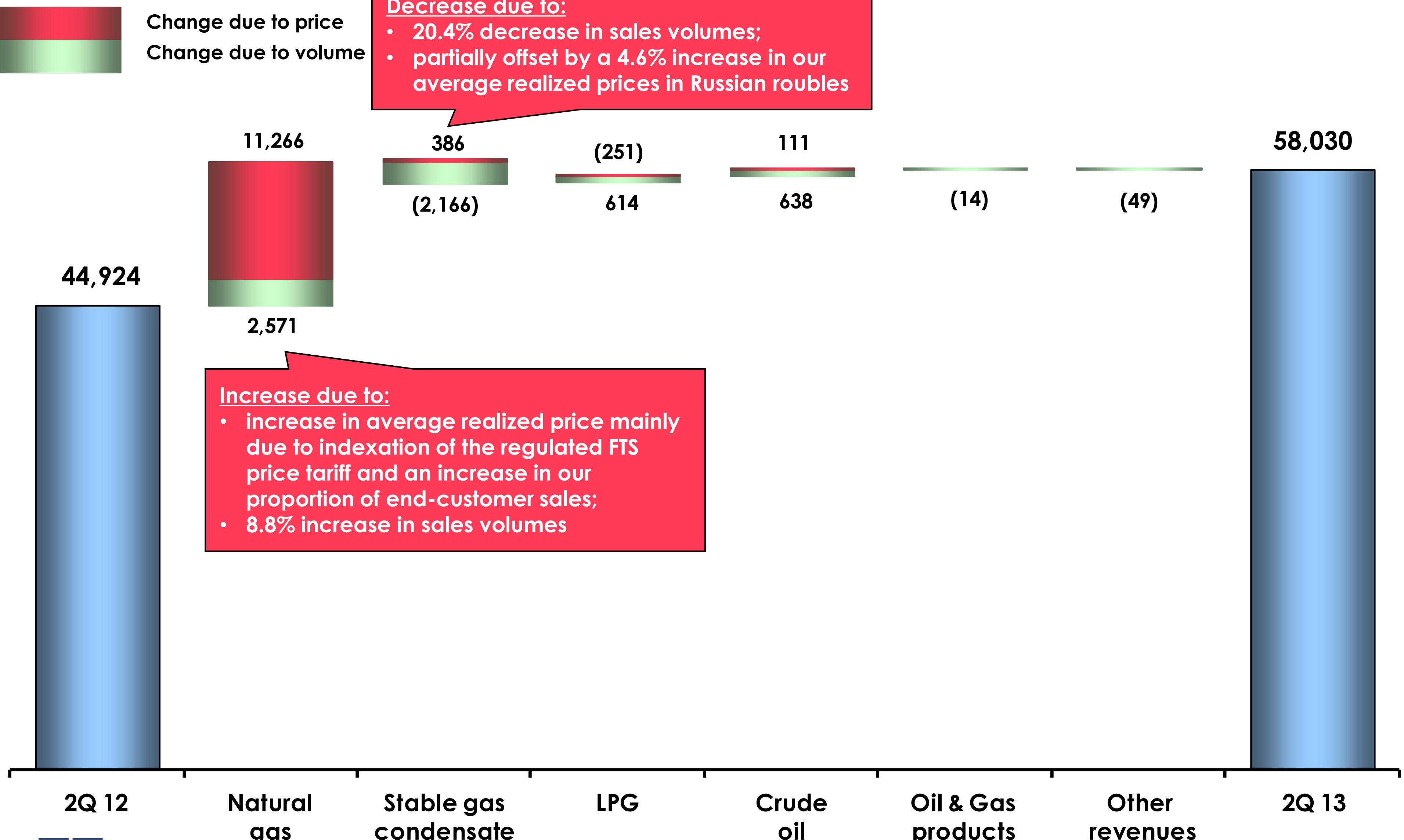
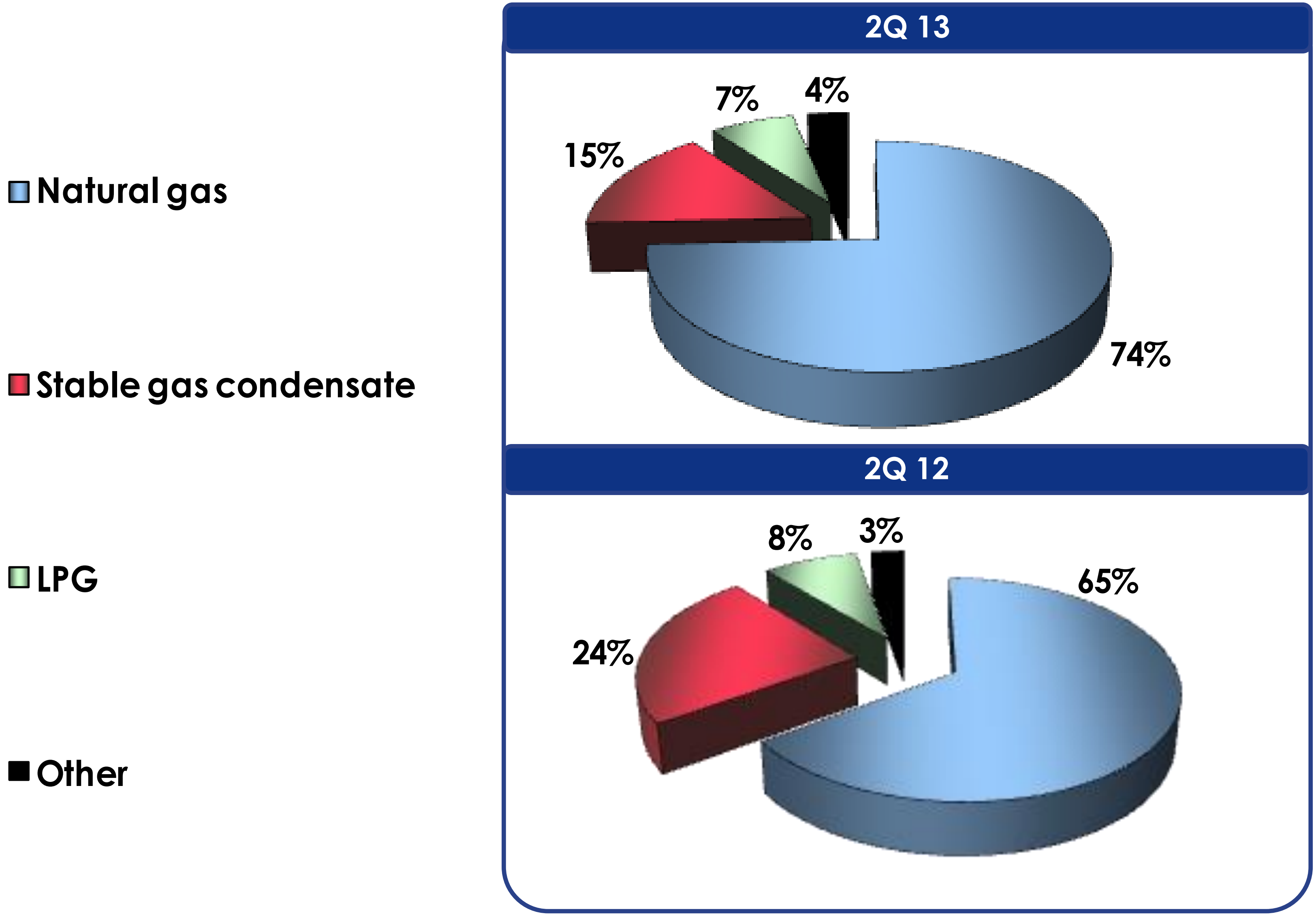
Total Revenues (RR million)



Decrease due to:
- 20.4% decrease in sales volumes;
- partially offset by a 4.6% increase in our average realized prices in Russian roubles

Increase due to:
- increase in average realized price mainly due to indexation of the regulated FTS price tariff and an increase in our proportion of end-customer sales;
- 8.8% increase in sales volumes

Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

2Q 12	2Q 13	+/(-)	+/(-)%		1Q 13	2Q 13	+/(-)	+/(-)%
				Domestic prices				
2,652	3,117	465	17.5%	**Natural gas end-customers, RR/mcm**	3,120	3,117	(3)	-0.1%
1,399	1,581	182	13.0%	**Natural gas ex-field, RR/mcm**	1,708	1,581	(127)	-7.4%
12,335	11,661	(674)	-5.5%	**Stable gas condensate, RR/ton**	13,256	11,661	(1,595)	-12.0%
13,704	13,250	(454)	-3.3%	**LPG, RR/ton**	13,400	13,250	(150)	-1.1%
10,313	10,654	341	3.3%	**Crude oil, RR/ton**	11,095	10,654	(441)	-4.0%
10,896	18,644	7,748	71.1%	**Methanol, RR/ton**	18,644	18,644	-	0.0%
				Export market				
13,387	14,114	727	5.4%	**Stable gas condensate, RR/ton**	16,079	14,114	(1,965)	-12.2%
19,365	17,750	(1,615)	-8.3%	**LPG, RR/ton**	16,990	17,750	760	4.5%
9,916	11,165	1,249	12.6%	**Crude oil, RR/ton**	11,684	11,165	(519)	-4.4%

Note: Prices are shown excluding trading activities and excluding natural gas volumes purchased for resale in the location of end-customers in 2012

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

2Q 12	% of TR	2Q 13	% of TR		1Q 13	% of TR	2Q 13	% of TR
13,035	29.0%	22,859	39.4%	Transportation expenses	29,230	36.2%	22,859	39.4%
4,154	9.3%	4,436	7.6%	Taxes other than income tax	4,717	5.9%	4,436	7.6%
17,189	38.3%	**27,295**	47.0%	**Non-controllable expenses**	**33,947**	42.1%	**27,295**	47.0%
2,561	5.7%	3,054	5.3%	Depreciation and amortization	3,157	3.9%	3,054	5.3%
2,516	5.6%	2,258	3.9%	General and administrative	2,419	3.0%	2,258	3.9%
1,836	4.1%	1,866	3.2%	Materials, services & other	1,677	2.1%	1,866	3.2%
(597)	n/m	239	0.4%	Exploration expenses (reversals)	135	0.2%	239	0.4%
39	n/m	68	n/m	Net impairment expenses (reversals)	(4)	n/m	68	n/m
(408)	n/m	(2,057)	n/m	Change in natural gas, liquids and WIP	1,293	n/m	(2,057)	n/m
23,136	51.5%	**32,723**	56.4%	**Subtotal operating expenses**	**42,624**	52.9%	**32,723**	56.4%
3,423	7.6%	6,890	11.9%	Purchases of natural gas and liquid hydrocarbons	8,432	10.5%	6,890	11.9%
26,559	59.1%	**39,613**	68.3%	**Total operating expenses**	**51,056**	63.4%	**39,613**	68.3%

- **Operating expenses increased Y-o-Y by 49.2% due to an increase in transportation expenses and purchases of natural gas and liquid hydrocarbons, that was partially offset by increases in inventory balances of our hydrocarbons**
- **Transportation expenses increased Y-o-Y due to a 72.0% increase in our sales volumes of natural gas to end-customers for which we incurred transportation costs, a 7.0% average increase in the natural gas transportation tariff set by the FTS effective from 1 July 2012, as well as an increase in average transportation distance due to higher natural gas deliveries to Moscow, and the Moscow, Vologodskiy and Kostroma regions**
- **Taxes other than income tax increased Y-o-Y primarily due to a 5.6% increase in the natural gas UPT rate from 1 January 2013 and, to lesser extent, a 2.6% increase in production volumes of natural gas**
- **Depreciation, depletion and amortization expense increased Y-o-Y as a result of an increase in our depletable cost base, as well as an increase in our total hydrocarbon production in barrels of oil equivalent**
- **Our hydrocarbon purchases increased Y-o-Y by 101.3% due to the increase in natural gas purchases from our joint ventures and, to a lesser extent, related and third parties, as well as an increase in purchases of unstable gas condensate from SeverEnergia (Arcticgas) combined with the commencement of purchases from Nortgas effective from November 2012**

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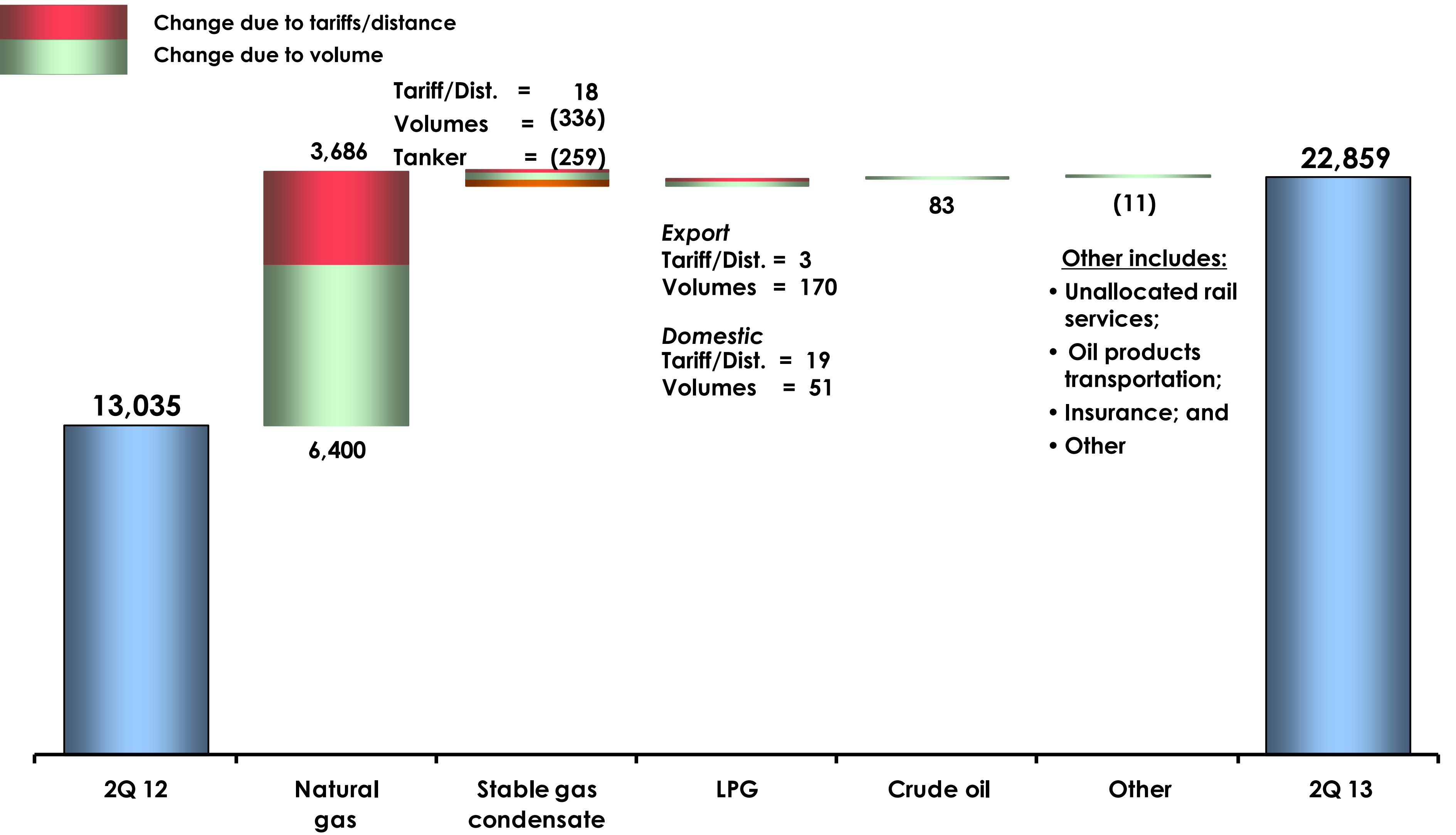
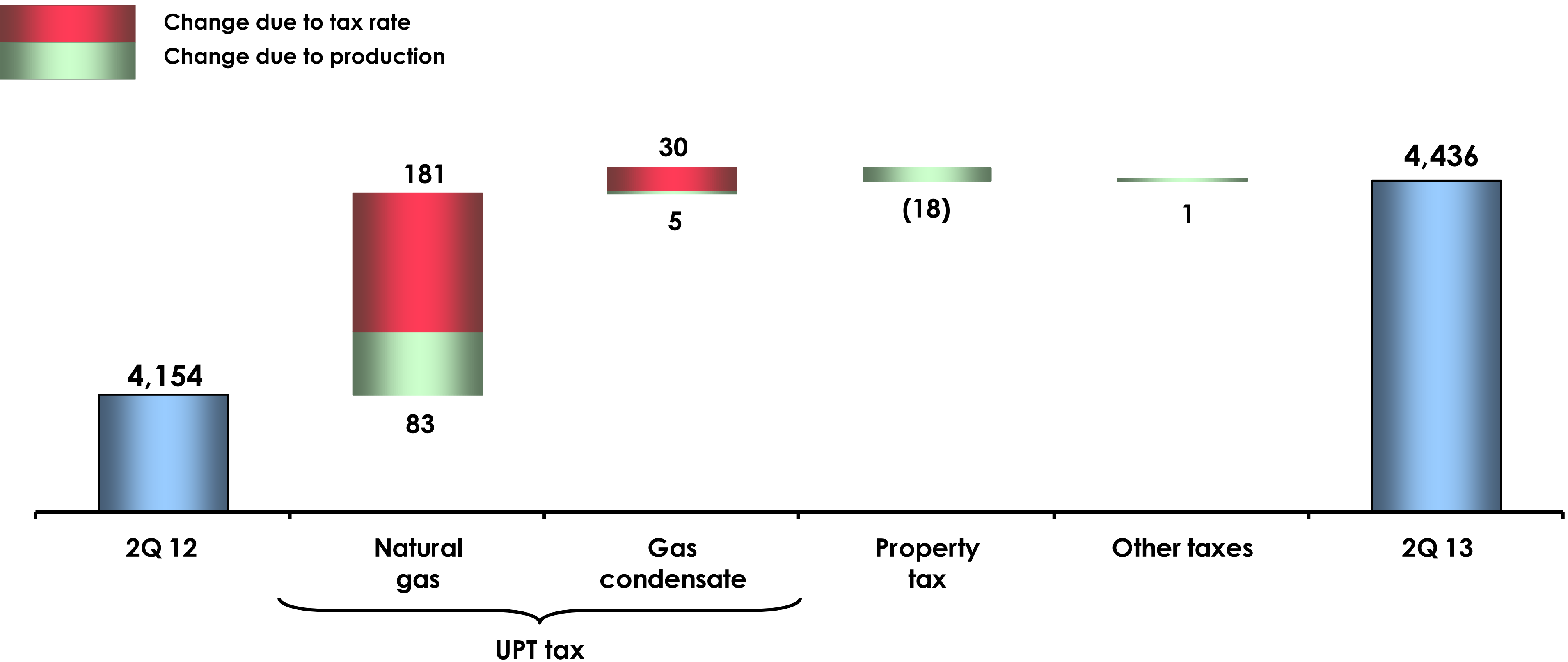
Transcriptation Expenses (RR million)



Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT expense primarily due to a 5.6% increase in the natural gas production tax rate effective from 1 January 2013 and a 2.6% increase in our natural gas production volumes
- Effective from 1 January 2012, we utilized a zero UPT rate for crude oil produced at our Yurkharov, East-Tarko and Khanchey fields due to amendments to the Russian Tax Code for fields producing crude oil north of 65 degree latitude

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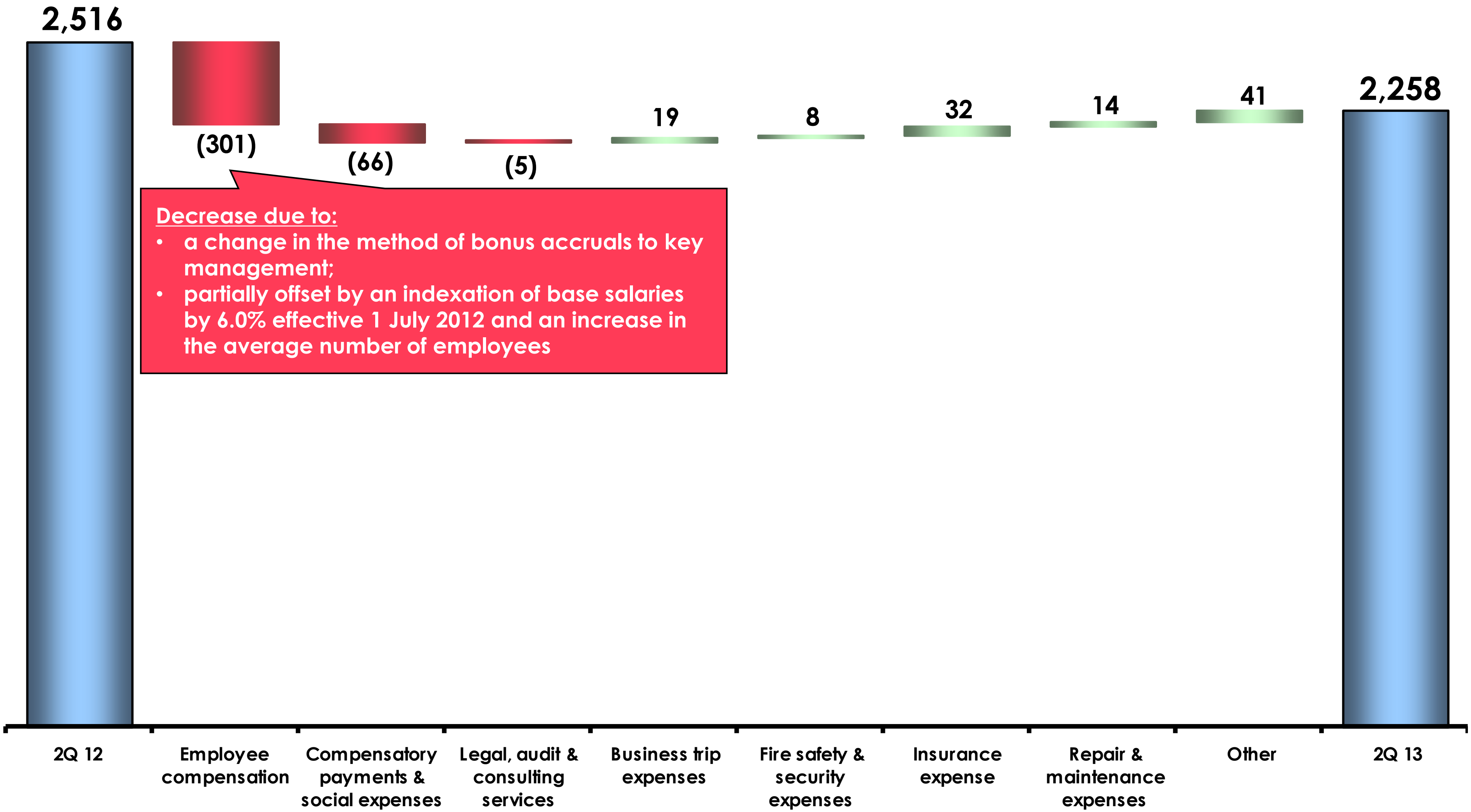
General and Administrative Expenses (RR million)



Decrease due to:

- a change in the method of bonus accruals to key management;
- partially offset by an indexation of base salaries by 6.0% effective 1 July 2012 and an increase in the average number of employees

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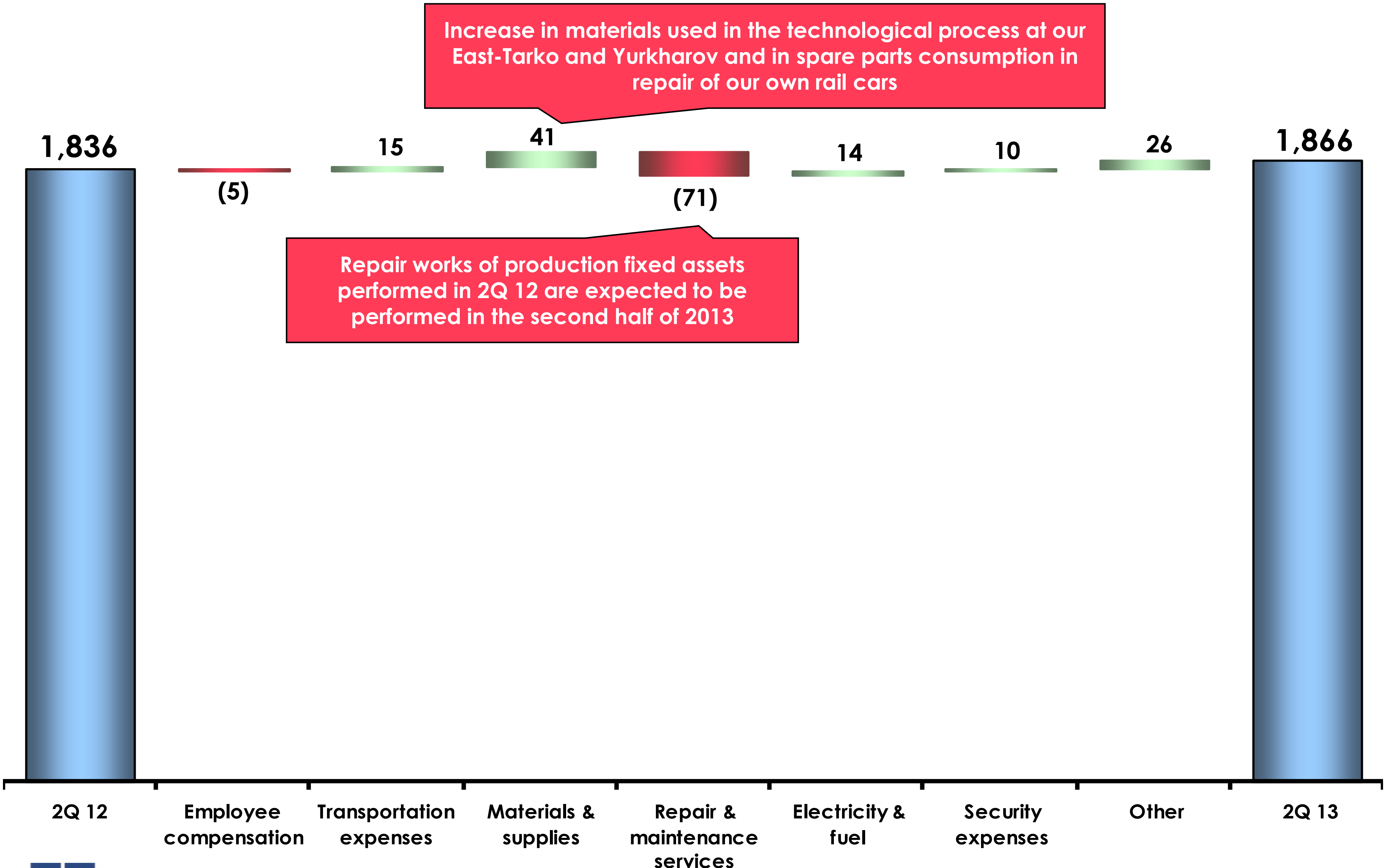
Materials, Services and Other Expenses (RR million)



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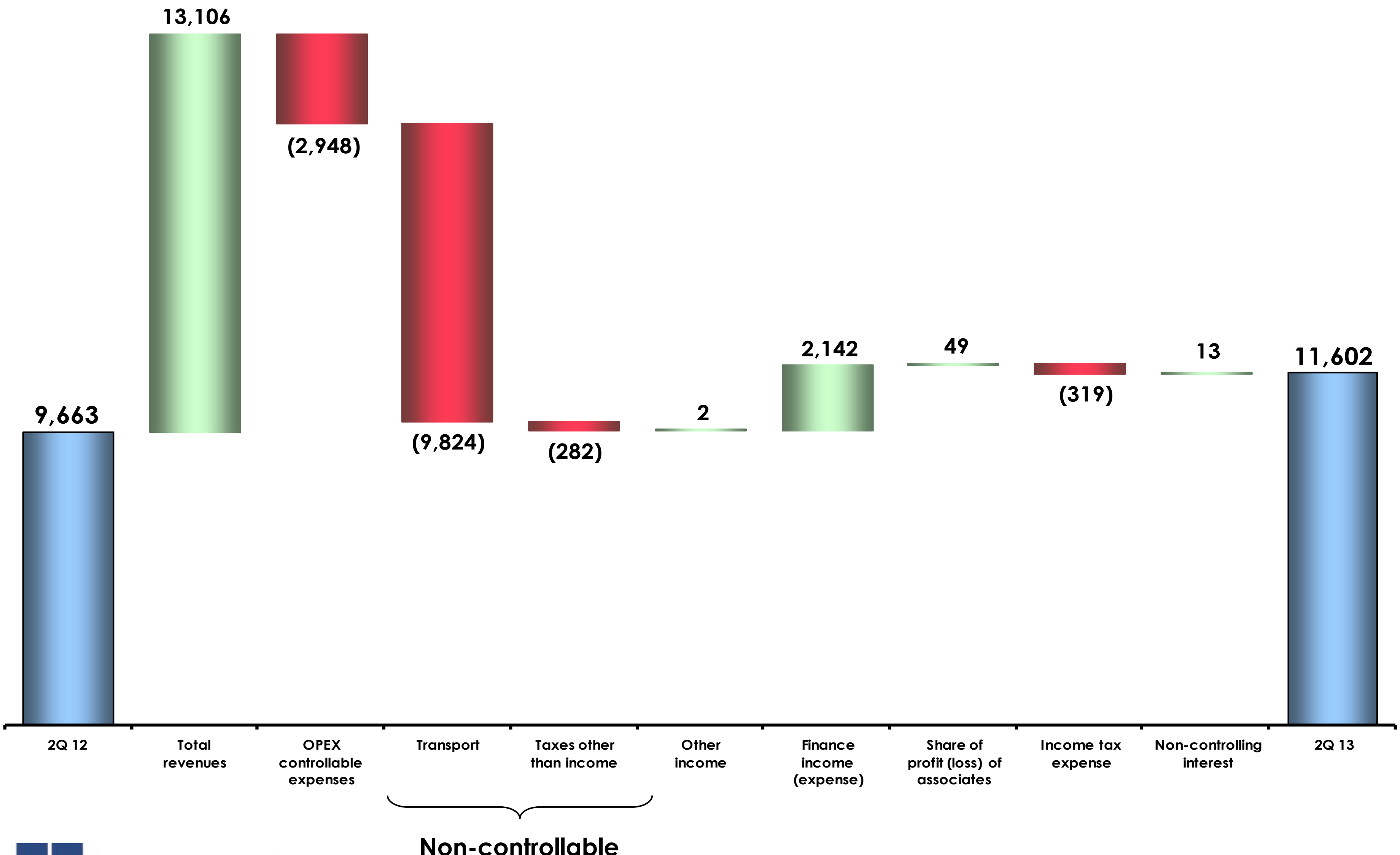
Profit Attributable to NOVATEK Shareholders (RR million)



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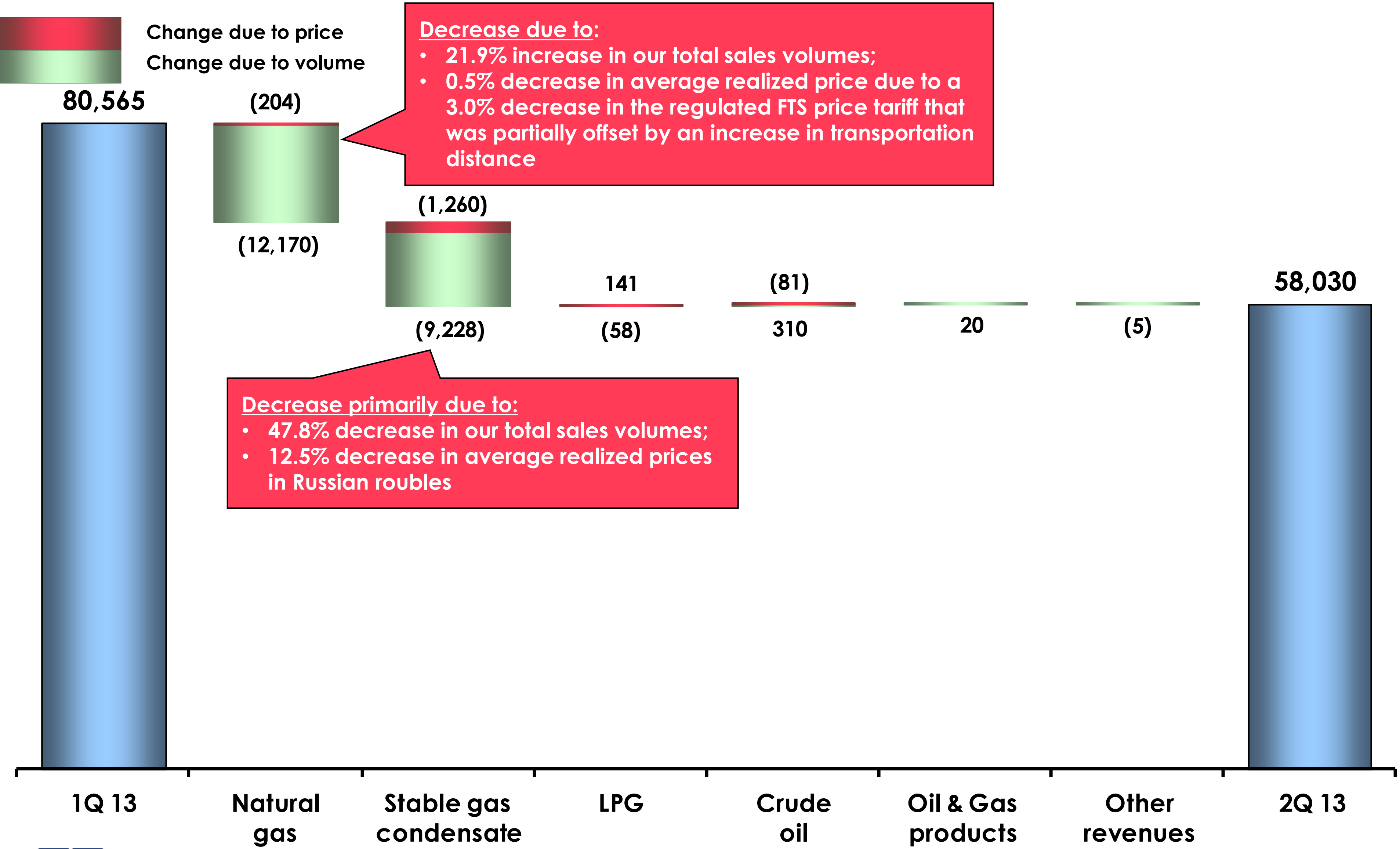
Financial Overview – 2Q 13 vs. 1Q 13

Total Revenues (RR million)



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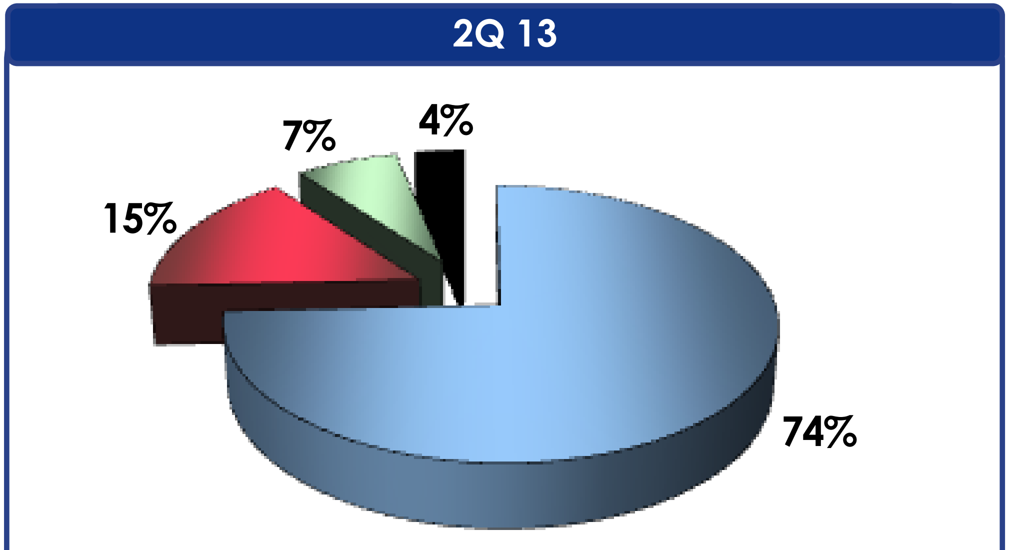
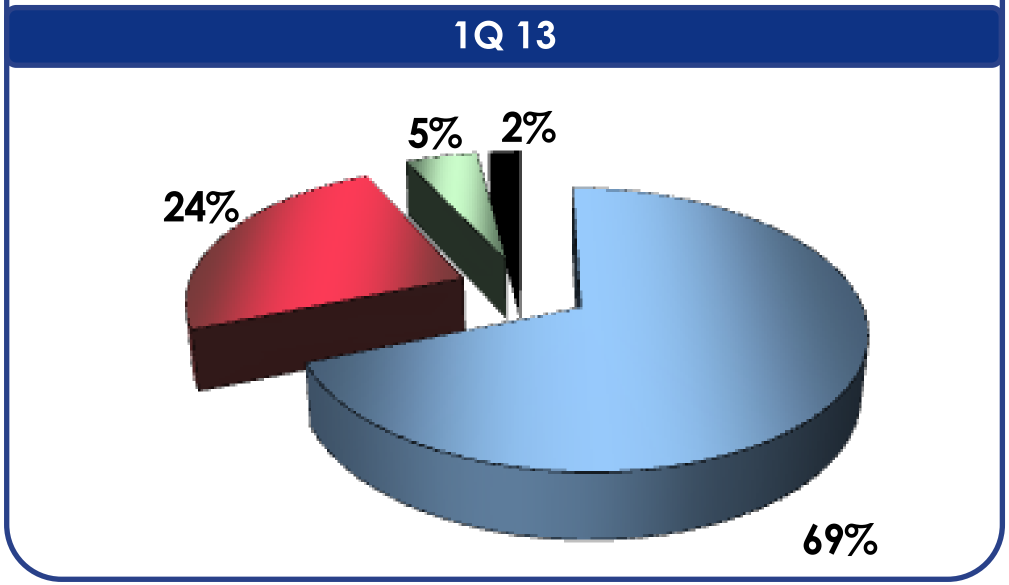
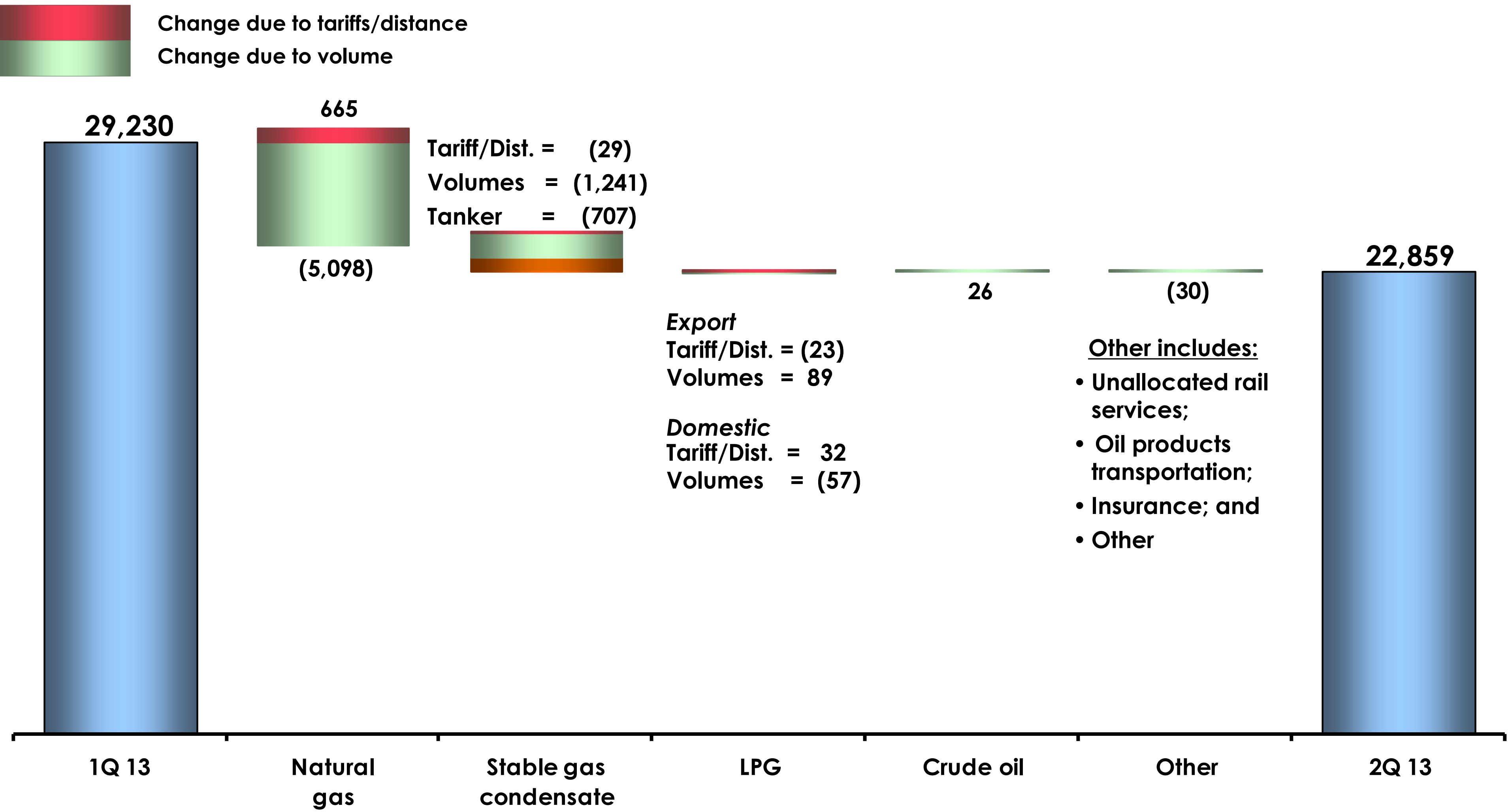
Total Revenues Breakdown

- Natural gas
- Stable gas condensate
- LPG
- Other





Transportation Expenses (RR million)



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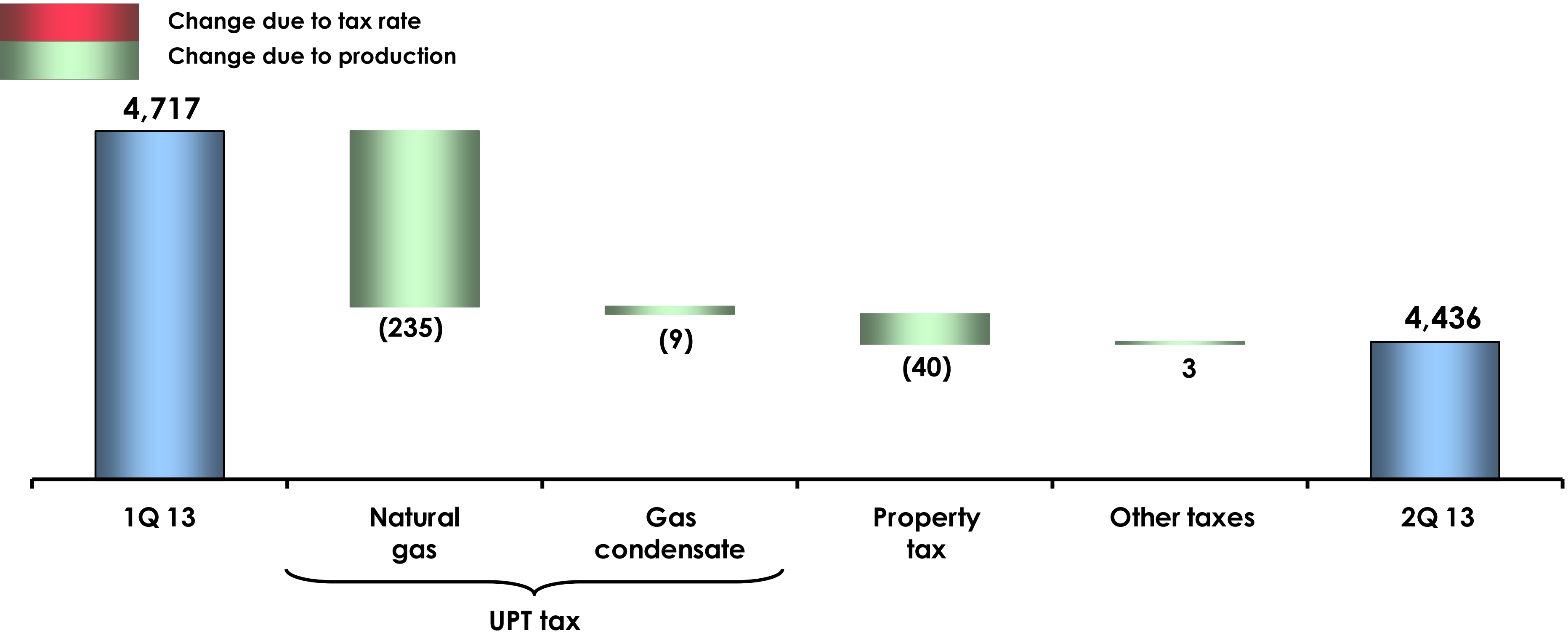
Taxes Other Than Income Tax Expense (RR million)



- The decrease in UPT expense primarily due to a 5.7% decrease in our natural gas production volumes
- We applied a zero UPT rate for crude oil produced at our Yurkharov, East-Tarko and Khanchey fields in both periods in accordance with the Russian Tax Code
- The decrease in property tax expense due to a refund in 2Q 13 of the excessive amount of the property tax accrued in 2012 and 2011 by one of our production subsidiaries

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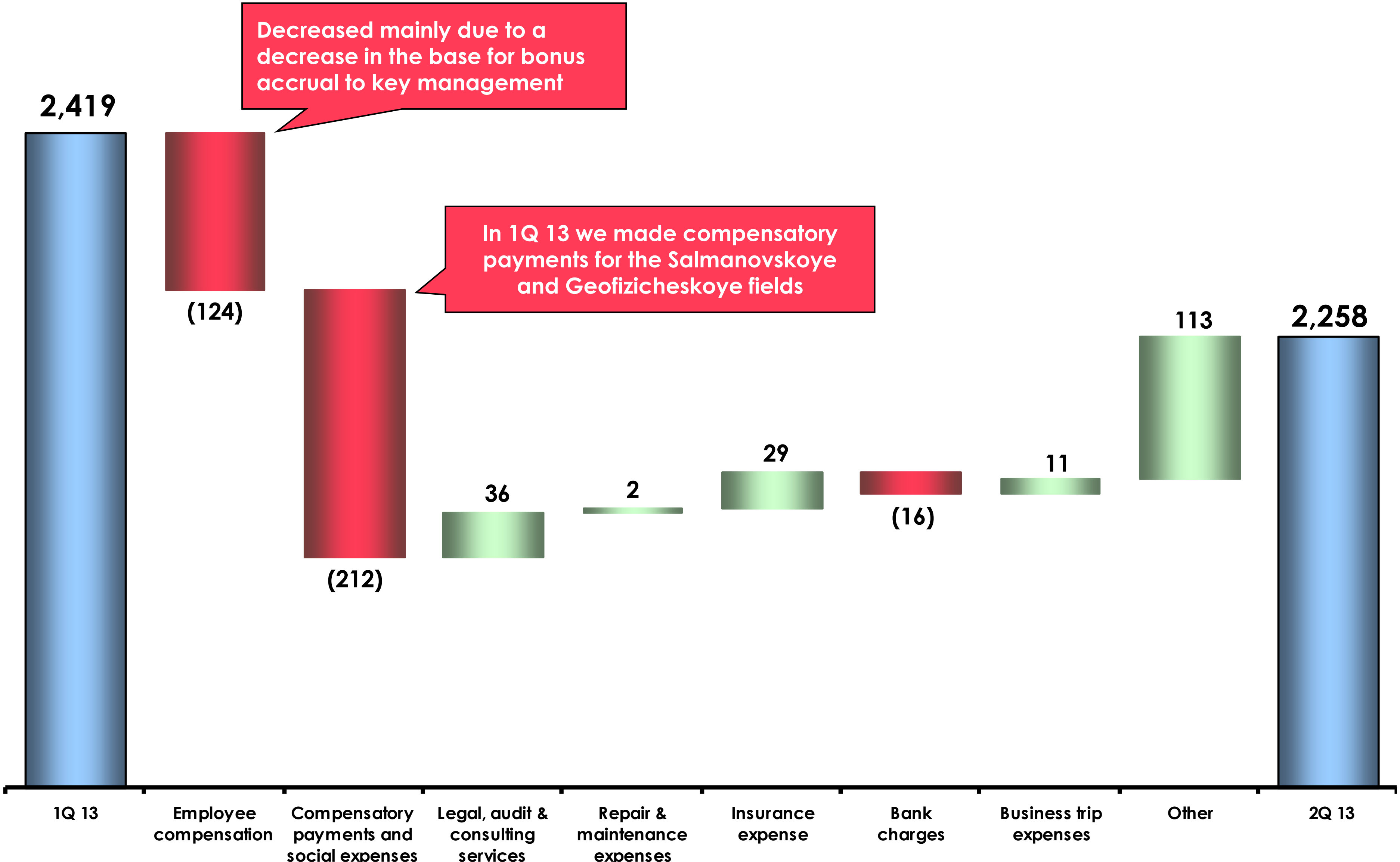
General and Administrative Expenses (RR million)



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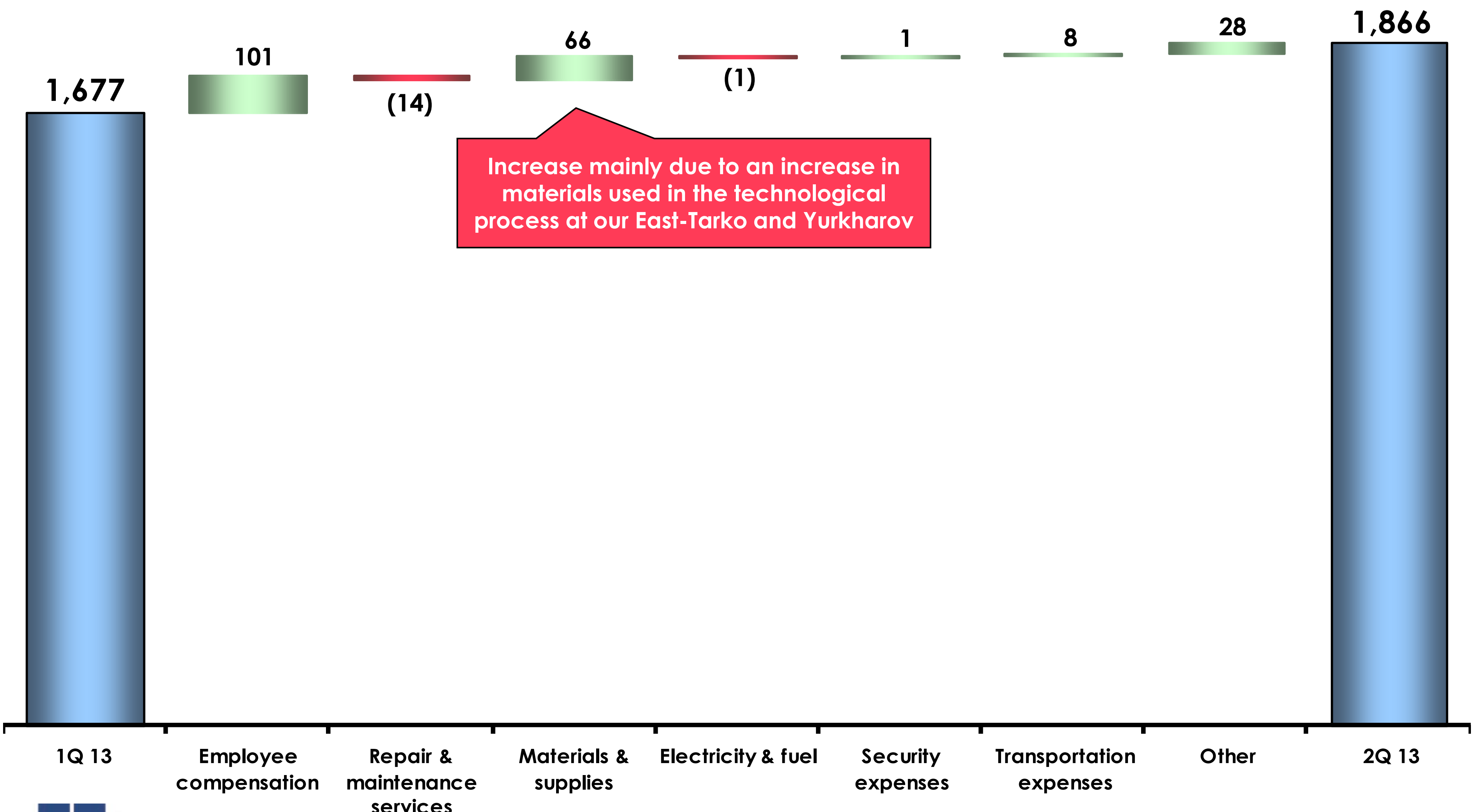
Materials, Services and Other Expenses (RR million)



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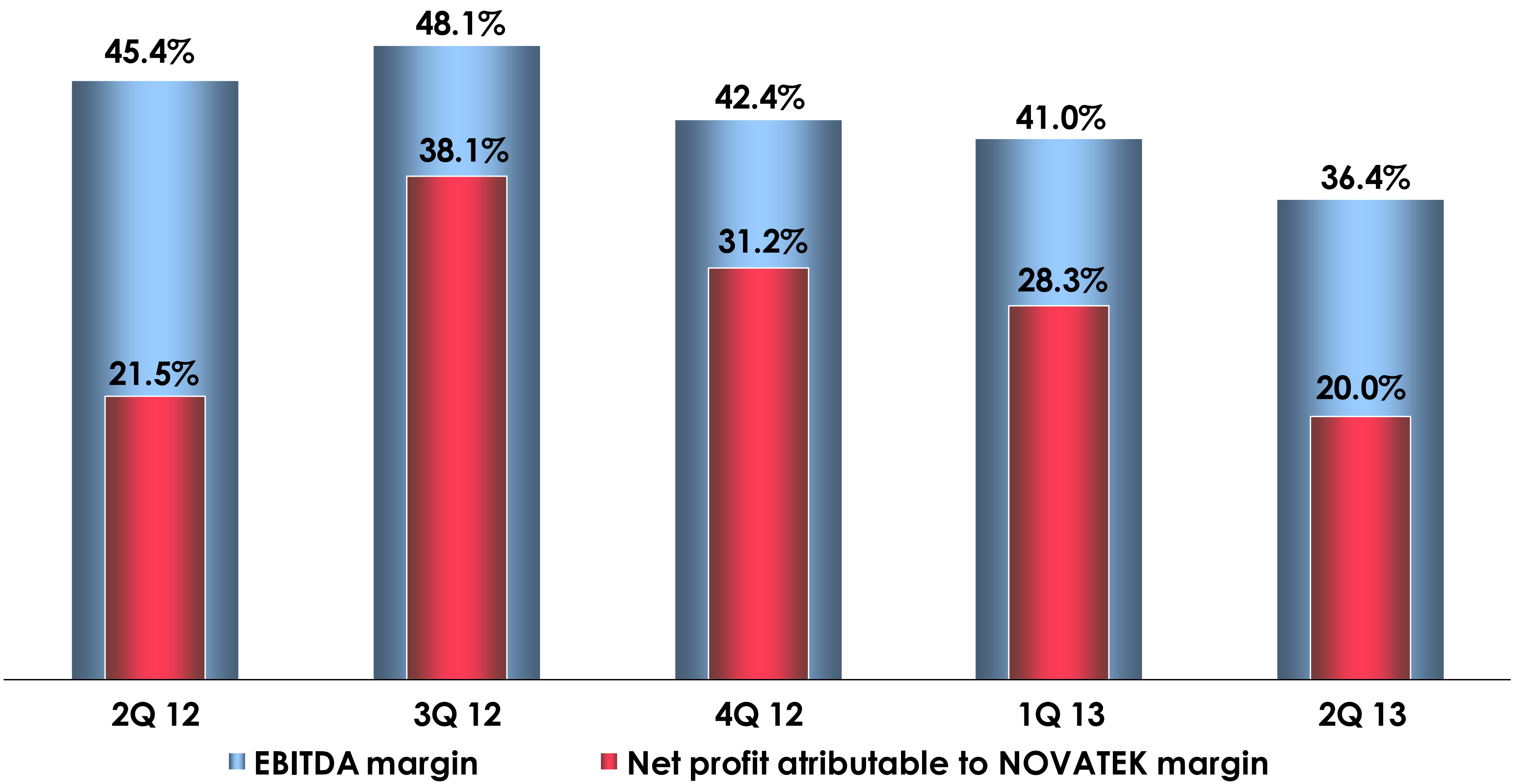
Appendices

Maintaining Margins (% of total revenues)



** Profit attributable to NOVATEK and EBITDA for 1Q 13 differs from previously reported due to a RR 115 million increase in the Group's share of profit (loss) of joint ventures net of income tax for the three months ended 31 March 2013, which resulted from the recognition of a reversal of depreciation in Nortgas*

Notes:

EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments from the "Financial instruments and financial risk factors" in the notes to the IFRS consolidated financial statements

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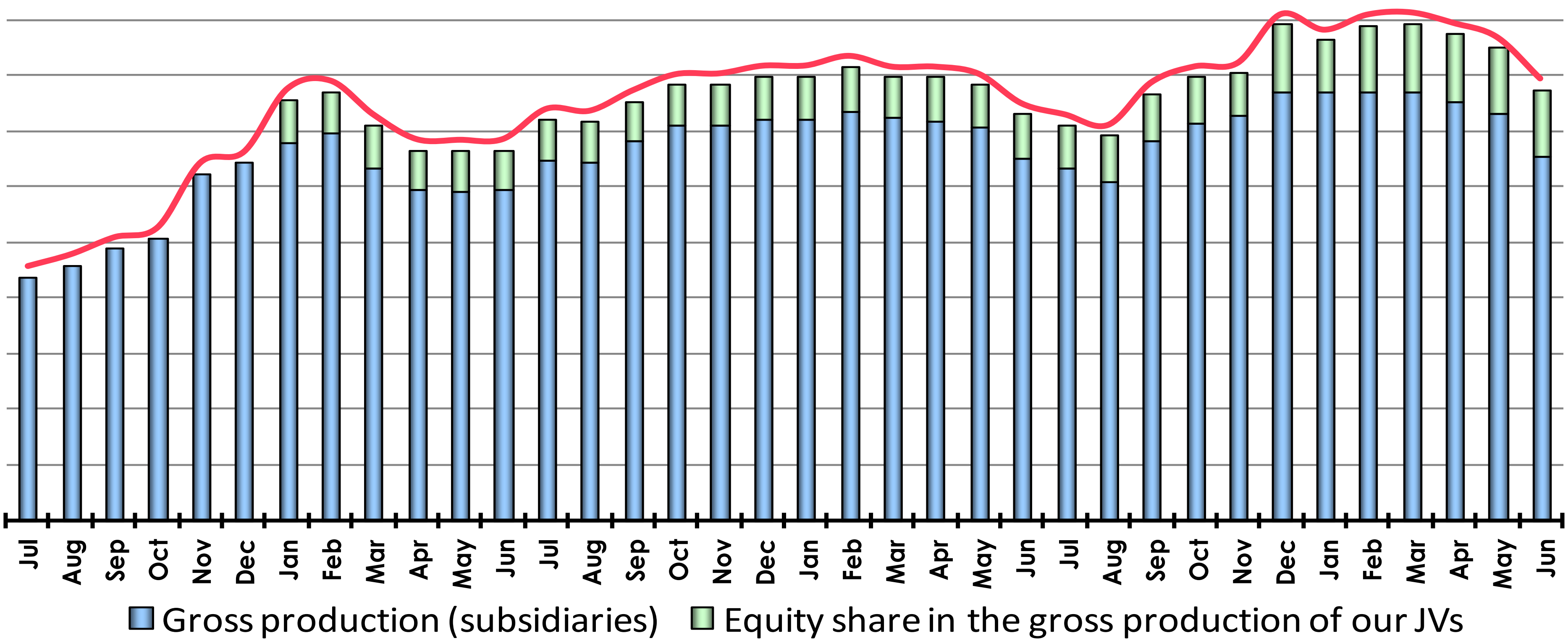
Increasing Natural Gas Production (mmcm per day)



2010

2010 Avg.
103 mmcm/day
3,655 bcf/day

2011

2011 Avg.
147 mmcm/day
5,180 bcf/day

2012

2012 Avg.
157 mmcm/day
5,531 bcf/day

2Q 12 Avg.
154 mmcm/day
5,448 bcf/day

2013

2Q 13 Avg.
167 mmcm/day
5,895 bcf/day

6M 13 Avg.
173 mmcm/day
6,104 bcf/day

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Condensed Balance Sheet (RR million)

	30 June 2013	31 December 2012	+/(-)	+/(-)%
Total current assets	**47,198**	**58,243**	**(11,045)**	**-19.0%**
Incl. Cash and cash equivalents	*6,920*	*18,420*	*(11,500)*	*-62.4%*
Total non-current assets	**439,666**	**404,890**	**34,776**	**8.6%**
Incl. Net PP&E	*222,806*	*197,376*	*25,430*	*12.9%*
Total assets	**486,864**	**463,133**	**23,731**	**5.1%**
Total current liabilities	**20,116**	**55,130**	**(35,014)**	**-63.5%**
Incl. ST & current portion of LT debt	*1,959*	*34,682*	*(32,723)*	*-94.4%*
Total non-current liabilities	**153,688**	**116,702**	**36,986**	**31.7%**
Incl. Deferred income tax liabilities	*16,621*	*13,969*	*2,652*	*19.0%*
Incl. LT debt	*132,619*	*97,805*	*34,814*	*35.6%*
Total liabilities	**173,804**	**171,832**	**1,972**	**1.1%**
Total equity	**313,060**	**291,301**	**21,759**	**7.5%**
Total liabilities & equity	**486,864**	**463,133**	**23,731**	**5.1%**

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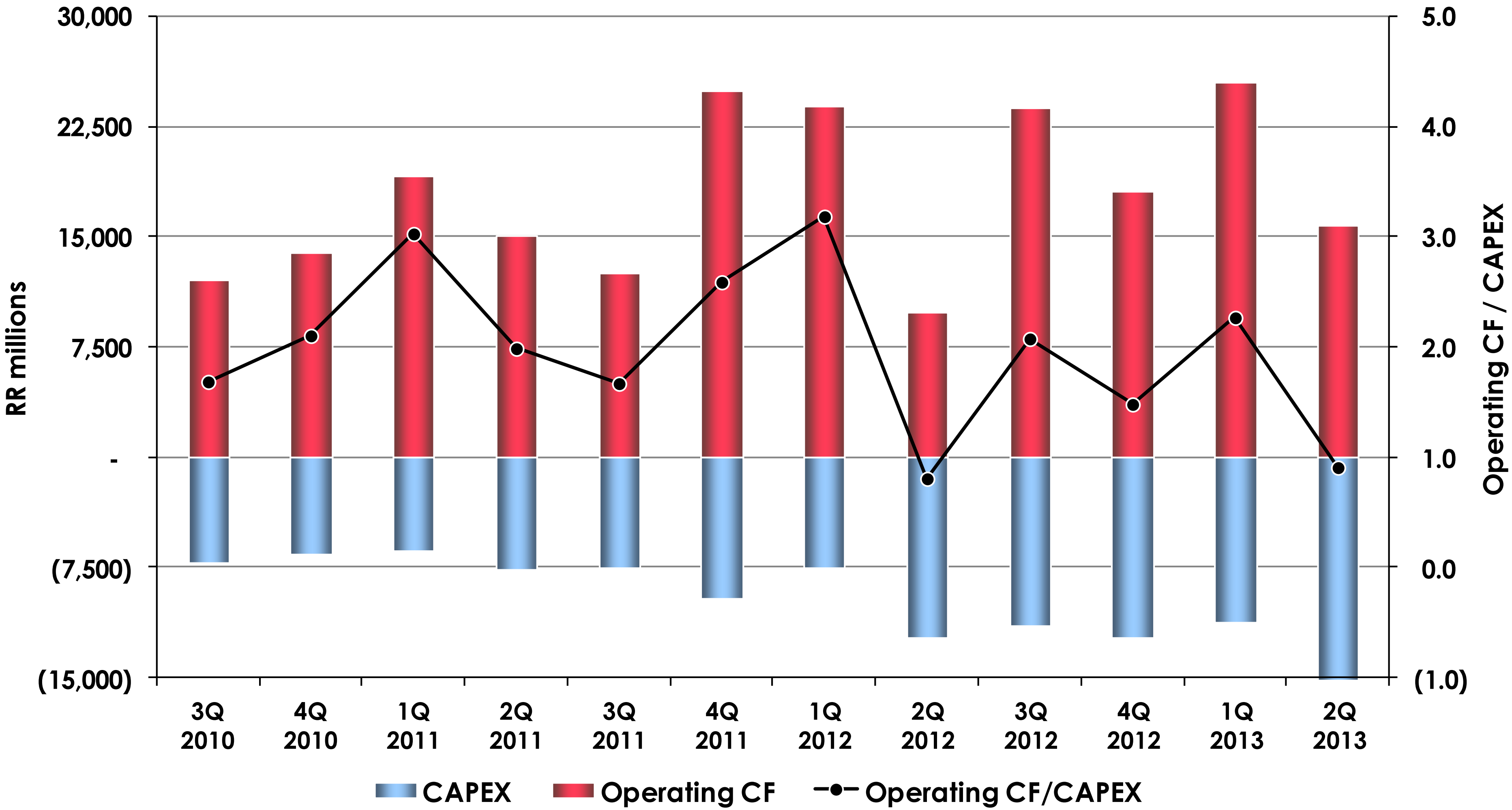
Internally Funded Investment Program



Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows

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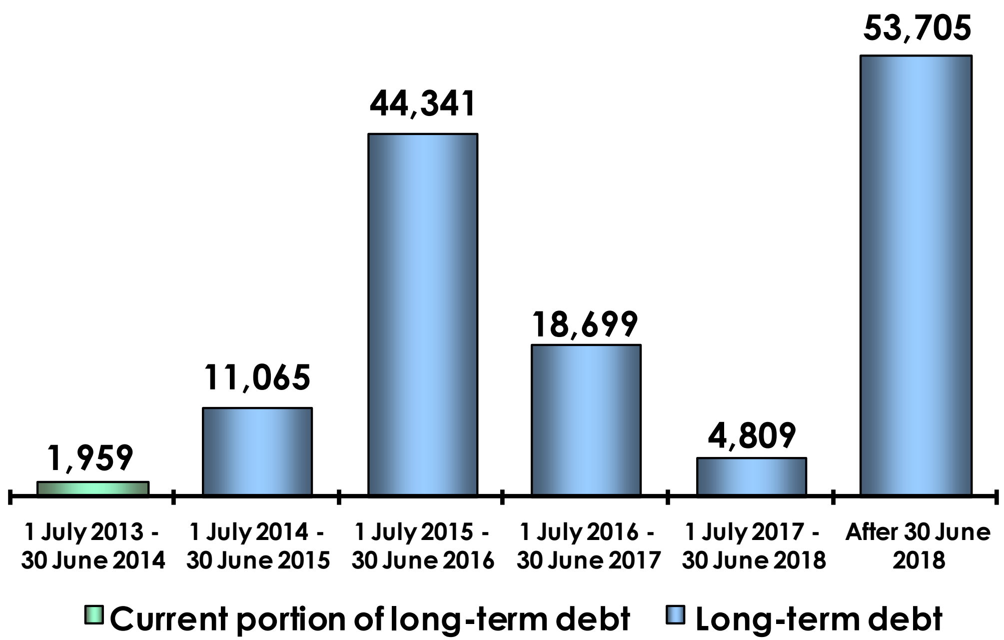
Total Debt Maturity Profile (RR million)



The Group has available funds:

- ✓ ZAO BNP PARIBAS Bank – USD 100 mln until August 2013
- ✓ Credit Agricole Corporate and Investment Bank – USD 100 mln until April 2014
- ✓ Syndicated term credit line facility – USD 1 bln until June 2014
- ✓ ZAO UniCredit Bank – USD 350 mln until August 2015
- ✓ Short-term credit lines in the form of bank overdrafts – USD 255 mln

Debt repayment schedule:

Up to 30 June 2014 – Sumitomo Mitsui Banking Corporation Europe Limited

Up to 30 June 2015 – Sberbank loan, Syndicated term credit line facility

Up to 30 June 2016 – Eurobonds Five-Year (USD 600 mln), RR denominated bonds and Syndicated term credit line facility

Up to 30 June 2017 – Eurobonds Four-Year (RR 14 bln) and Syndicated term credit line facility

Up to 30 June 2018 – Syndicated term credit line facility

After 30 June 2018 – Eurobonds Ten-Year (USD 650 mln) and Eurobonds Ten-Year (USD one bln)

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Questions and Answers

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