Third Quarter 2010
Operational and Financial Results
Conference Call



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Moscow, Russian Federation
16 November 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 – 3Q 2010

- **Increase in revenues and earnings** driven by higher natural gas prices and liquids sales volumes and prices
  - Natural gas sales increased by 25.5% Y-o-Y and 8.7% Q-o-Q
  - Liquids sales increased by 52.3% Y-o-Y and 24.4% Q-o-Q
- **Cash flow from operations** increased by 14.8% Y-o-Y to RR 12,085 million from RR 10,523 million
- **Capital expenditures** related to exploration and production increased by 80.0% Y-o-Y to RR 7,049 million
- **EPS** increased by 37.4% Y-o-Y to RR 3.33 from RR 2.43; **EBITDA** increased by 39.2% Y-o-Y and 18.6% Q-o-Q
- **End-customer sales volumes amounted** to 74.8% 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 7.8% Y-o-Y
  - Net liquids production increased by 19.8% Y-o-Y
- **Purovsky Plant output increased** by 17.1% Y-o-Y

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Operational Overview

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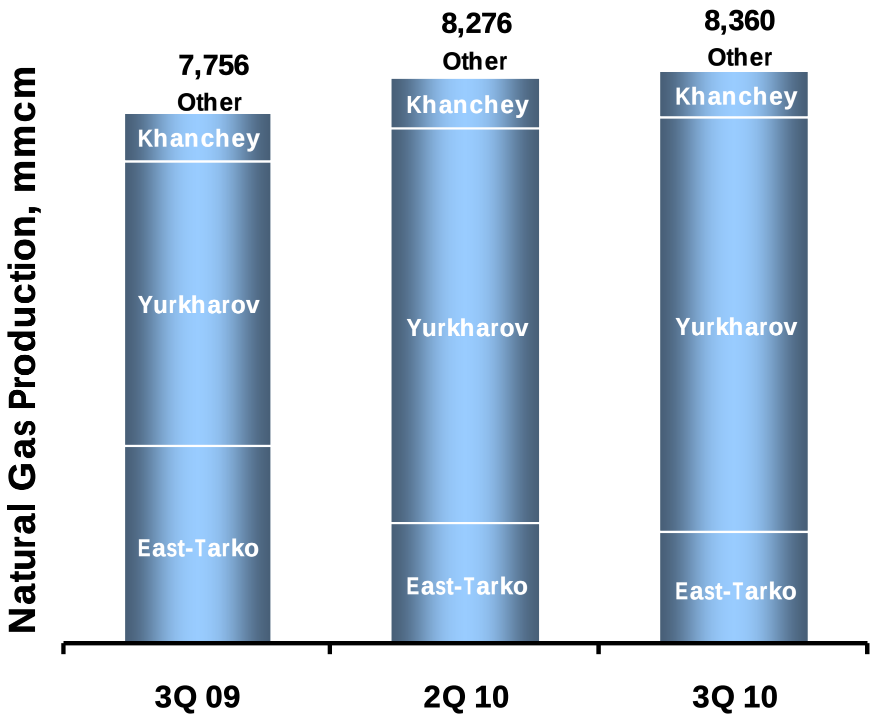
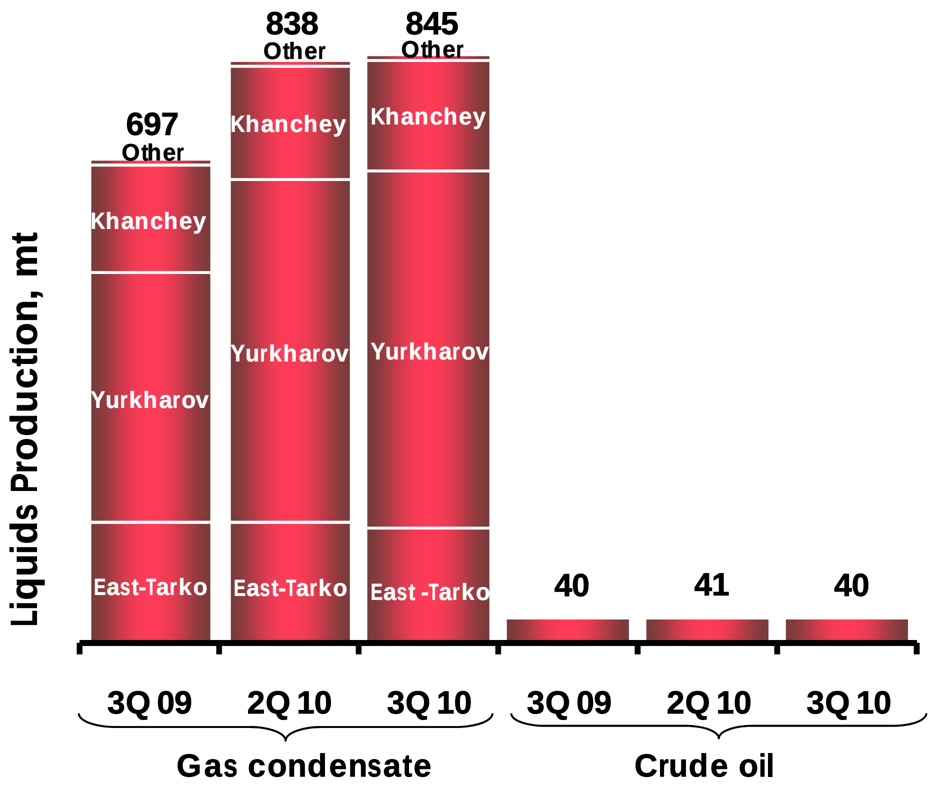
Hydrocarbon Production





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: 812 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 324 mt (100% of net production)
  - Yurkharovskoye field: 481 mt (94% of net production)
  - Other : 7 mt
- **Total plant output: 807 mt**
  - Stable gas condensate: 597 mt
  - LPG: 207 mt
  - Methanol: ~ 3 mt
- **Plant capacity:** approximately 65%
- **10 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 6 tankers to USA ~ 352 mt
  - 4 tanker to Asian-Pacific Region ~ 249 mt
- **Stable gas condensate inventory reconciliation**
  - 1 tankers in transit ~ 60 mt
  - Rail road cisterns and port storage facilities ~ 109 mt
  - Plant storage facilities ~ 37 mt
- **Export volumes of LPG: ~ 50% of total LPG volumes**

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Stable Gas Condensate in Transit

"Goods in transit"
30.09.2009
2 tankers
~ 117 thousand tons

USA | Singapore

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

USA | South America | Singapore

"Goods in transit"
30.09.2010
1 tanker
~ 60 thousand tons

USA

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Financial Overview – 3Q 10 vs. 3Q 09

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Comparison of Quarterly Results (RR million)

	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	21,217	26,994	27,237	25,051	28,786	14.9%	35.7%
Total revenues	21,971	27,854	27,742	25,706	29,441	14.5%	34.0%
Operating expenses	13,638	16,075	15,947	15,717	17,587	11.9%	29.0%
EBITDA (1)	9,960	13,373	15,160	11,690	13,863	18.6%	39.2%
EBITDA margin	45.3%	48.0%	54.6%	45.5%	47.1%		
Effective income tax rate	21.2%	19.9%	20.8%	20.9%	19.4%		
Profit attributable to NOVATEK	7,353	9,378	11,182	7,139	10,105	41.5%	37.4%
Net profit margin	33.5%	33.7%	40.3%	27.8%	34.3%		
Earnings per share	2.43	3.09	3.69	2.35	3.33	41.5%	37.4%
CAPEX	3,933	5,274	6,230	6,052	7,196	18.9%	83.0%
Net debt (2)	30,919	27,171	22,153	26,906	21,547	-19.9%	-30.3%

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

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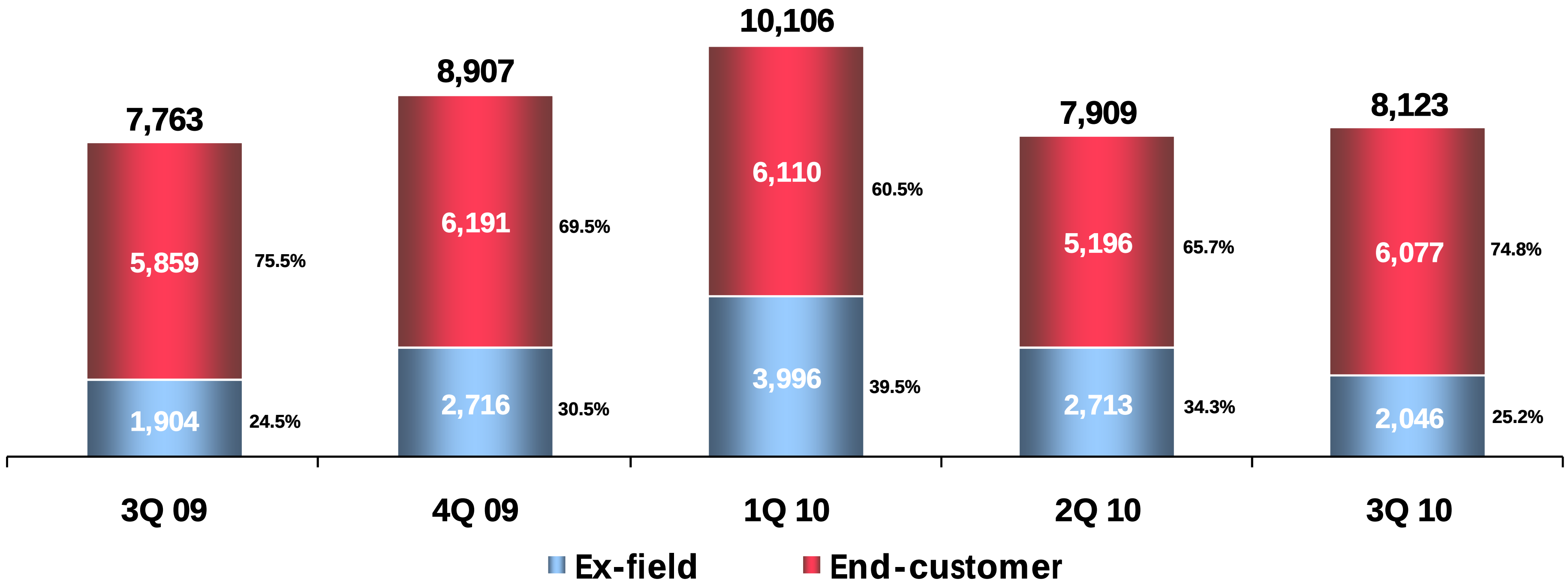
Market Distribution – Gas Sales Volumes (mmcm)



- End-customer sales volumes as a % of total natural gas sales volumes increased Q-o-Q due to sharing demand from power sector
- Y-o-Y increase in natural gas sales volumes due to a 7.8% increase in production, which was offset by a reduction in third party purchases in 3Q10
- Y-o-Y end-customer sales as a % of total natural gas sales volumes decreased marginally due primarily to a cessation of natural gas deliveries to traders in remote points effective 1 January 2010, previously classified as end-customers' sales

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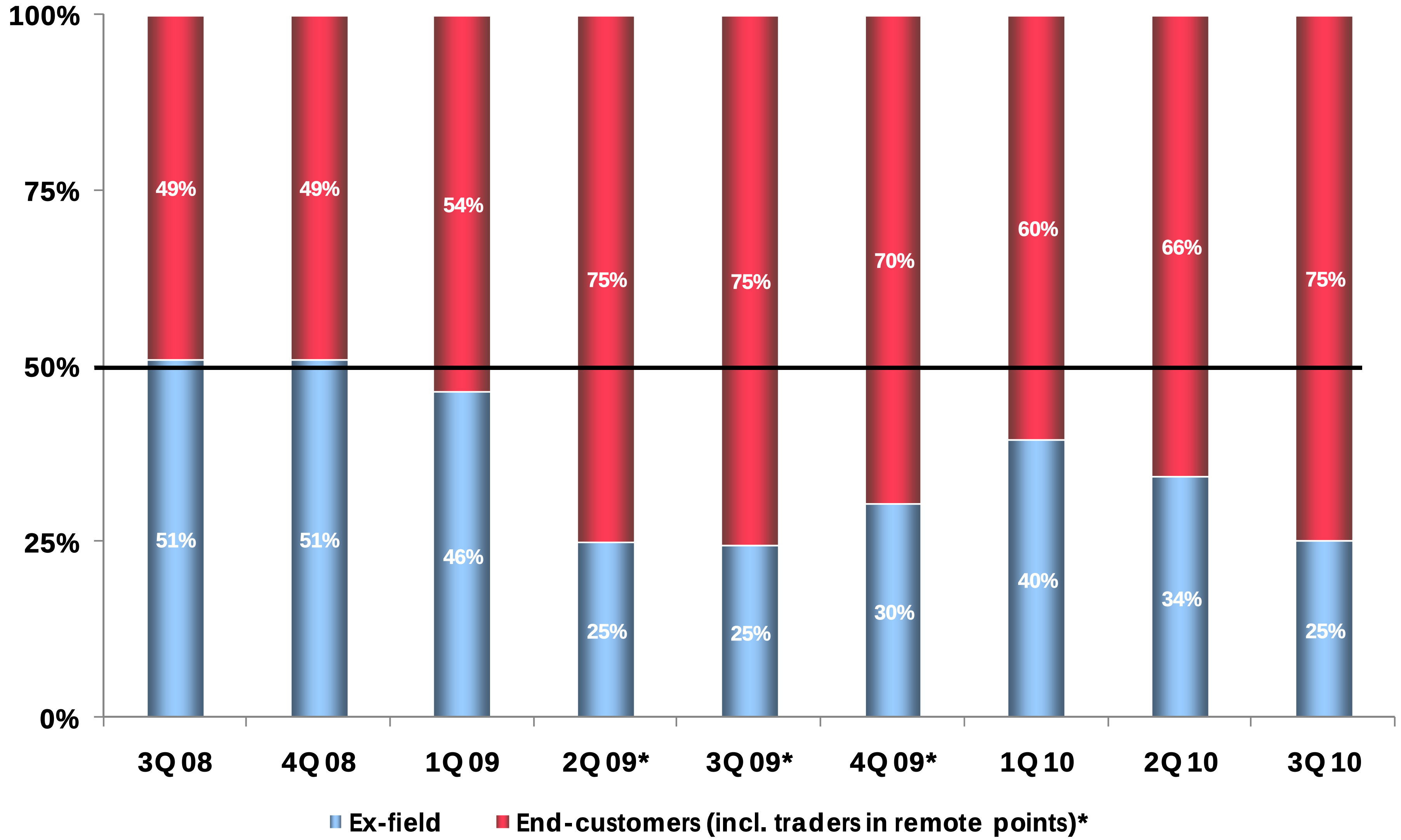
Natural Gas Sales Volume Mix



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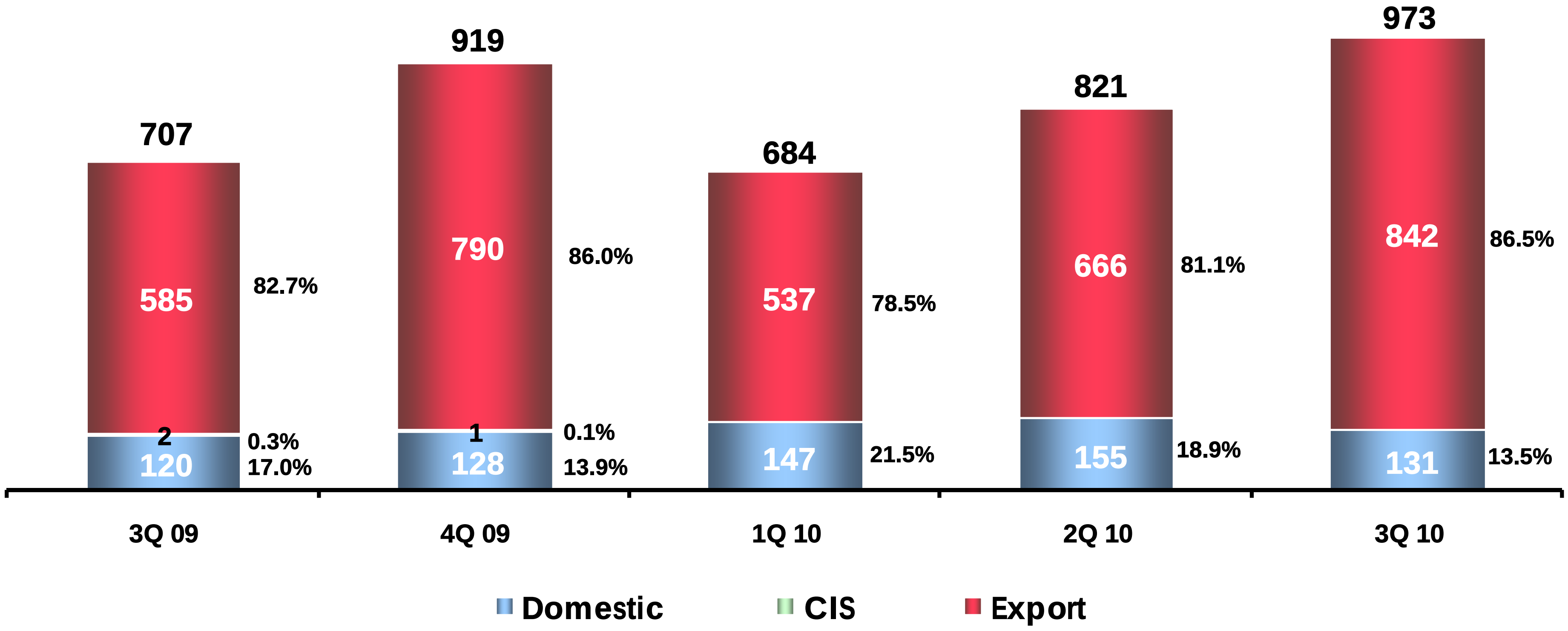
Market Distribution – Liquids Sales Volumes (mt)



- Q-o-Q increase in export sales volumes was due to a change in stable gas condensate inventory balance: in 3Q10 SGC inventory balance decreased by 126 mt compared to an increase by 55 mt in 2Q10
- Y-o-Y increase in liquids sales volumes was mainly due to an increase in 3Q10 gas condensate production by 21.2% and due to a 126 mt net decrease in inventory balance of stable gas condensate at the end of 3Q10

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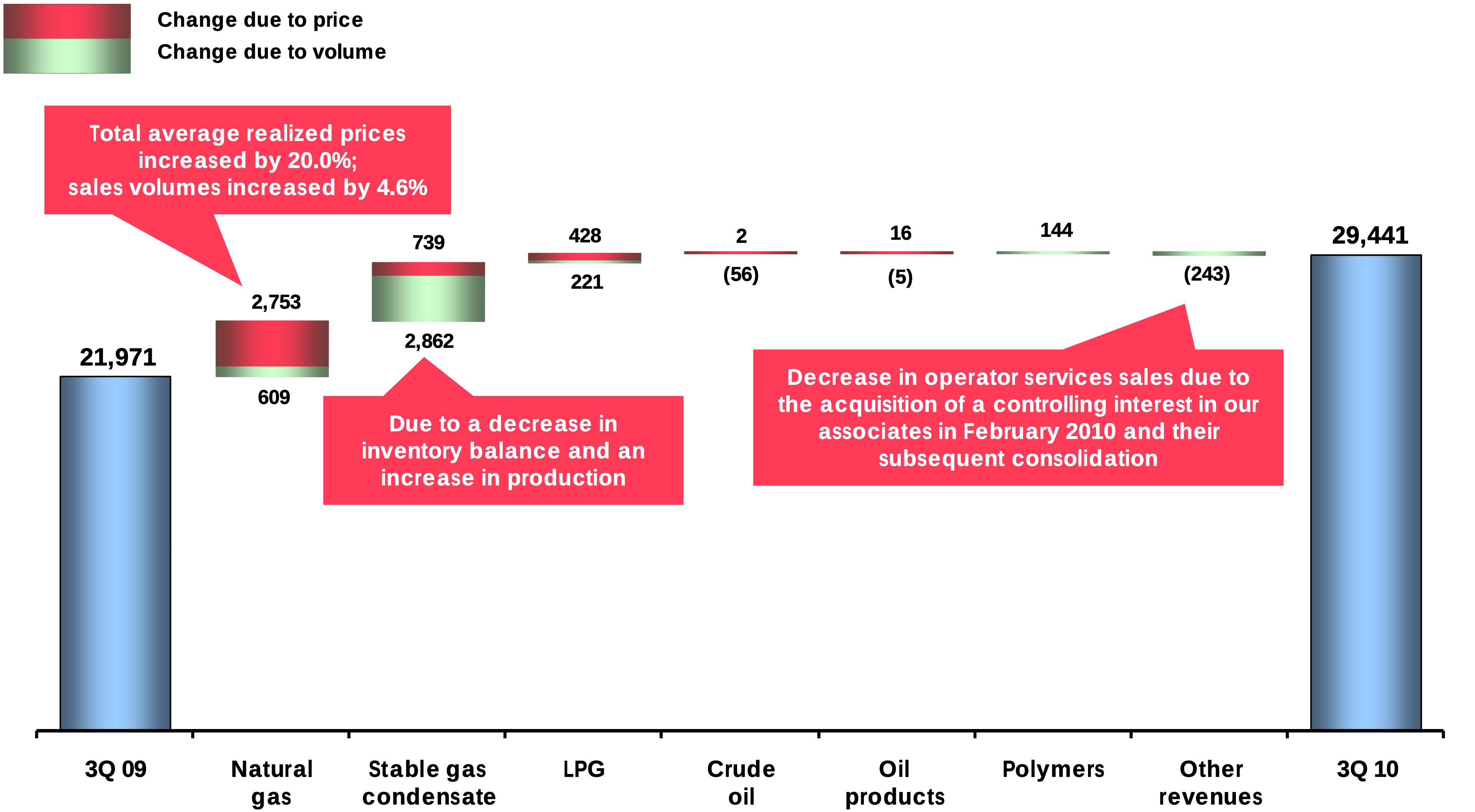
Total Revenues (RR million)



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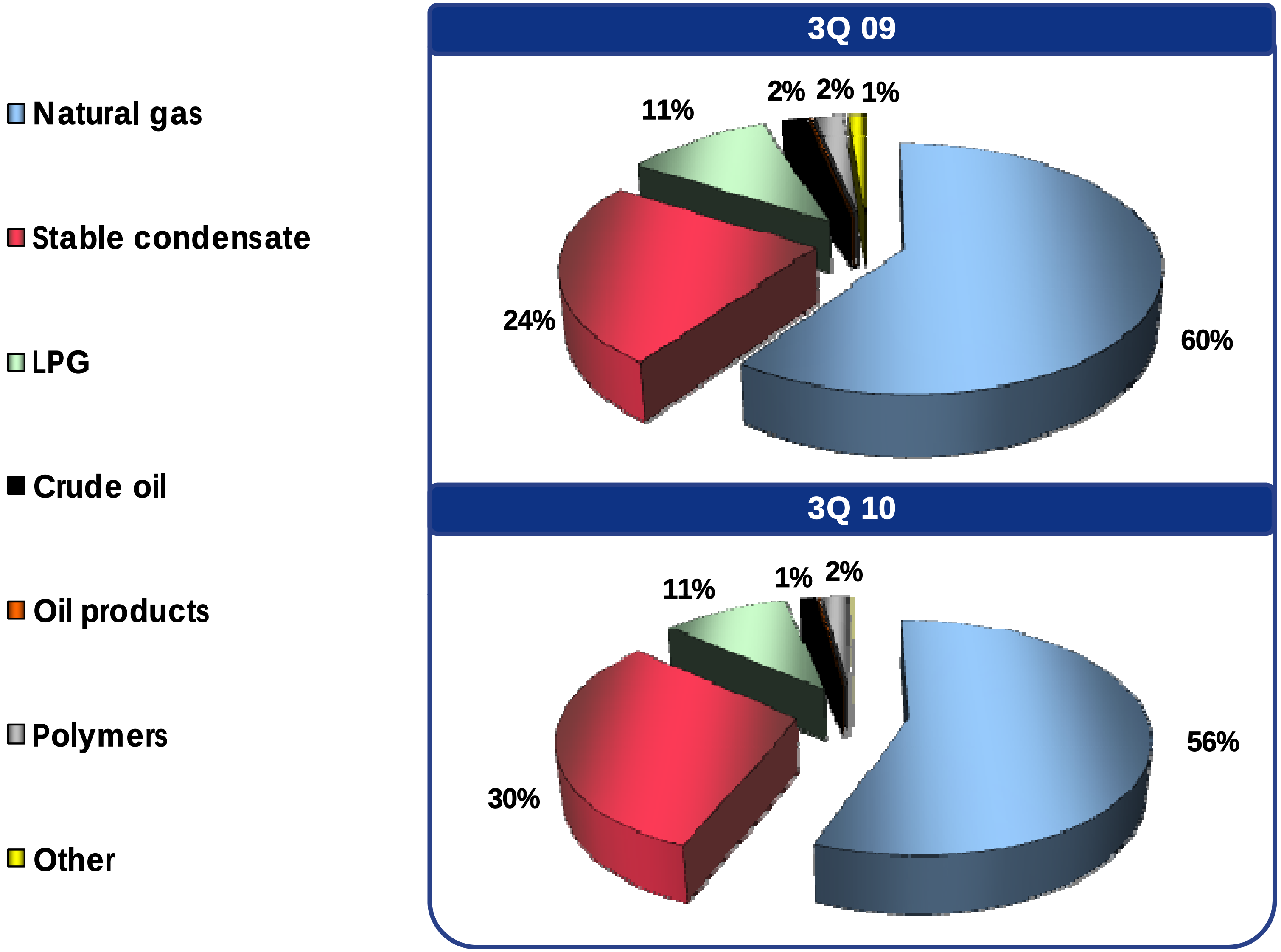
Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

3Q 09	3Q 10	+/(-)	+/(-)%		2Q 10	3Q 10	+/(-)	+/(-)%
				Domestic prices				
2,006	2,309	303	15.1%	**Natural gas end-customers, RR/mcm**	2,289	2,309	20	0.9%
1,767	-	n/a	n/a	**Natural gas traders in remote points, RR/mcm**	-	-	n/a	n/a
1,083	1,225	142	13.1%	**Natural gas ex-field, RR/mcm**	1,223	1,225	2	0.2%
10,014	10,633	619	6.2%	**Stable gas condensate, RR/ton**	9,915	10,633	718	7.2%
9,311	10,525	1,214	13.0%	**LPG, RR/ton**	10,119	10,525	406	4.0%
11,415	11,848	433	3.8%	**LPG (retail and wholesale stations), RR/ton**	11,654	11,848	194	1.7%
7,705	7,480	(225)	-2.9%	**Crude oil, RR/ton**	7,262	7,480	218	3.0%
6,199	4,125	(2,074)	-33.5%	**Oil products, RR/ton**	6,893	4,125	(2,768)	-40.2%
				CIS market				
14,285	17,351	3,066	21.5%	**LPG, RR/ton**	-	17,351	n/a	n/a
				Export market				
11,224	12,249	1,025	9.1%	**Stable gas condensate, RR/ton**	11,936	12,249	313	2.6%
15,292	18,683	3,391	22.2%	**LPG, RR/ton**	15,905	18,683	2,778	17.5%
8,321	8,623	302	3.6%	**Crude oil, RR/ton**	7,719	8,623	904	11.7%

Note: Prices are shown excluding trading activities

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

3Q 09	% of TR	3Q 10	% of TR		2Q 10	% of TR	3Q 10	% of TR
7,190	*32.7%*	**9,761**	*33.2%*	Transportation expenses	**8,436**	*32.8%*	**9,761**	*33.2%*
1,955	*8.9%*	**2,334**	*7.9%*	Taxes other than income tax	**2,260**	*8.8%*	**2,334**	*7.9%*
9,145	*41.6%*	**12,095**	*41.1%*	**Non-controllable expenses**	**10,696**	*41.6%*	**12,095**	*41.1%*
1,594	*7.3%*	**1,641**	*5.6%*	Materials, services & other	**1,740**	*6.8%*	**1,641**	*5.6%*
1,308	*6.0%*	**1,656**	*5.6%*	General and administrative	**1,631**	*6.3%*	**1,656**	*5.6%*
1,467	*6.7%*	**1,783**	*6.1%*	Depreciation and amortization	**1,549**	*6.0%*	**1,783**	*6.1%*
17	*0.1%*	**144**	*0.5%*	Exploration expenses	**335**	*1.3%*	**144**	*0.5%*
(4)	*n/m*	**154**	*n/m*	Net impairment expense	**9**	*n/m*	**154**	*n/m*
(199)	*n/m*	**47**	*n/m*	Change in natural gas, liquids, and polymer products and WIP	**(264)**	*n/m*	**47**	*n/m*
13,328	*60.7%*	**17,520**	*59.5%*	**Subtotal operating expenses**	**15,696**	*61.0%*	**17,520**	*59.5%*
310	*1.4%*	**67**	*0.2%*	Purchases of natural gas and liquid hydrocarbons	**21**	*0.1%*	**67**	*0.2%*
13,638	*62.1%*	**17,587**	*59.7%*	**Total operating expenses**	**15,717**	*61.1%*	**17,587**	*59.7%*

- **Transportation expenses increased Y-o-Y primarily due to an increase in natural gas transportation tariffs and an increase in liquids volumes sold**
- **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 and as well as an excise and fuel tax incurred due to our LPG sales activity through our subs. in Poland**
- **Depreciation and amortization expense increased in absolute terms Y-o-Y mainly due to an increase in our depletable cost base as well as a 9.1% increase in our hydrocarbon production in barrels of oil equivalent (boe)**
- **General and admin. expense increased Y-o-Y due to an indexation by 10% of basic salaries effective 1 July 2010, a recognition of additional payroll expenses due to the initiation of a share-based compensation program and an increase in charitable contributions**

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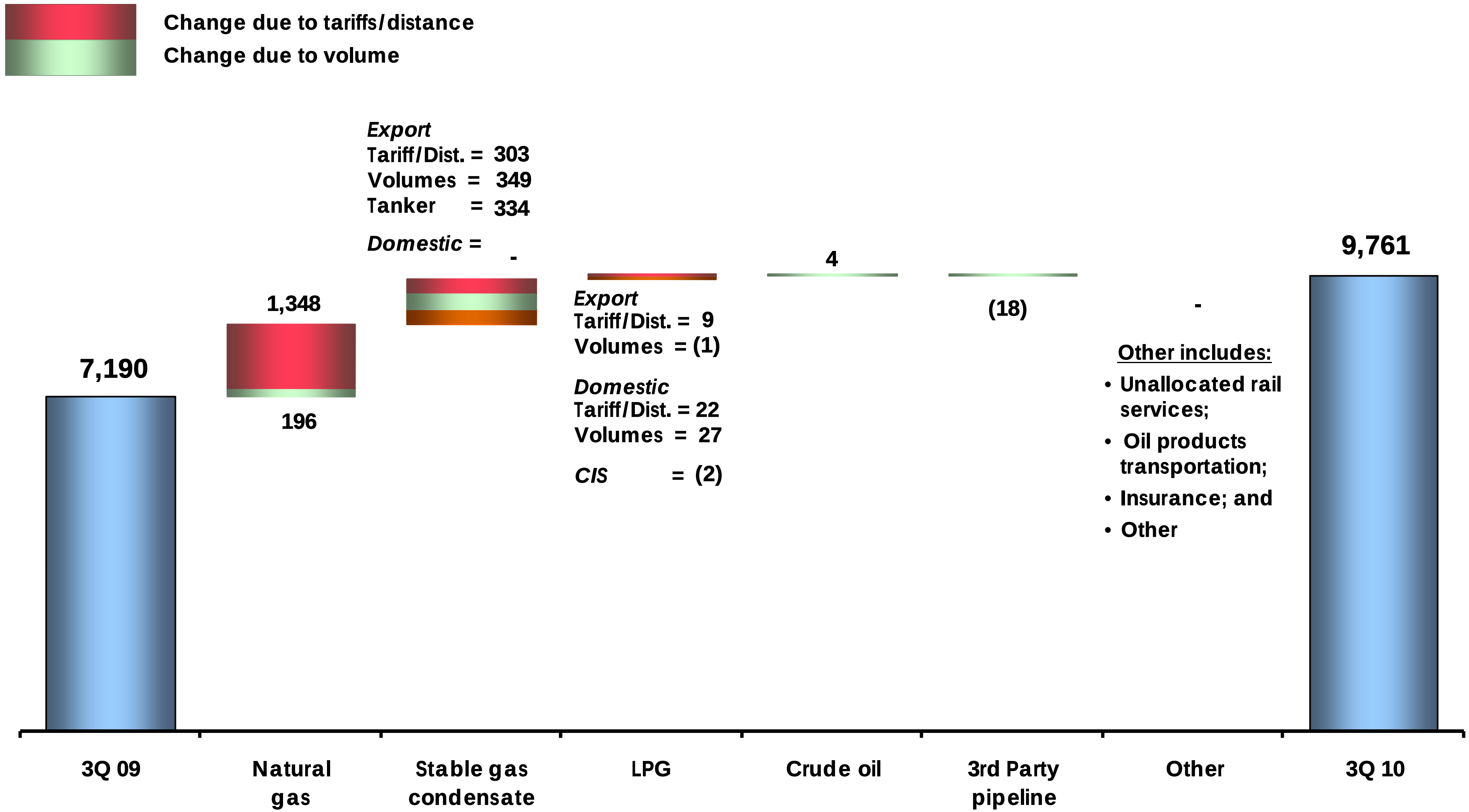
Transportation Expenses (RR million)



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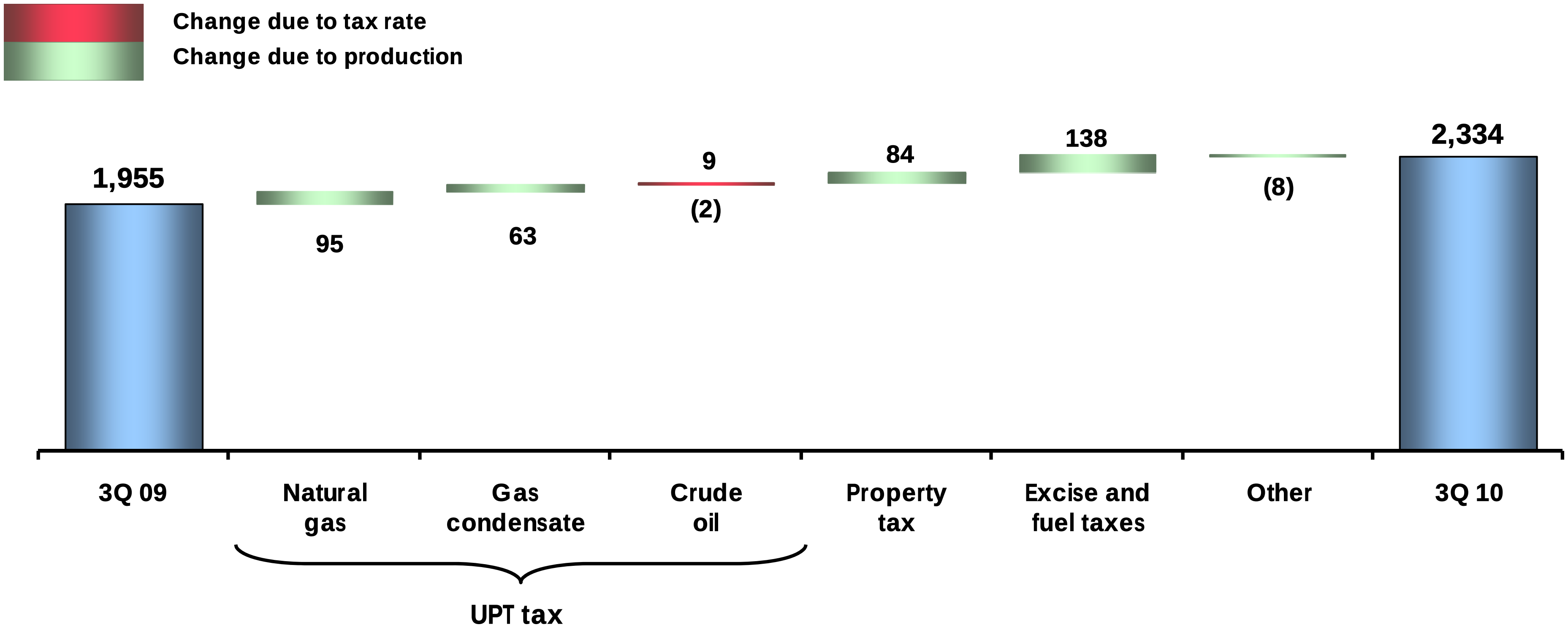
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas and gas condensate was due to an increase in our production volumes by 7.8% and 21.1%, respectively
- In the 2010 period, we expensed RR 138 million of excise and fuel taxes in respect of LPG export sales through our subsidiaries Novatek Polska and Intergaz-System. The excise and fuel taxes are payable when LPG enters the territory of Poland
- 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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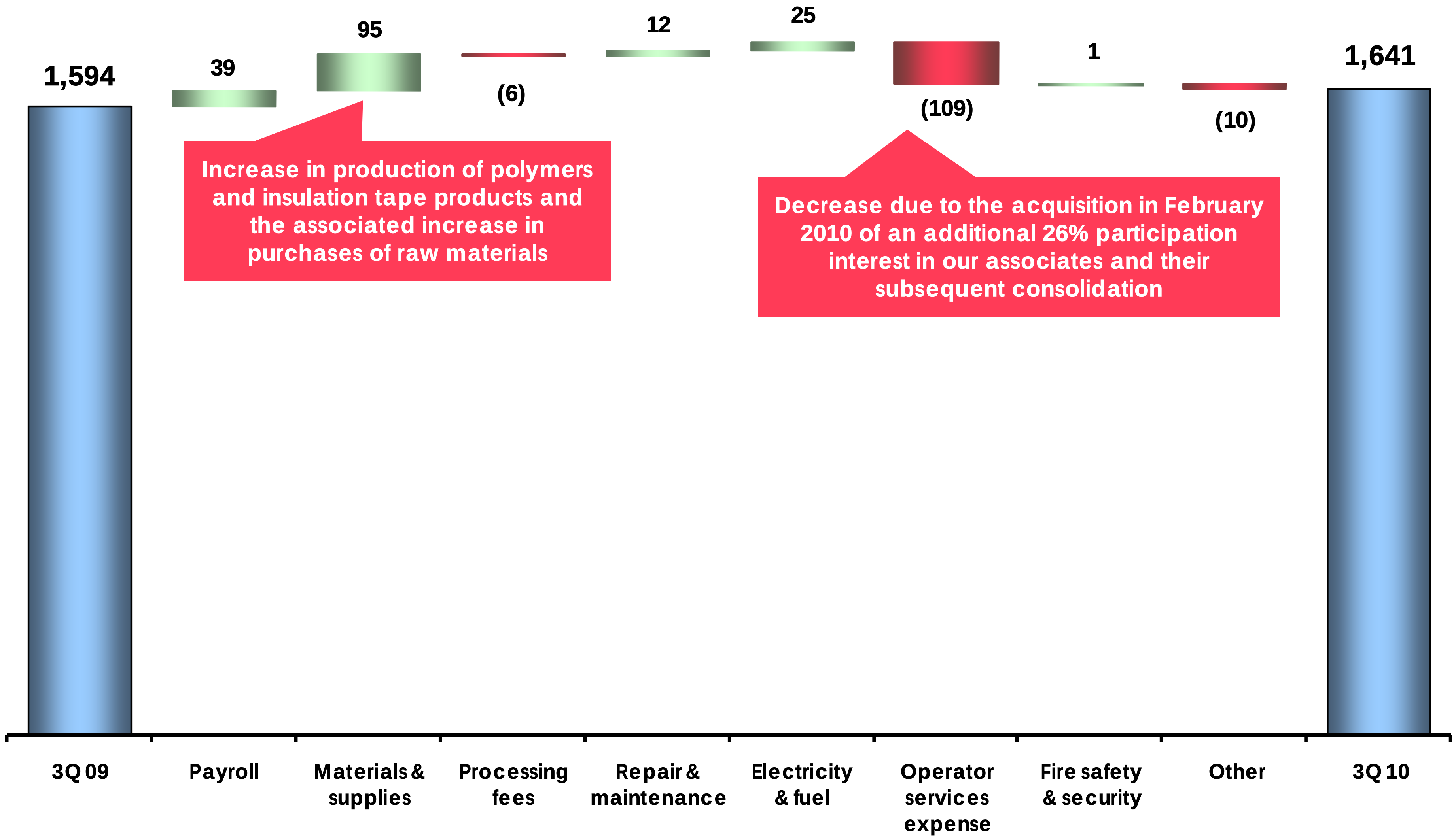
Materials, Services and Other Expenses (RR million)



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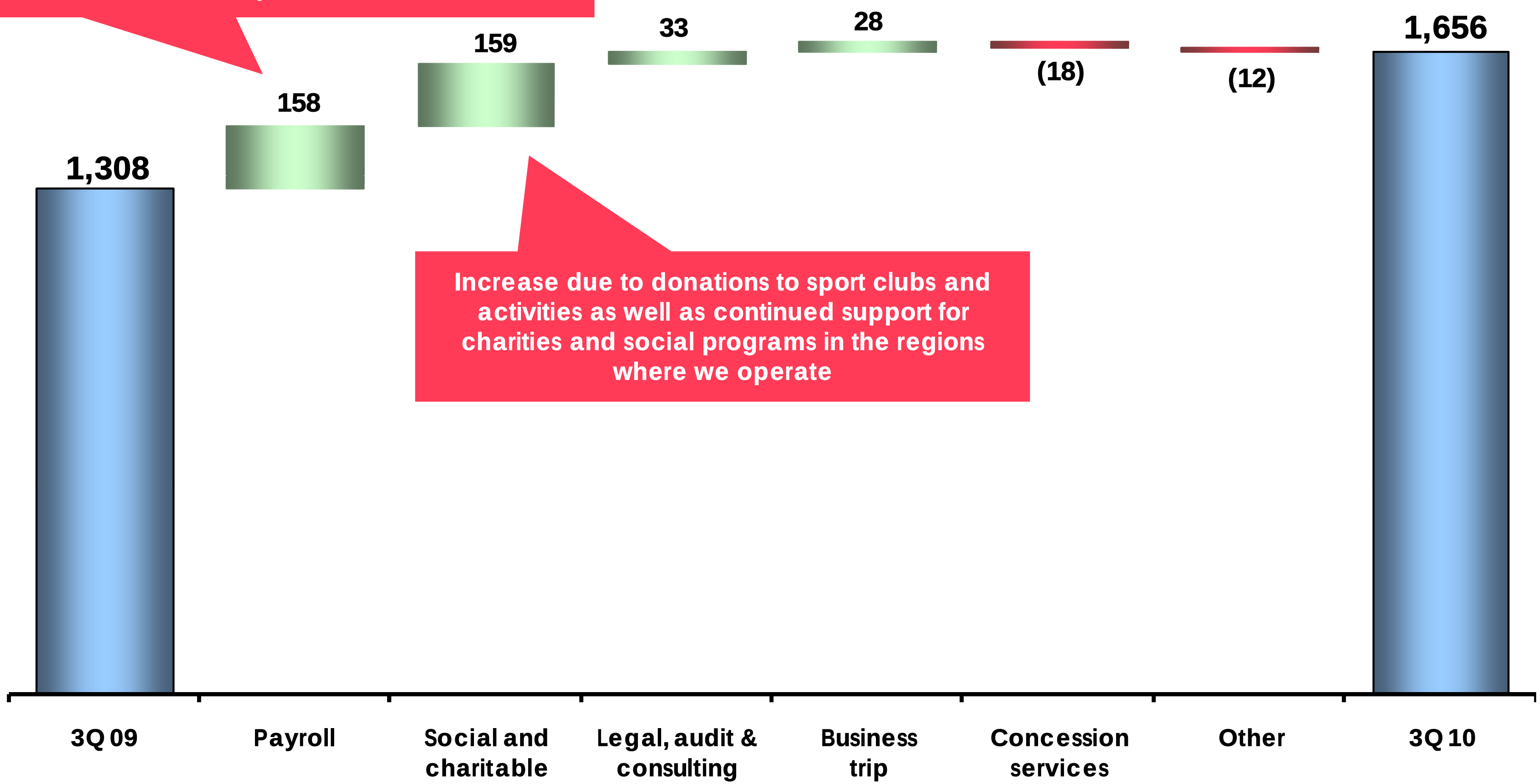
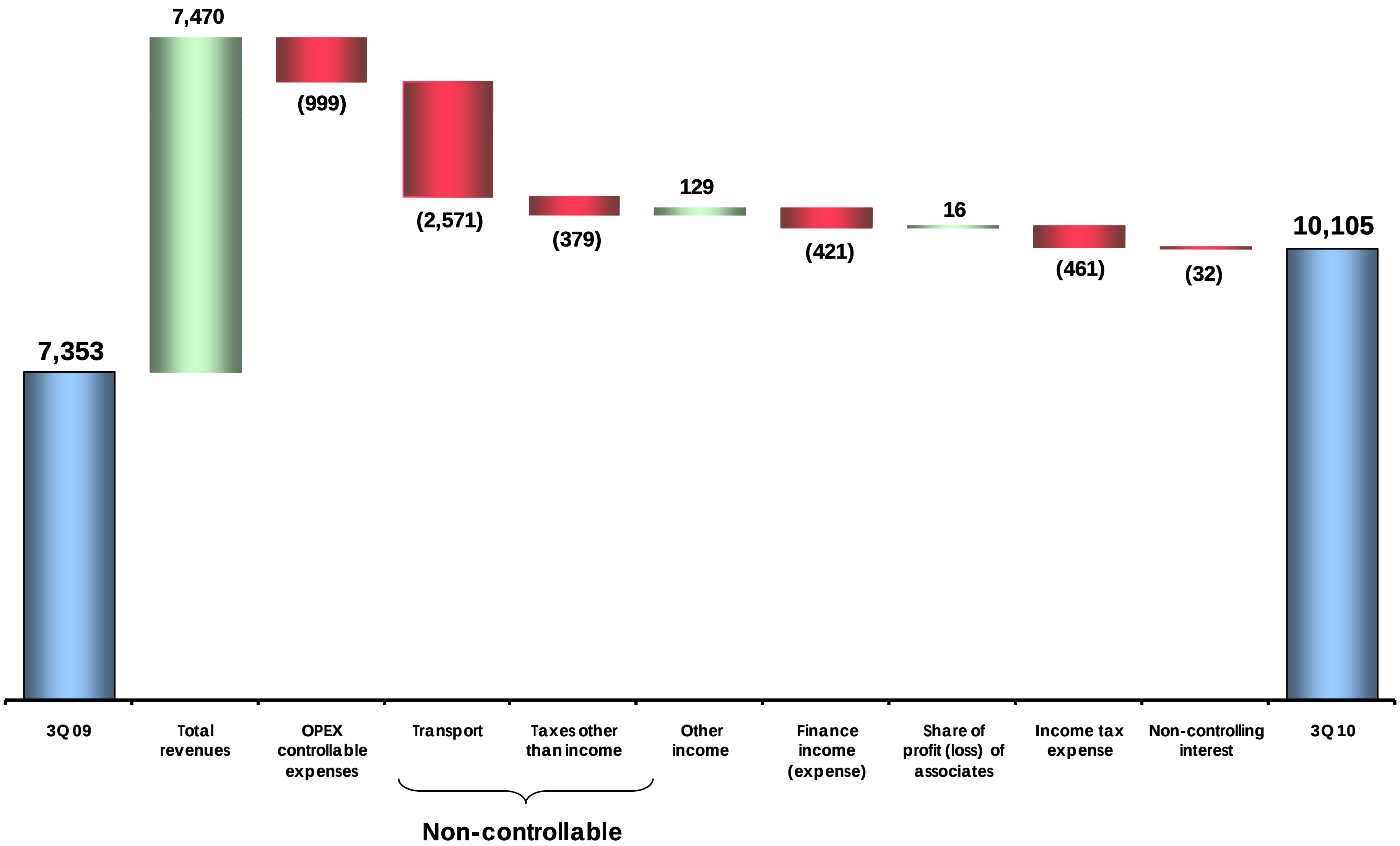
General and Administrative Expenses (RR million)

Increase due to an indexation of basic salaries by 10% effective 1 July 2010 and to the recognition of RR 99 million for share-based compensation



Increase due to donations to sport clubs and activities as well as continued support for charities and social programs in the regions where we operate

Profit Attributable to NOVATEK Shareholders (RR million)



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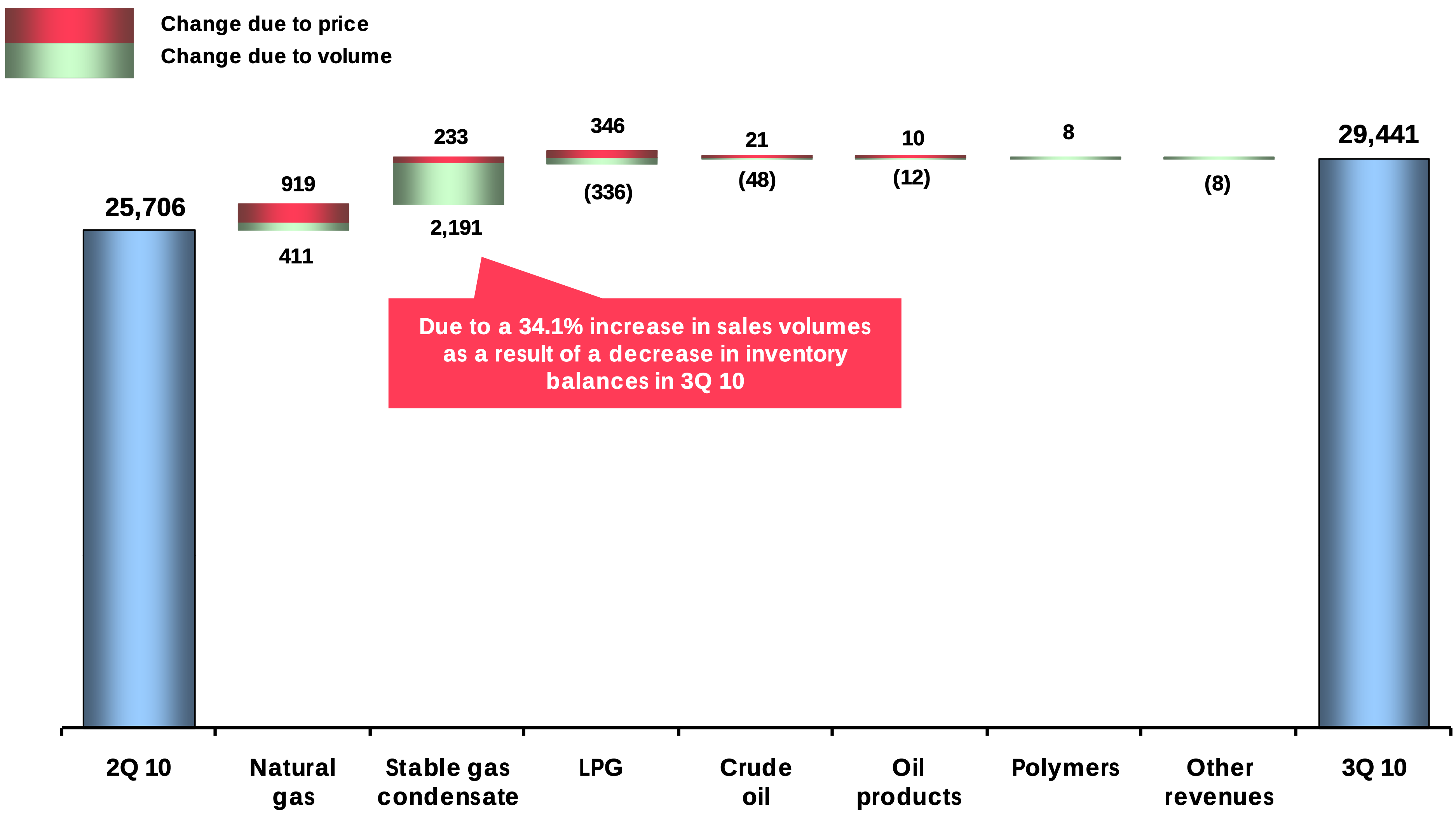
Financial Overview – 3Q 10 vs. 2Q 10

Total Revenues (RR million)



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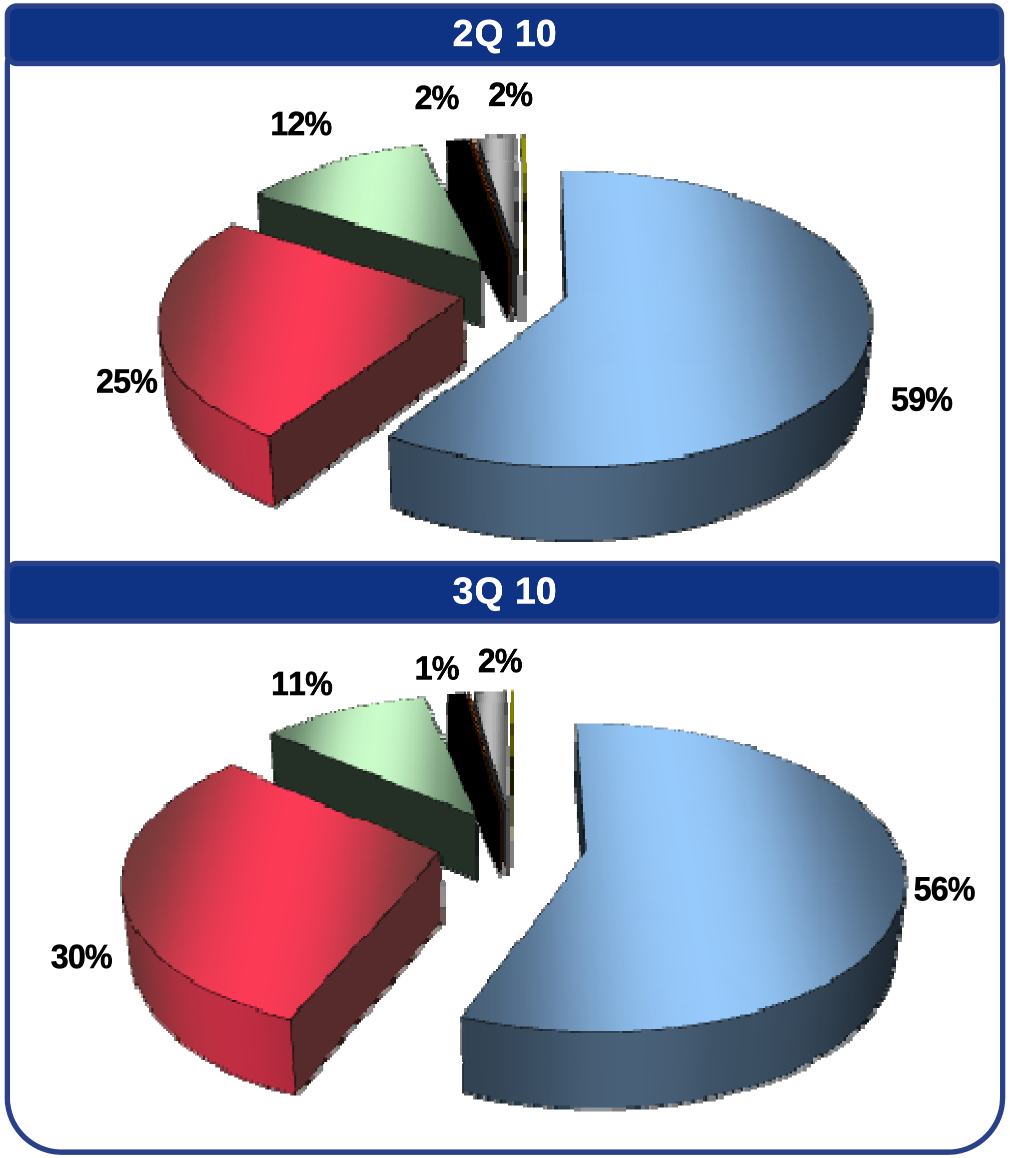
Total Revenues Breakdown

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



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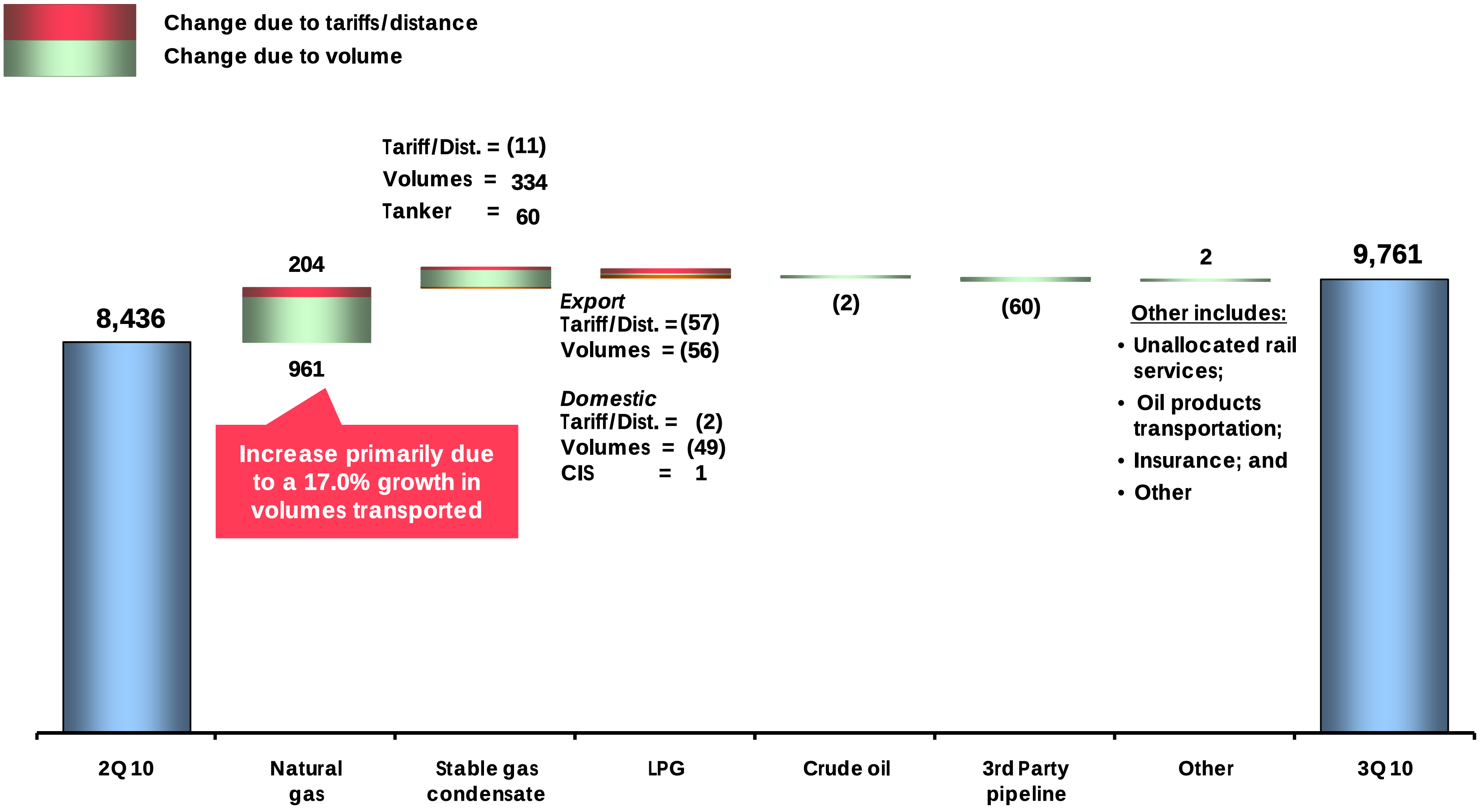
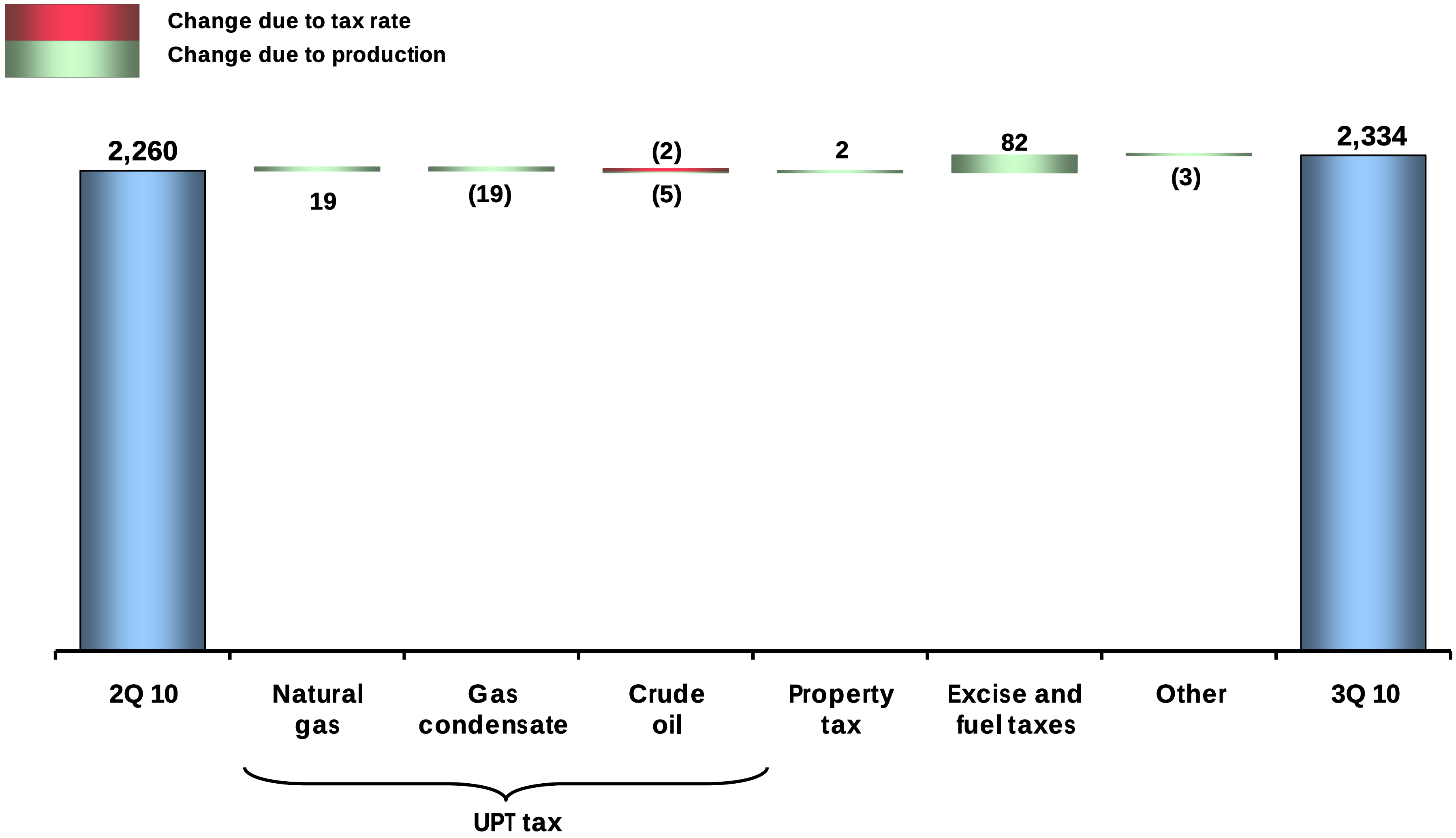
Transportation Expenses (RR million)



Taxes Other Than Income Tax Expense (RR million)



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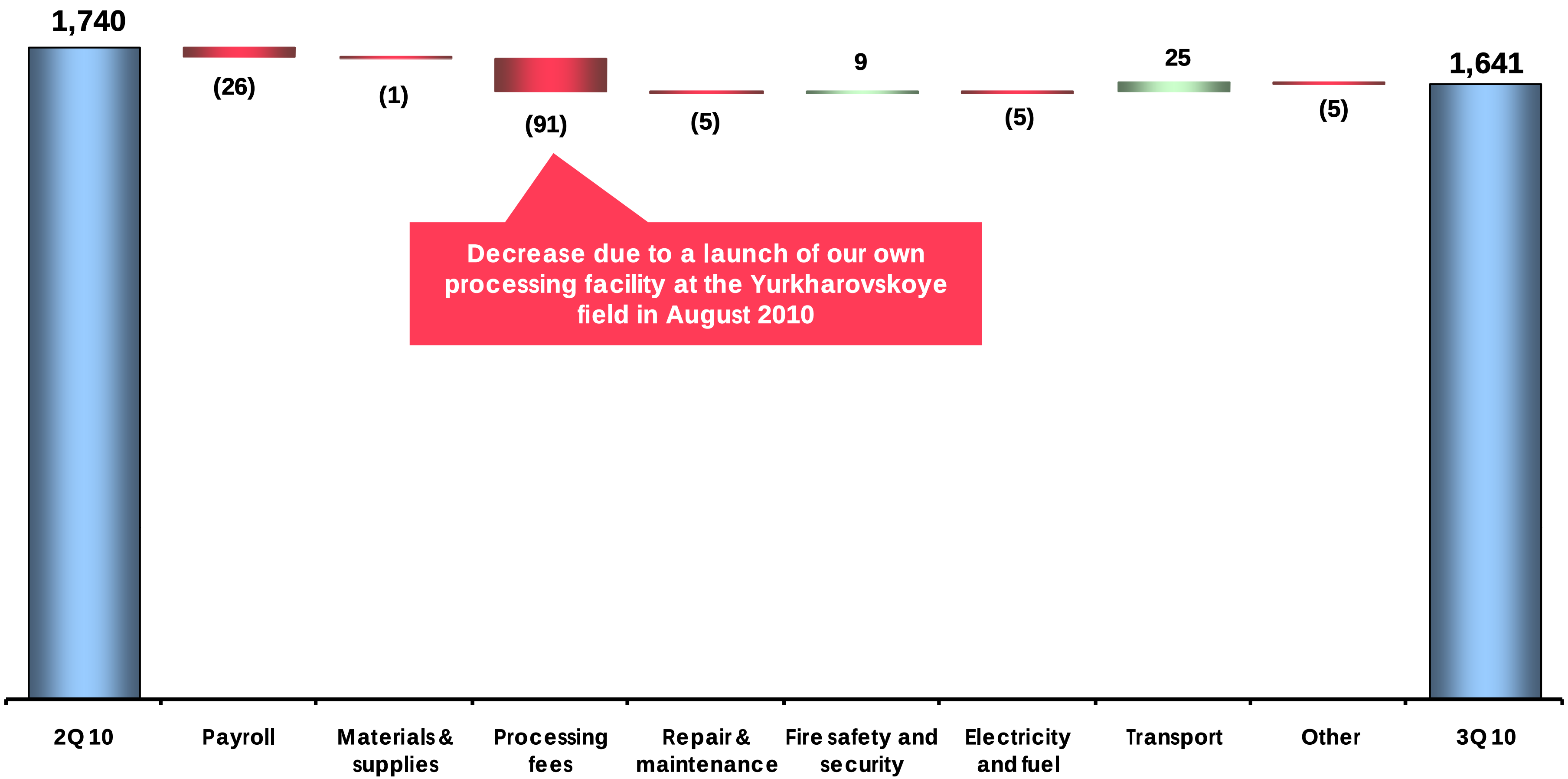
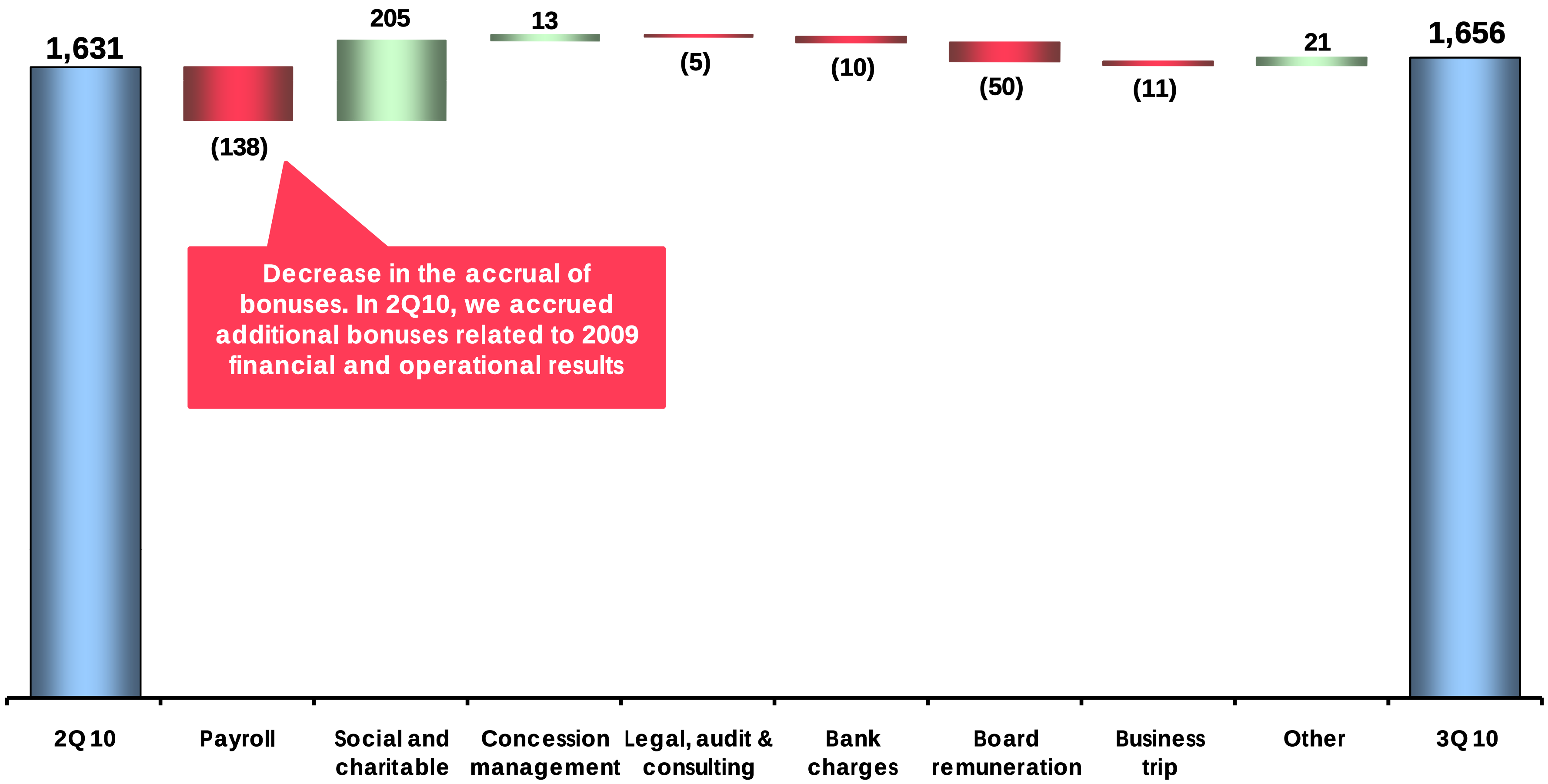
Materials, Services and Other Expenses (RR million)



General and Administrative Expenses (RR million)



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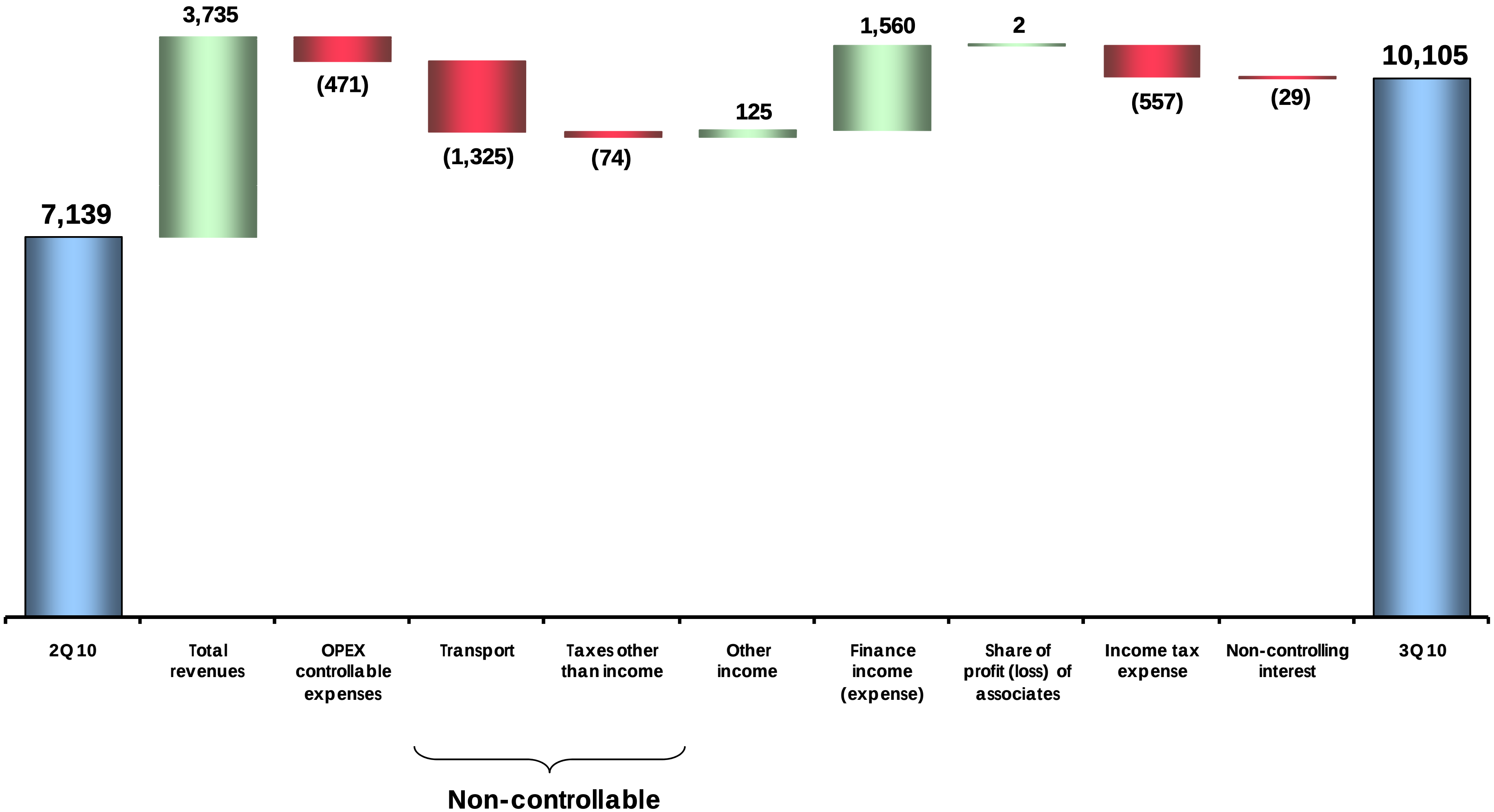
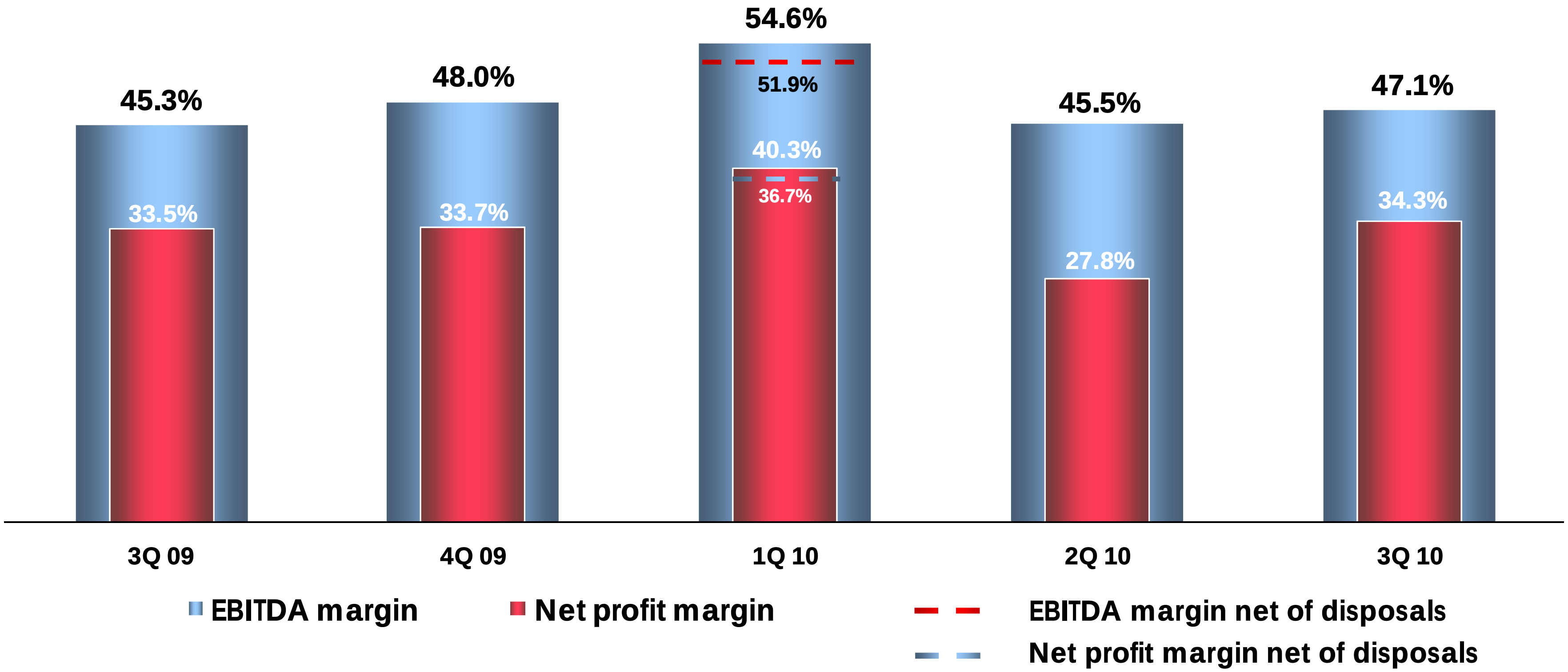
Profit Attributable to NOVATEK Shareholders (RR million)



Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

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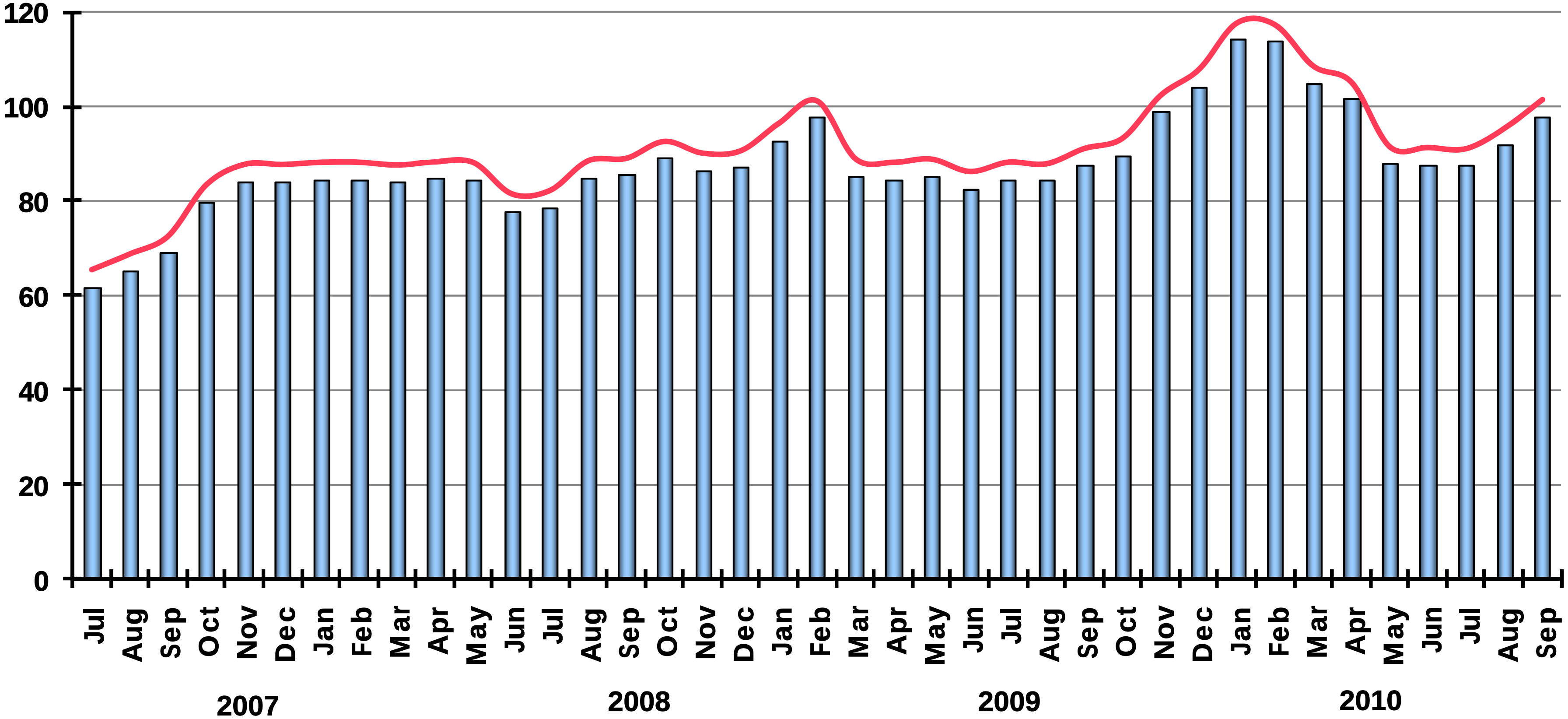
Increasing Natural Gas Production[1] (mmcm per day)



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

3Q 10 Avg.
92 mmcm/day
3,262 bcf/day

9M 10 Avg.
98 mmcm/day
3,478 bcf/day

Note 1: Production shown is gross production

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Condensed Balance Sheet (RR million)

	30 September 2010	31 December 2009	+/(-)	+/(-)%
Total current assets	**27,395**	**26,867**	**528**	**2.0%**
Incl. Cash and cash equivalents	*12,463*	*10,532*	*1,931*	*18.3%*
Total non-current assets	**187,785**	**166,264**	**21,521**	**12.9%**
Incl. Net PP&E	*181,931*	*161,448*	*20,483*	*12.7%*
Assets classified as held for sale	**-**	***508***	**(508)**	**-100.0%**
Total assets	**215,180**	**193,639**	**21,541**	**11.1%**
Total current liabilities	**16,603**	**23,593**	**(6,990)**	**-29.6%**
Incl. ST debt	*10,396*	*13,827*	*(3,431)*	*-24.8%*
Total non-current liabilities	**38,647**	**36,602**	**2,045**	**5.6%**
Incl. Deferred income tax liability	*8,977*	*7,460*	*1,517*	*20.3%*
Incl. LT debt	*23,614*	*23,876*	*(262)*	*-1.1%*
Liabilities assoc. with assets held for sale	**-**	**4**	**(4)**	**-100.0%**
Total liabilities	**55,250**	**60,199**	**(4,949)**	**-8.2%**
Total equity	**159,930**	**133,440**	**26,490**	**19.9%**
Total liabilities & equity	**215,180**	**193,639**	**21,541**	**11.1%**

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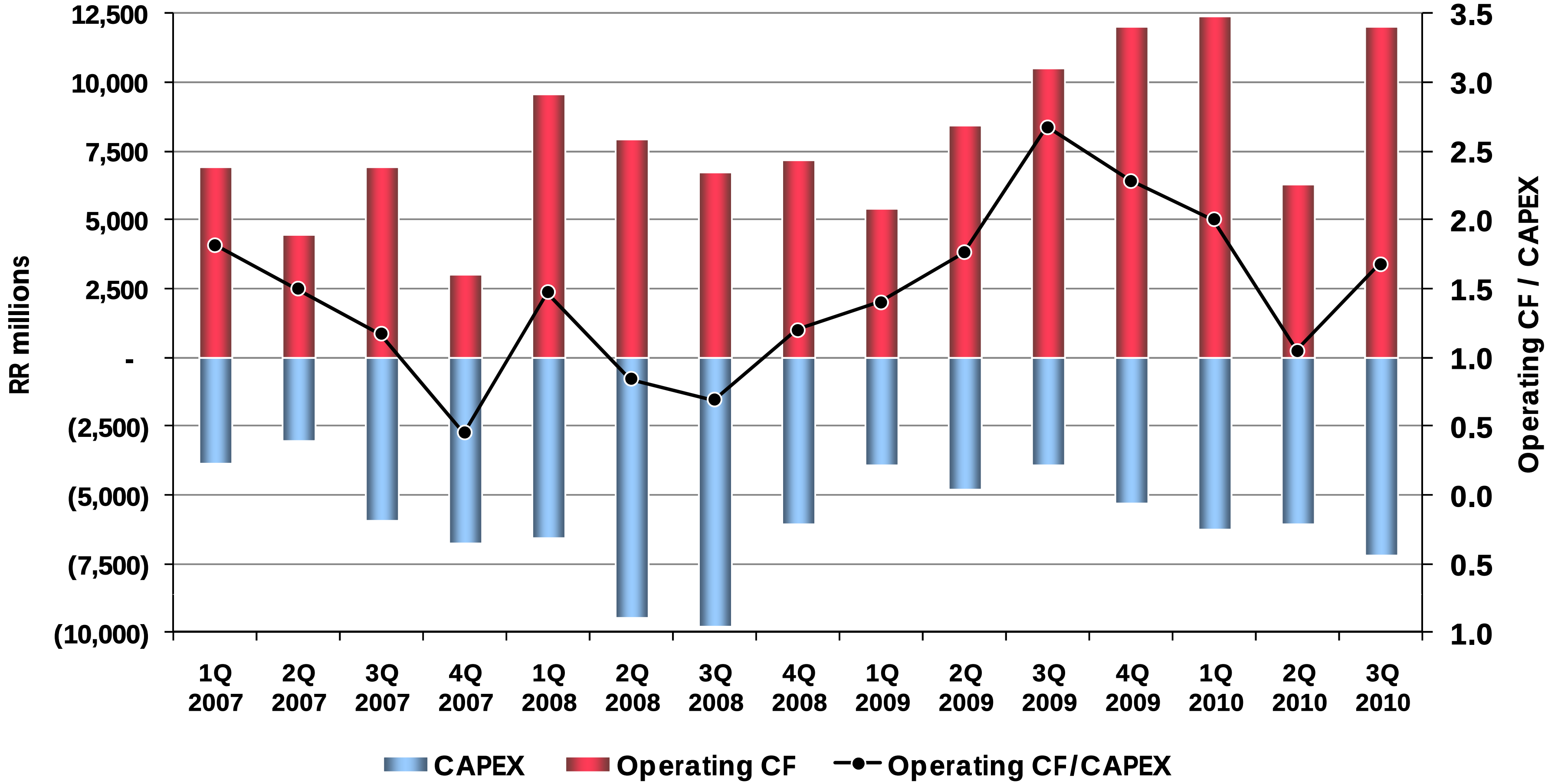
Internally funded investment program



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

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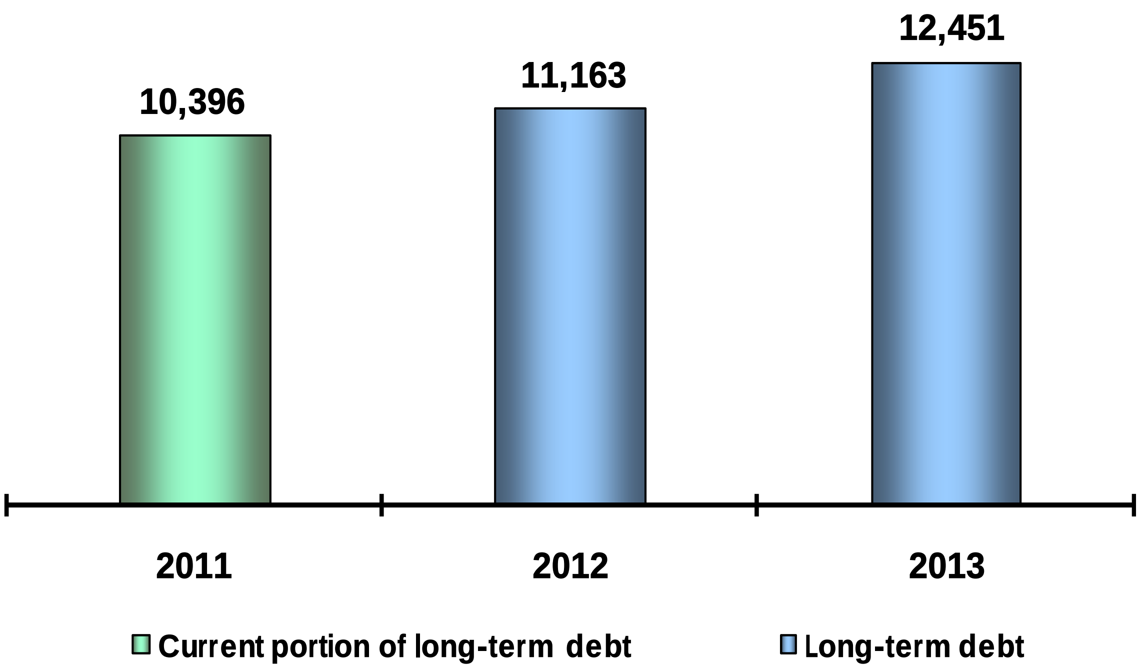
Total Debt Maturity Profile (RR million)



✓ In October 2010, the Group repaid RR 3,520 million (USD 114 million) of our Syndicated term loan facility as per maturity schedule

Debt repayment schedule:

2011 – 3 tranches of the syndicated loan *(1 tranche repaid in October 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 September 2010 with repayments in the 12 months ended 30 September 2011, 2012, 2013

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Questions and Answers

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