Fourth Quarter and Full Year 2010 Operational and Financial Results Conference Call


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Moscow, Russian Federation
14 March 2011

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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NOVATEK

Summary Highlights - 2010

- **Increase in revenues and earnings** driven by higher natural gas and liquids prices and natural gas sales volumes
  - Both natural gas and liquids sales increased by 32.5%
- **Cash flow from operations increased** by 28.7% to RR 44,863 million from RR 34,847 million
- **Capital expenditures** related to exploration, production and marketing **increased** by 44.6% to RR 25,777 million
- **EPS increased** by 55.6% to RR 13.37 from RR 8.59; **EBITDA increased** by 44.0%
- **Lifting costs** amounted to $0.53 per boe (2009 - $0.50 per boe)
- **Successfully replaced** 551% of 2010 total production (SEC); 577% of 2010 natural gas production (SEC)
- **Natural gas and liquids production increased organically** due to the launch of the 2nd and 3rd stages of the 2nd phase development at our Yurkharovskoye field:
  - Natural gas production increased by 15.0%
  - Liquids production increased by 19.1%
- **Purovsky Plant output increased by 19.3%**

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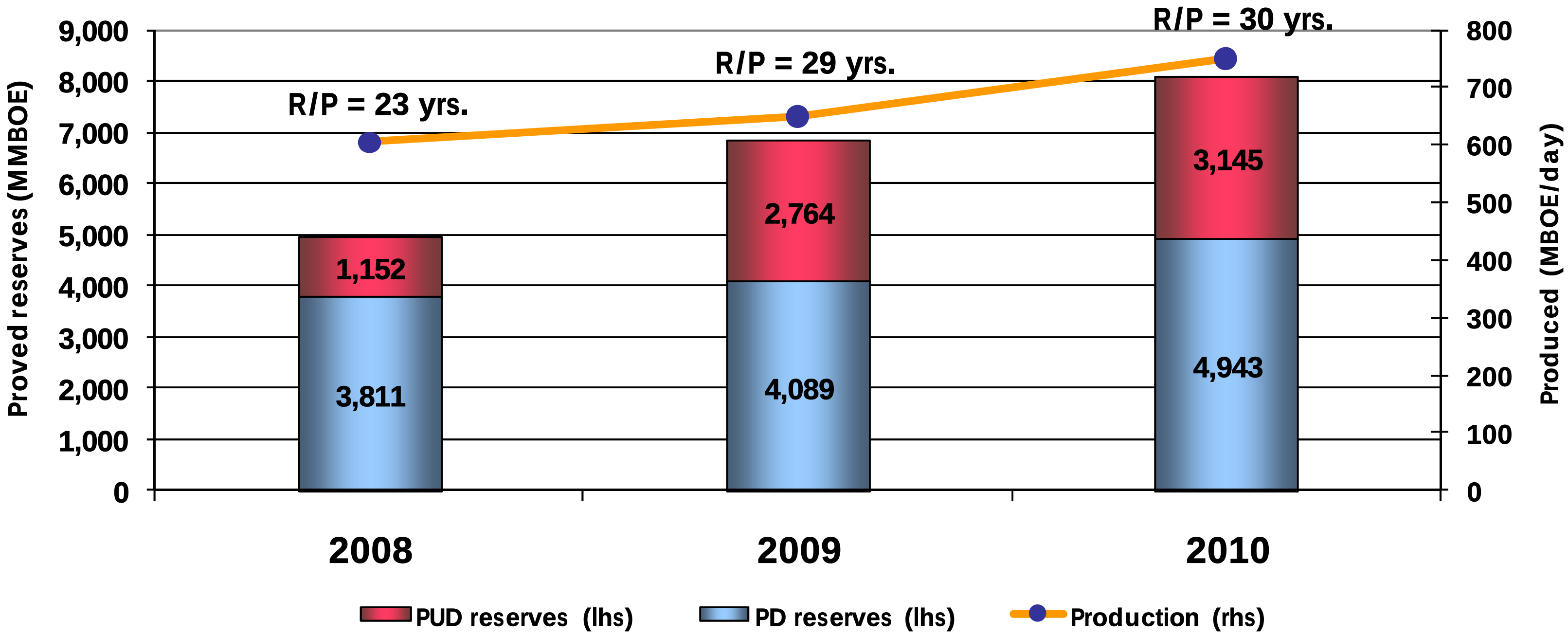
Operational Overview

Proved Reserves Base at Year-End



Our reserve replacement rate (RRR) for 2010 is 551%; our three year average RRR for 2008 to 2010 is 567%

Note: NOVATEK production and reserves (reported under the SEC methodology) based on the Company's ownership interest in consolidated subsidiaries and associated companies as of 31 December 2010 for all periods, some producing fields do not have reserve appraisals

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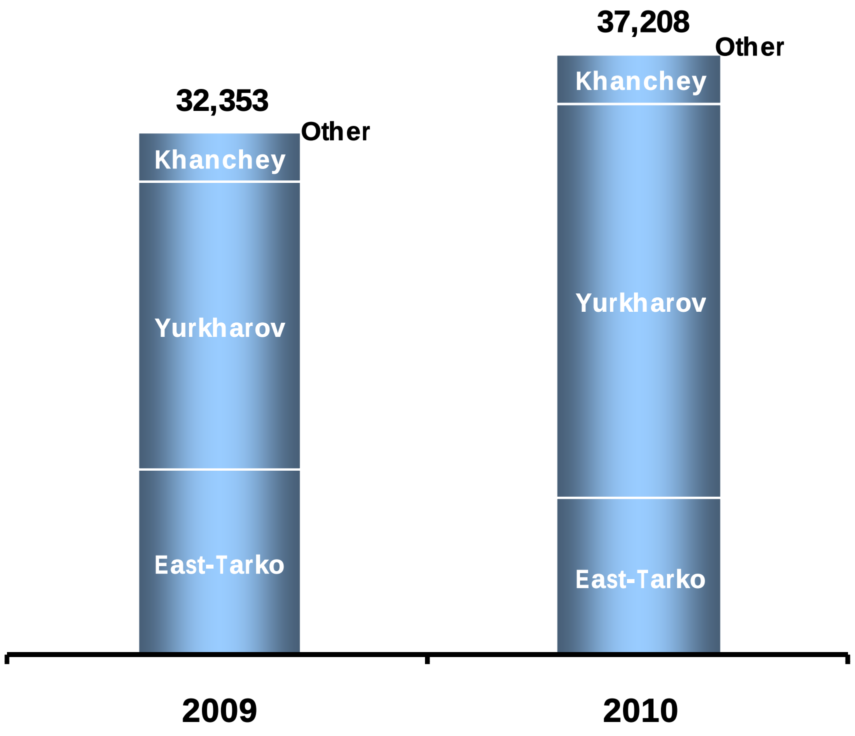
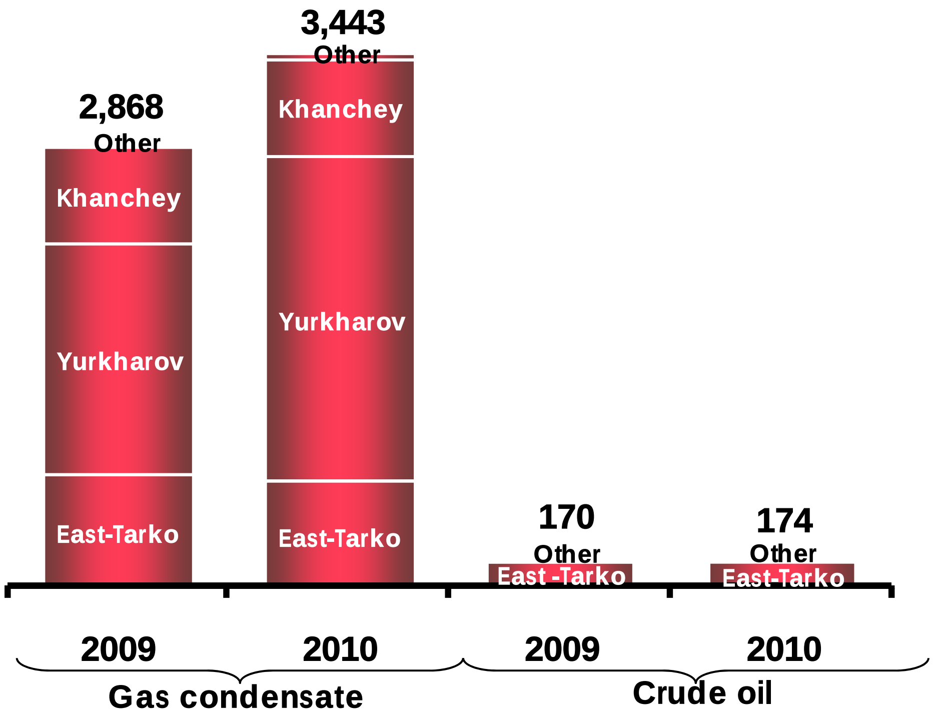
Net Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



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 in the extracted gas

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 3,402 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 1,313 mt (100% of net production)
  - Yurkharovskoye field: 2,055 mt (98% of net production)
  - Other : 34 mt
- **Total plant output: 3,374 mt**
  - Stable gas condensate: 2,484 mt
  - LPG: 880 mt
  - Methanol: ~ 10 mt
- **Plant capacity:** approximately 68%
- **41 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 22 tankers to USA ~ 1,303 mt
  - 11 tankers to Asian-Pacific Region ~ 665 mt
  - 5 tankers to Europe ~ 299 mt
  - 3 tankers to South America ~ 178 mt
- **Stable gas condensate inventory reconciliation**
  - 2 tankers in transit ~ 119 mt
  - Rail road cisterns and port storage facilities ~ 117 mt
  - Plant storage facilities ~ 28 mt
- **Export volumes of LPG: ~ 50% of total LPG volumes**

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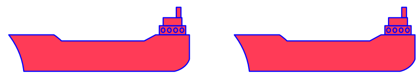
Stable Gas Condensate in Transit

"Goods in transit"
31.12.2009
0 tankers

"Goods in transit"
30.09.2010
1 tanker
~ 59 thousand tons

USA

"Goods in transit"
31.12.2010
2 tankers
~ 119 thousand tons



USA Singapore

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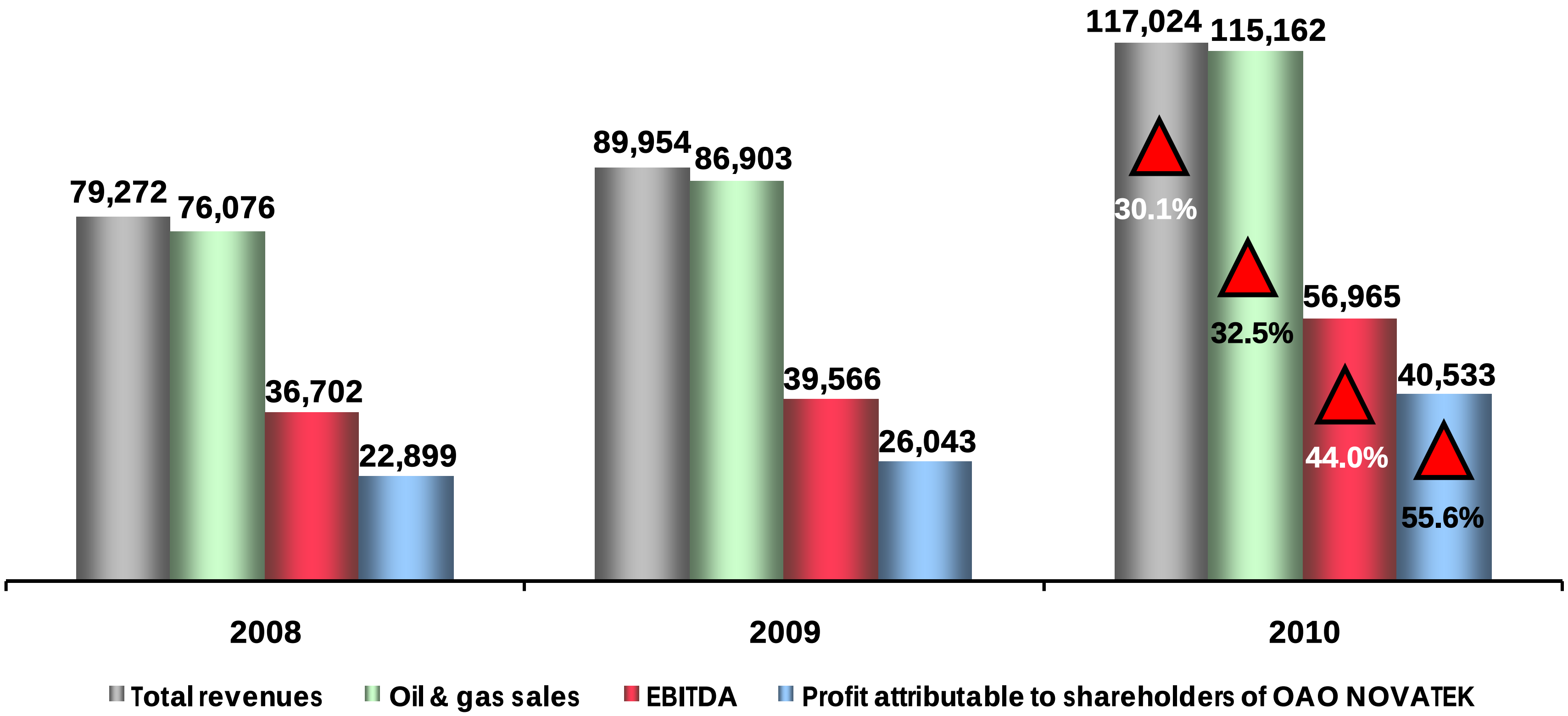
Financial Overview – 2010 vs. 2009

Summary Financial Results (RR million)



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Another Record Year (RR million)

	2010	2009	+/(-)	+/(-)%
Oil and gas sales	115,162	86,903	28,259	32.5%
Total revenues	117,024	89,954	27,070	30.1%
Operating expenses	(68,518)	(56,130)	(12,388)	22.1%
EBITDA (1)	56,965	39,566	17,399	44.0%
EBITDA margin	48.7%	44.0%	-	-
EBITDAX (2)	58,560	40,132	18,428	45.9%
Effective income tax rate	21.0%	20.7%	-	-
Profit attributable to NOVATEK	40,533	26,043	14,490	55.6%
Net profit margin	34.6%	29.0%	-	-
Earnings per share	13.37	8.59	4.78	55.6%
CAPEX	26,106	17,872	8,234	46.1%
Net debt (3)	61,988	27,171	34,817	128.1%

Notes:

1. EBITDA represents net profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of income tax expense and finance income (expense) from the Statement of Income, and depreciation, depletion and amortization and Share-based compensation from the Statement of Cash Flows
2. EBITDAX represents EBITDA as adjusted for the addback of exploration expenses
3. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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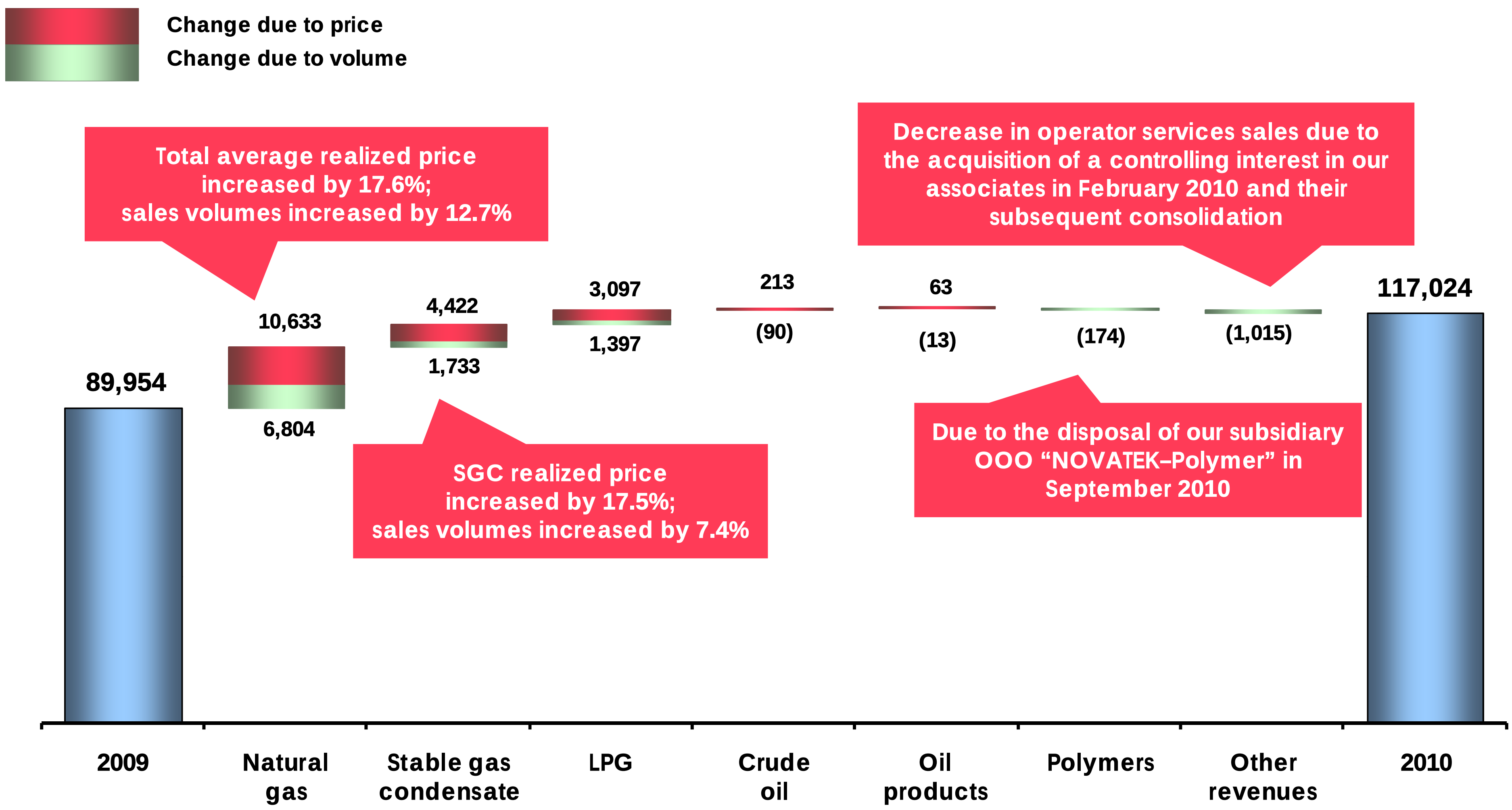
Total Revenues (RR million)



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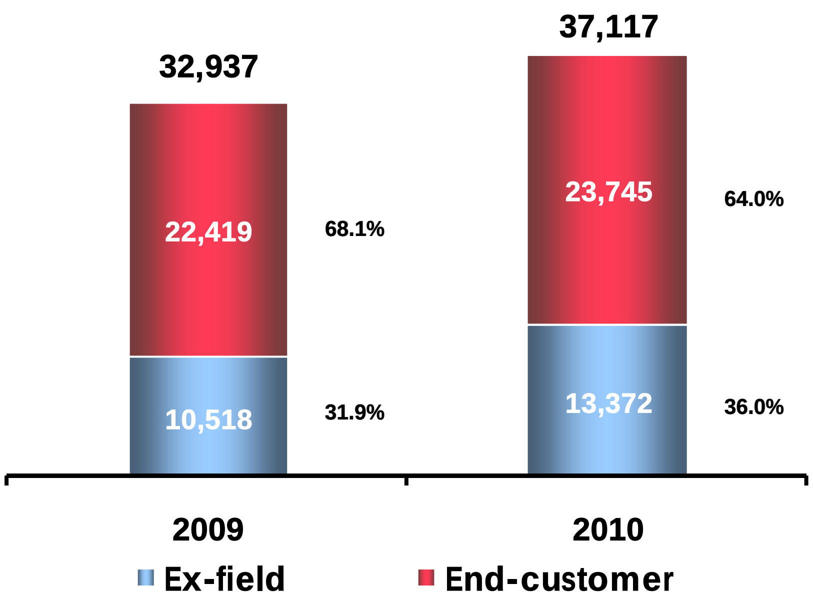
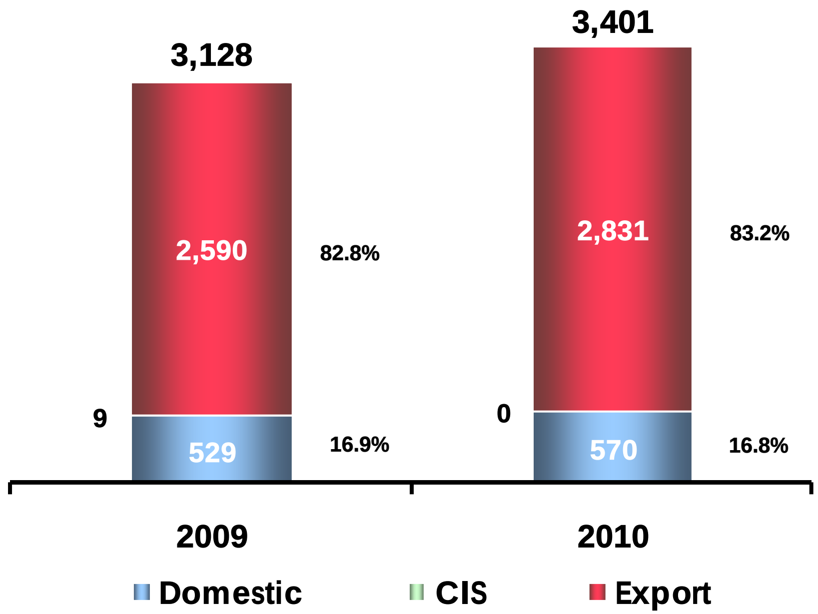
Market Distribution – Sales Volumes

Natural gas sales volumes, mmcm



Liquids sales volumes, mt



- Growth in natural gas sales volumes was mainly due to increased production at the Yurkharovskoye field which was offset by a decrease in purchases from third parties
- End-customer sales volumes as a % of total natural gas sales volumes decreased due primarily to a cessation of natural gas deliveries to traders in remote points in 2010, previously classified as end-customer's sales

- Growth in liquids sales volumes was mainly due to an increase in gas condensate production at our Yurkharovskoye field

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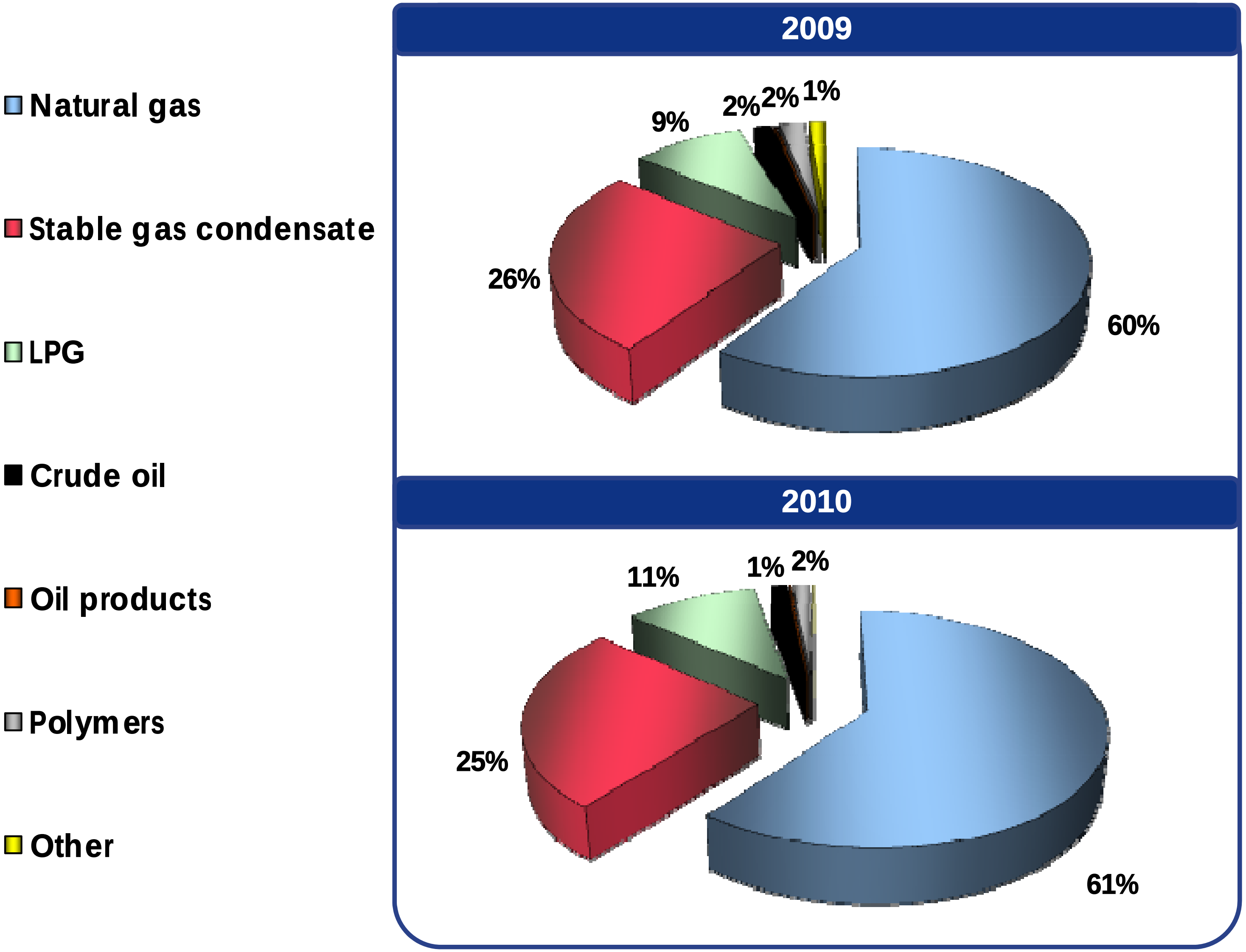
Total Revenues Breakdown



Realized Hydrocarbon Prices (net of VAT and export duties)

	2010	2009	+/(-)	+/(-)%
Domestic prices				
Natural gas end-customers, RR/mcm	2,310	1,933	377	19.5%
Natural gas sales to traders in remote points, RR/mcm	-	1,836	n/a	n/a
Natural gas ex-field, RR/mcm	1,211	1,049	162	15.4%
Stable gas condensate, RR/ton	10,022	6,483	3,539	54.6%
LPG (commercial price), RR/ton	11,057	8,112	2,945	36.3%
LPG (regulated price), RR/ton	6,557	5,750	807	14.0%
LPG (retail and small wholesale stations), RR/ton	12,006	11,745	261	2.2%
Crude oil, RR/ton	7,523	6,051	1,472	24.3%
Oil products, RR/ton	6,773	5,419	1,354	25.0%
CIS market				
LPG, RR/ton	17,351	10,694	6,657	62.2%
Export market				
Stable gas condensate, RR/ton	12,778	10,989	1,789	16.3%
LPG, RR/ton	18,433	13,416	5,017	37.4%
Crude oil, RR/ton	8,538	8,093	445	5.5%
Oil products, RR/ton	-	9,498	n/a	n/a

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

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

	2010	% of TR	2009	% of TR
Transportation expenses	37,200	31.8%	29,026	32.3%
Taxes other than income tax	10,077	8.6%	8,042	8.9%
Non-controllable expenses	47,277	40.4%	37,068	41.2%
General and administrative	6,733	5.8%	5,126	5.7%
Depreciation, depletion and amortization	6,616	5.7%	5,588	6.2%
Materials, services & other	6,072	5.2%	6,259	7.0%
Exploration expenses	1,595	1.4%	566	0.6%
Net impairment expense	541	0.5%	125	0.1%
Change in natural gas, liquids, and polymer products and WIP	(470)	n/m	255	n/m
Subtotal operating expenses	68,364	58.4%	54,987	61.1%
Purchases of natural gas and liquid hydrocarbons	154	0.1%	1,143	1.3%
Total operating expenses	68,518	58.6%	56,130	62.4%

- Total operating expenses as a percentage of total revenues decreased from 62.4% in 2009 to 58.6% in 2010 primarily due to an increase in our natural gas sales prices and volumes, as well as liquids sales prices
- Transportation expenses increased due primarily to increases in the natural gas transportation tariff and volumes
- Taxes other than income tax increased primarily due to an increase in UPT expense as a result of higher natural gas and liquids production as well as excise and fuel taxes incurred in 2010 with the commencement of LPG commercial activities in Poland
- The increase in DDA was primarily due to an increase in our depletable cost base and a 15.5% increase in our hydrocarbon production in barrels of oil equivalent (boe)
- Purchases of natural gas and liquid hydrocarbons decreased mainly due to decreases in purchases of natural gas by RR 1,021 million and crude oil by RR 61 million which was partially offset by an increase in oil products and LPG purchases by RR 93 million

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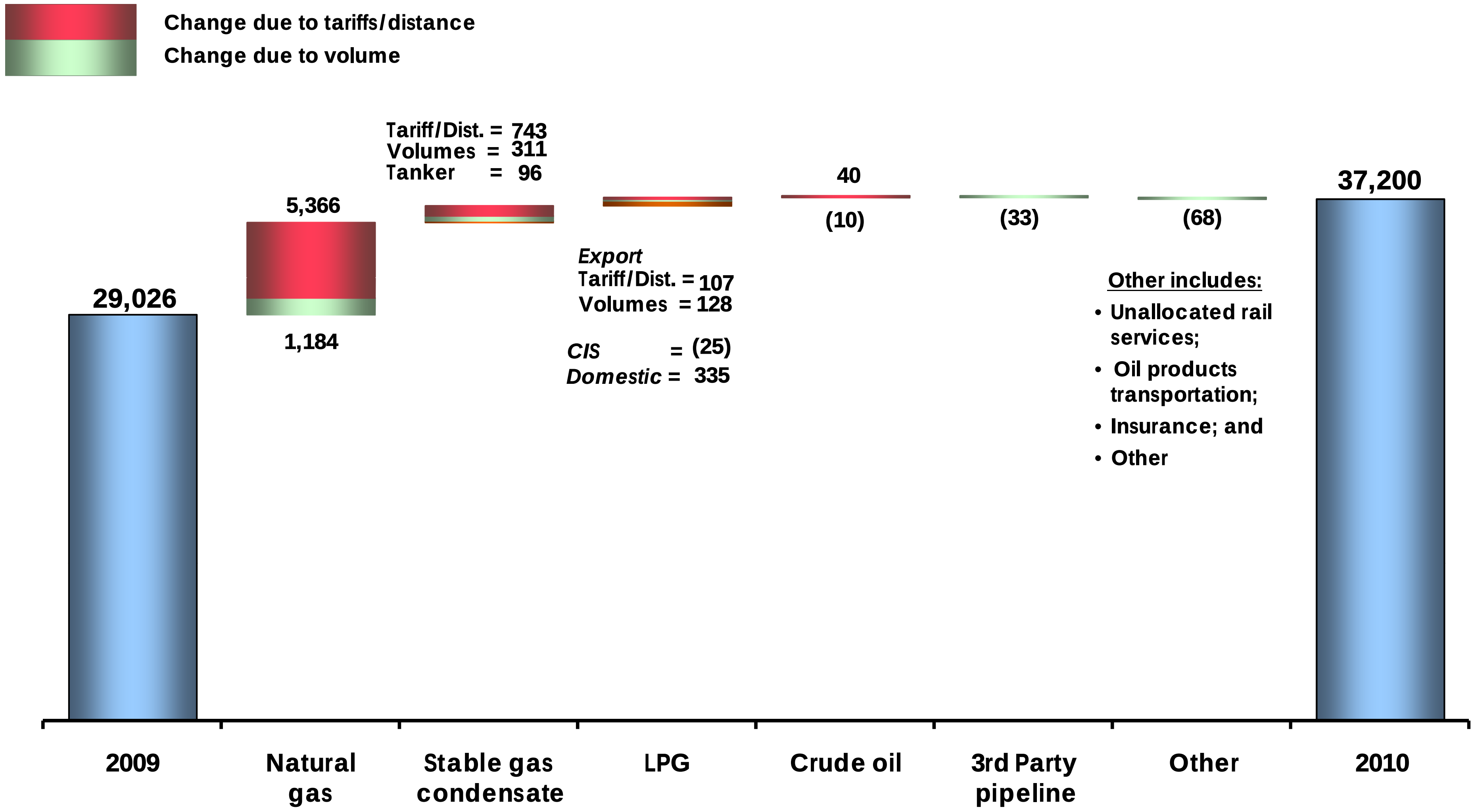
Transportation Expenses (RR million)



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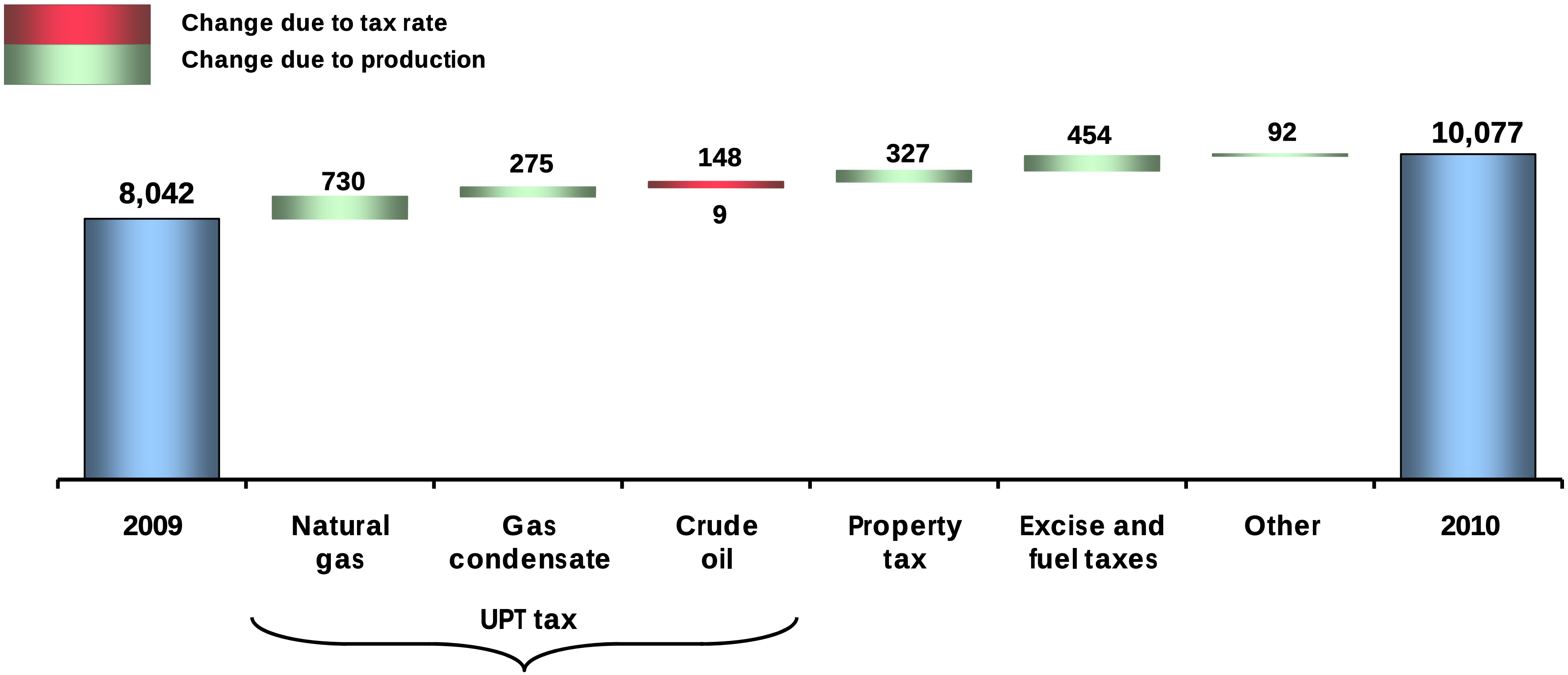
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas and gas condensate was due to an increase in our production volumes by 15.0% and 20.0%, respectively
- In the 2010 period, we expensed RR 454 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 327 million, or 28.3%, primarily due to additions of PP&E at our production subsidiaries

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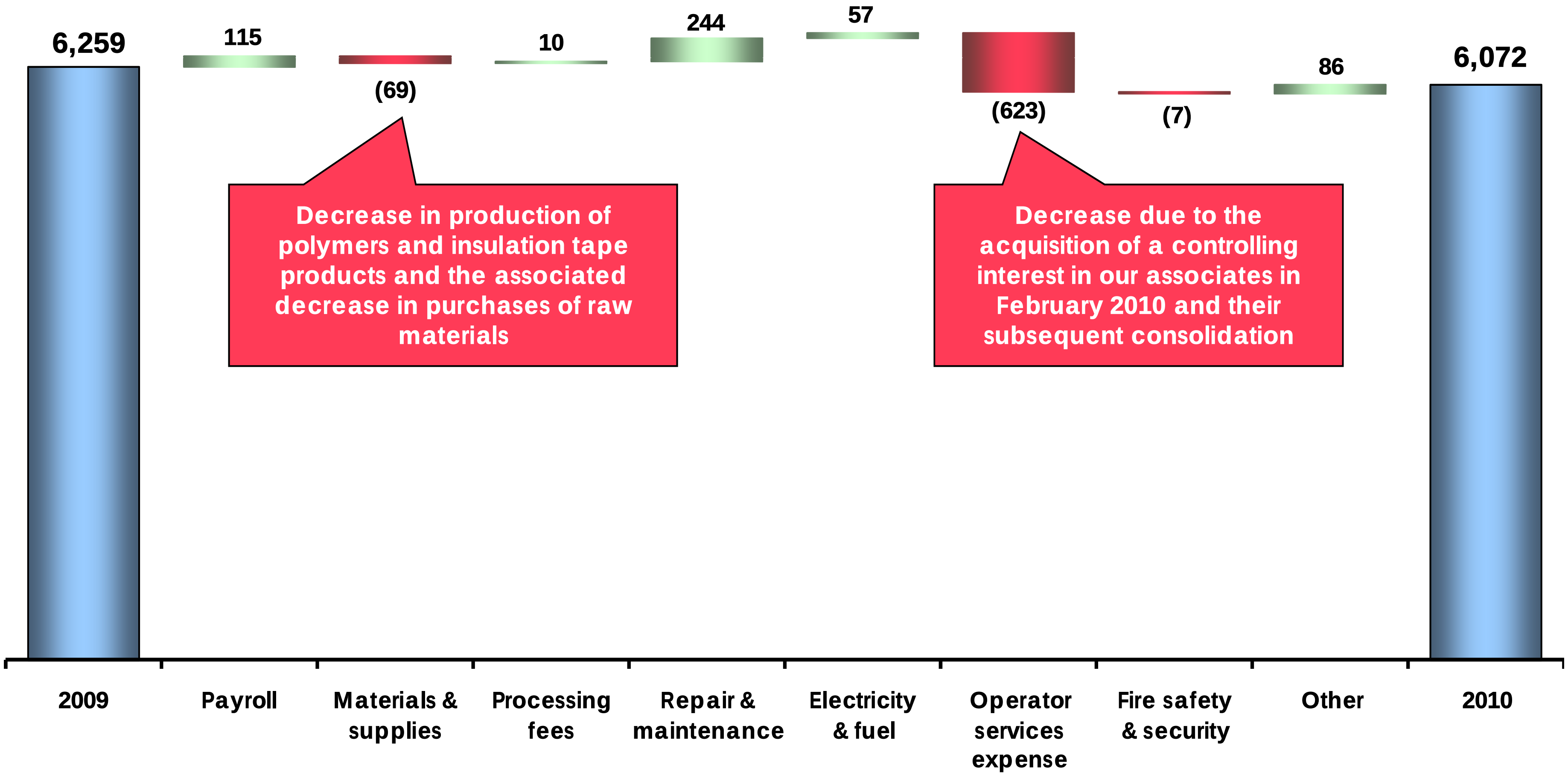
Materials, Services and Other Expenses (RR million)



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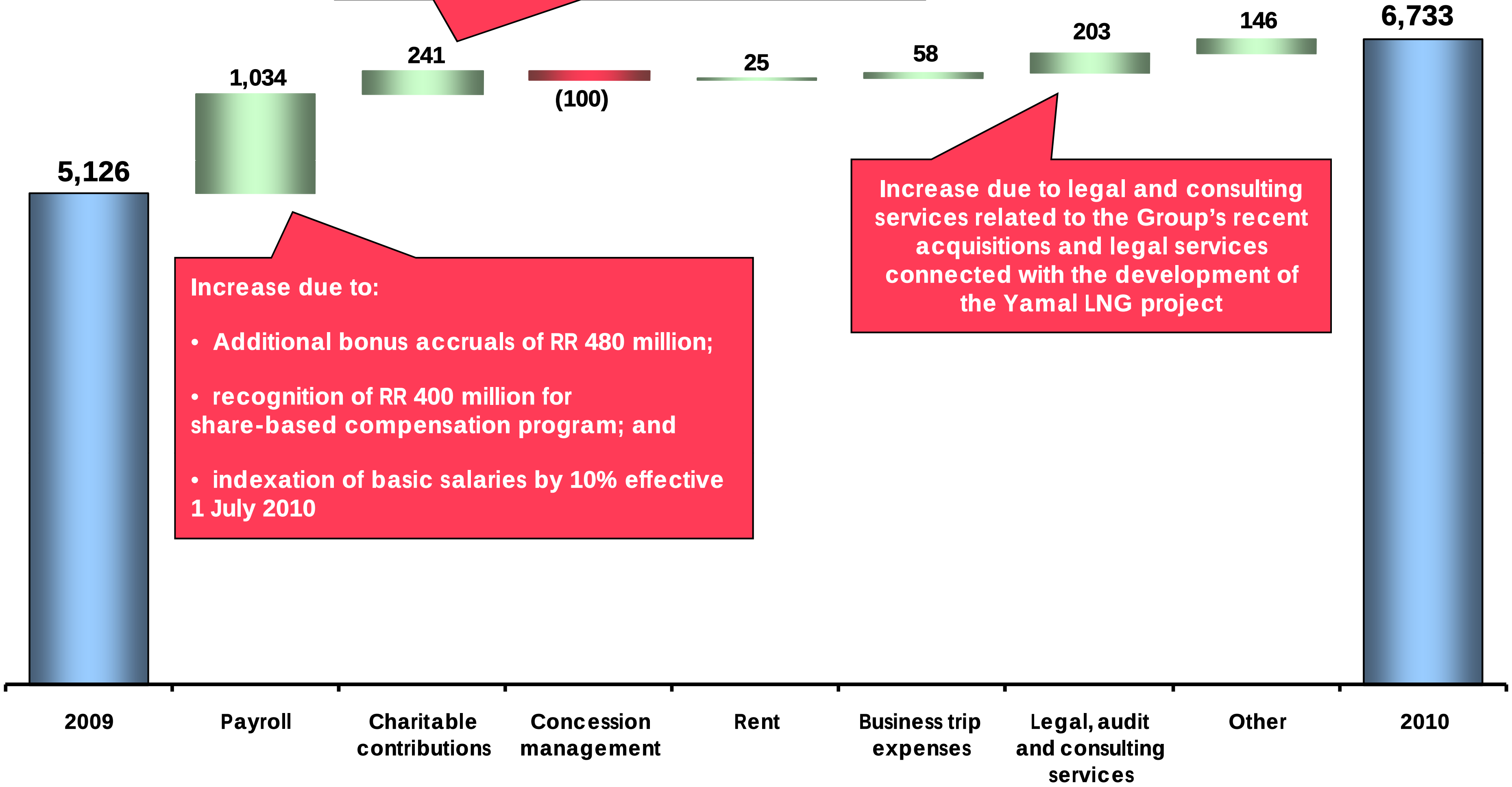
General and Administrative Expenses (RR million)



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

Increase due to:

- Additional bonus accruals of RR 480 million;
- recognition of RR 400 million for share-based compensation program; and
- indexation of basic salaries by 10% effective 1 July 2010

Increase due to legal and consulting services related to the Group's recent acquisitions and legal services connected with the development of the Yamal LNG project

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Condensed Balance Sheet (RR million)

	31 December 2010	31 December 2009	+/(-)	+/(-)%
Total current assets	**29,565**	**26,867**	**2,698**	**10.0%**
Incl. Cash and cash equivalents	*10,238*	*10,532*	*(294)*	*-2.8%*
Total non-current assets	**255,608**	**166,264**	**89,344**	**53.7%**
Incl. Net PP&E	*185,573*	*161,448*	*24,125*	*14.9%*
Assets classified as held for sale	**-**	***508***	**(508)**	**-100.0%**
Total assets	**285,173**	**193,639**	**91,534**	**47.3%**
Total current liabilities	**57,441**	**23,593**	**33,848**	**143.5%**
Incl. ST debt	*25,152*	*13,827*	*11,325*	*81.9%*
Total non-current liabilities	**59,946**	**36,602**	**23,344**	**63.8%**
Incl. Deferred income tax liability	*9,473*	*7,460*	*2,013*	*27.0%*
Incl. LT debt	*47,074*	*23,876*	*23,198*	*97.2%*
Liabilities assoc. with assets held for sale	**-**	**4**	**(4)**	**-100.0%**
Total liabilities	**117,387**	**60,199**	**57,188**	**95.0%**
Total equity	**167,786**	**133,440**	**34,346**	**25.7%**
Total liabilities & equity	**285,173**	**193,639**	**91,534**	**47.3%**

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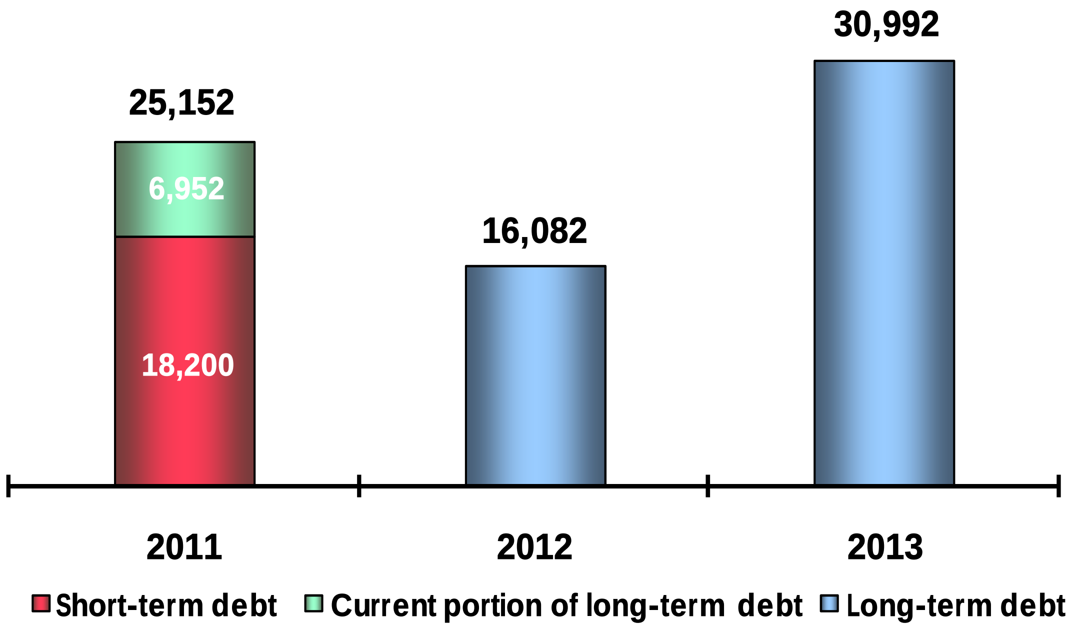
Total Debt Maturity Profile (RR million)



✓ In January 2011, the Group repaid RR 3,419 million (USD 114 million) of our Syndicated term loan facility as per maturity schedule

✓ In February 2011, the Group repaid the bridge loan (USD 600 million) ahead of maturity

✓ In February 2011, the Group issued two tranches of Eurobonds in an aggregate amount of USD 1,250 million

Debt repayment schedule:

2011 – 2 tranches of the syndicated loan *(1 tranche repaid in January 2011)*

2012 – Gazprombank credit line and UniCredit loan

2013 – Sberbank loan, Russian rouble denominated bonds, Nordea bank credit line facility

Note: Current debt maturity profile as of 31 December 2010 with repayments in the 12 months ended 31 December 2011, 2012 and 2013

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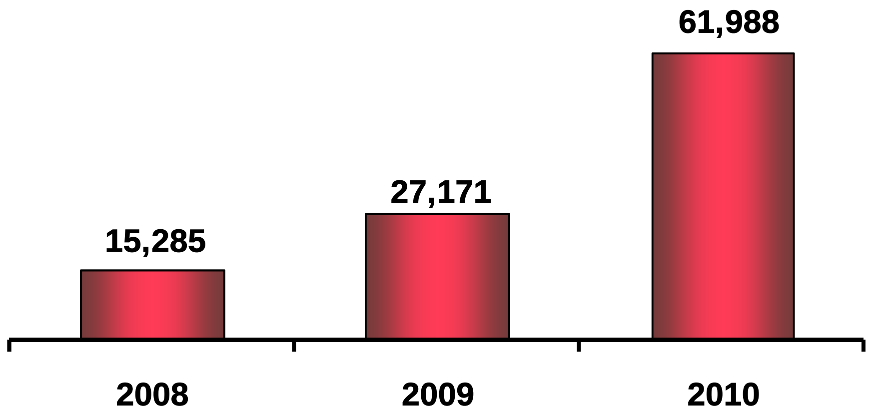
Debt Structure

Debt structure and maturities

RR million	2010	2009
Short-term debt	**25,152**	**13,827**
Including current portion of long-term debt	*6,952*	*13,827*
Long-term debt	**47,074**	**23,876**
Scheduled maturities		
2012	16,082	11,726
2013	30,992	12,150
Total debt	**72,226**	**37,703**
Cash and cash equivalents	**10,238**	**10,532**
Net debt (cash)	**61,988**	**27,171**

Net Debt (cash) evolution, RR million



During 2010, the Group:

- obtained a RR 15 billion loan from Sberbank (December)
- entered into a USD 200 million credit line facility with Nordea Bank (November)
- obtained a USD 600 million bridge loan facility for financing our portion of the SeverEnergia acquisition (November)
- issued RR ten billion in three-year non-convertible Russian rouble denominated bonds (June)

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Financial Overview – 4Q 10 vs. 3Q 10

Comparison of Quarterly Results (RR million)

	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	26,994	27,237	25,050	28,786	34,089	18.4%	26.3%
Total revenues	27,854	27,742	25,706	29,441	34,135	15.9%	22.5%
Operating expenses	16,075	15,947	15,717	17,587	19,267	9.6%	19.9%
EBITDA (1)	13,373	15,160	11,690	13,863	16,252	17.2%	21.5%
EBITDA margin	48.0%	54.6%	45.5%	47.1%	47.6%		
Effective income tax rate	19.9%	20.8%	20.9%	19.4%	22.5%		
Profit attributable to NOVATEK	9,378	11,182	7,139	10,105	12,107	19.8%	29.1%
Net profit margin	33.7%	40.3%	27.8%	34.3%	35.5%		
Earnings per share	3.09	3.69	2.35	3.33	4.00	19.8%	29.1%
CAPEX	5,274	6,230	6,052	7,196	6,628	-7.9%	25.7%
Net debt (2)	27,171	22,153	26,906	21,547	61,988	187.7%	128.1%

Notes:

1. EBITDA represents net profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the addback of income tax expense and finance income (expense) from the Statement of Income, and depreciation, depletion and amortization and Share-based compensation from the Statement of Cash Flows
2. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

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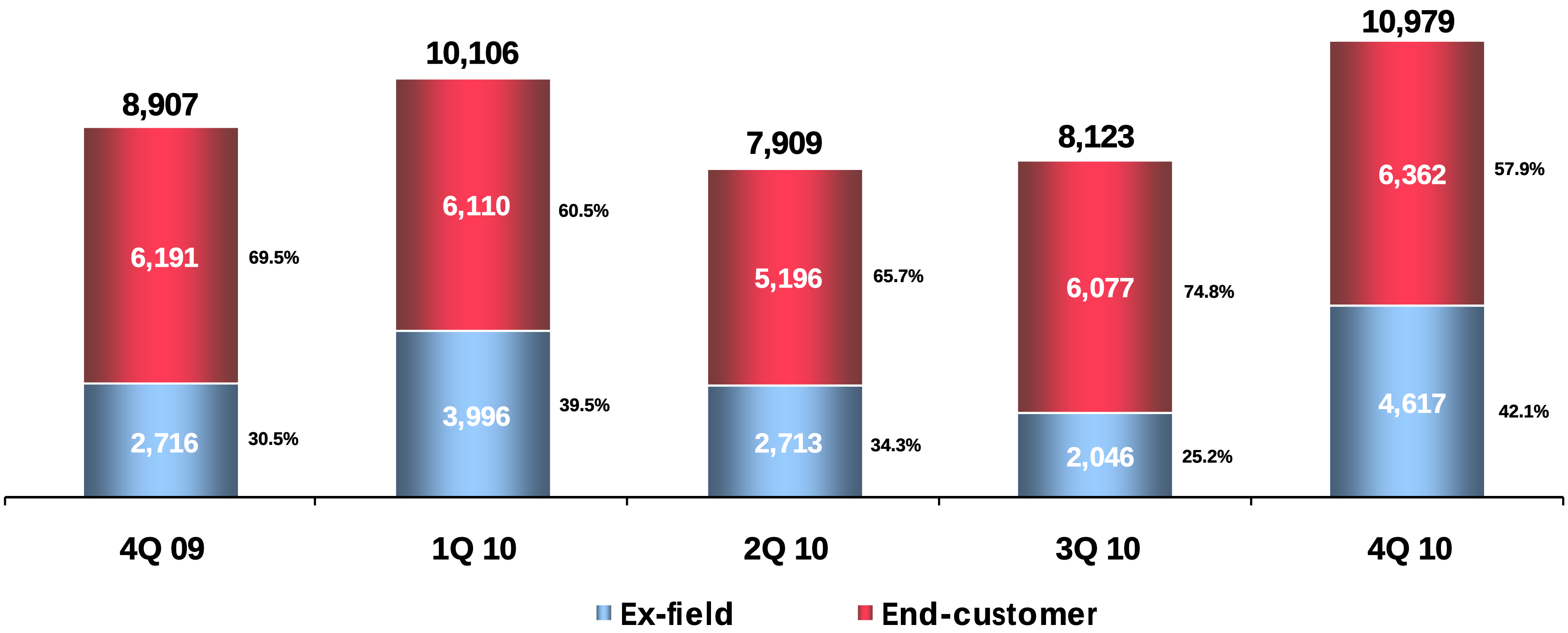
Market Distribution – Gas Sales Volumes (mmcm)



- Ex-field sales volumes as a % of total natural gas sales volumes increased Q-o-Q due to an increase in purchases by our main wholesale traders in line with full-year contractual obligations
- Y-o-Y increase in natural gas sales volumes was due to a 21.0% increase in production and a decrease in inventory balances as of 31 December 2010, which was offset by a reduction in third party purchases
- 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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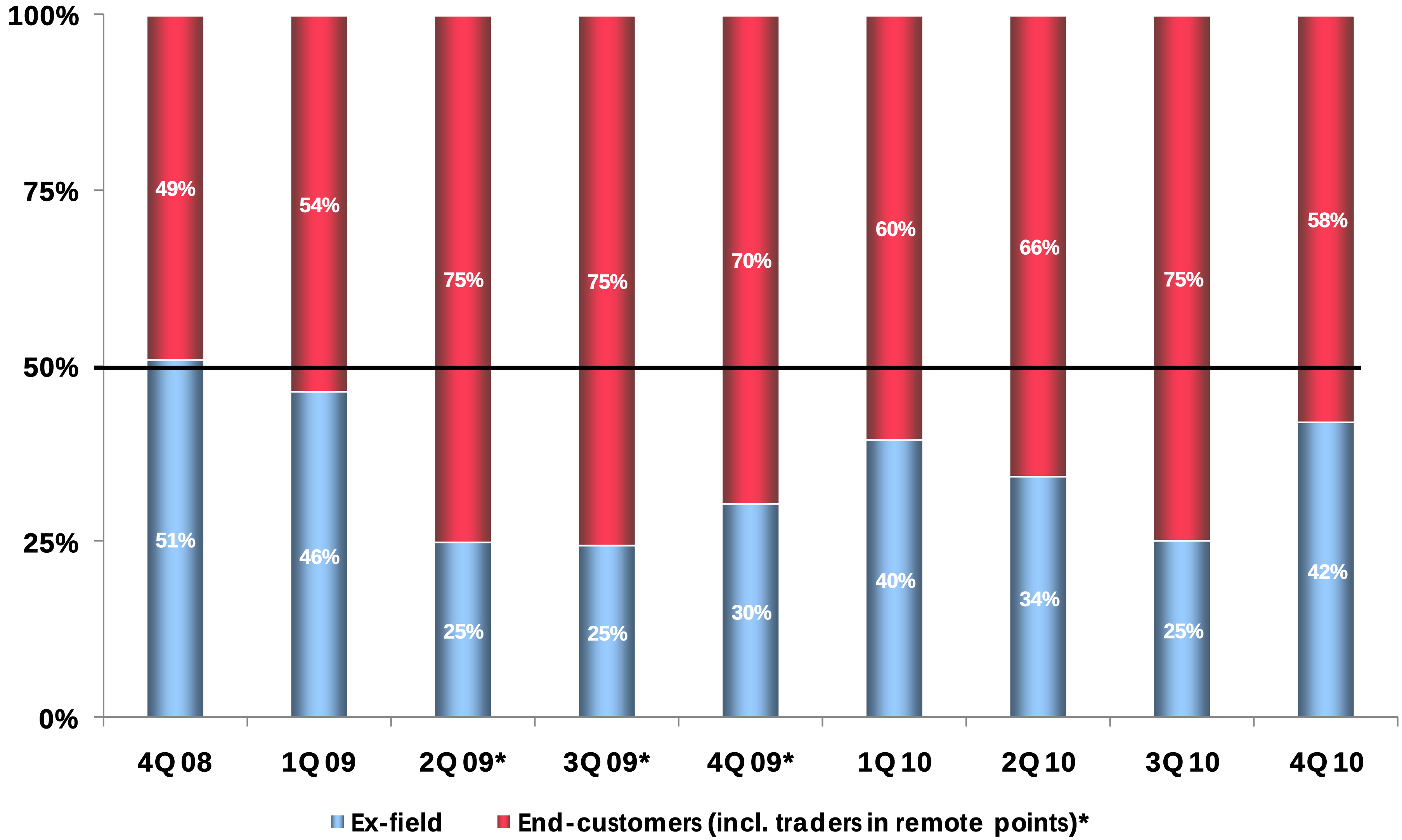
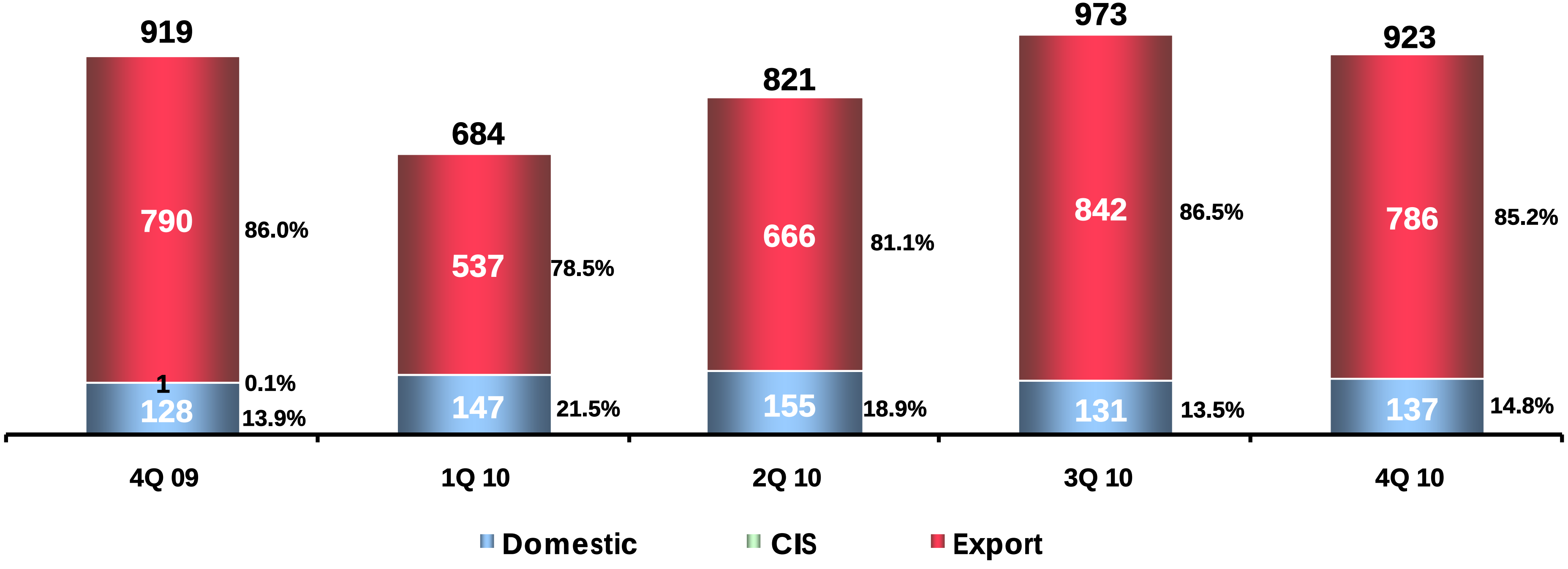
Natural Gas Sales Volume Mix



Market Distribution – Liquids Sales Volumes (mt)



- Q-o-Q decrease in liquids sales volumes was mainly due to a 58 mt increase in the 4Q10 stable gas condensate inventory balance compared to a 126 mt decrease in 3Q10

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Total Revenues (RR million)

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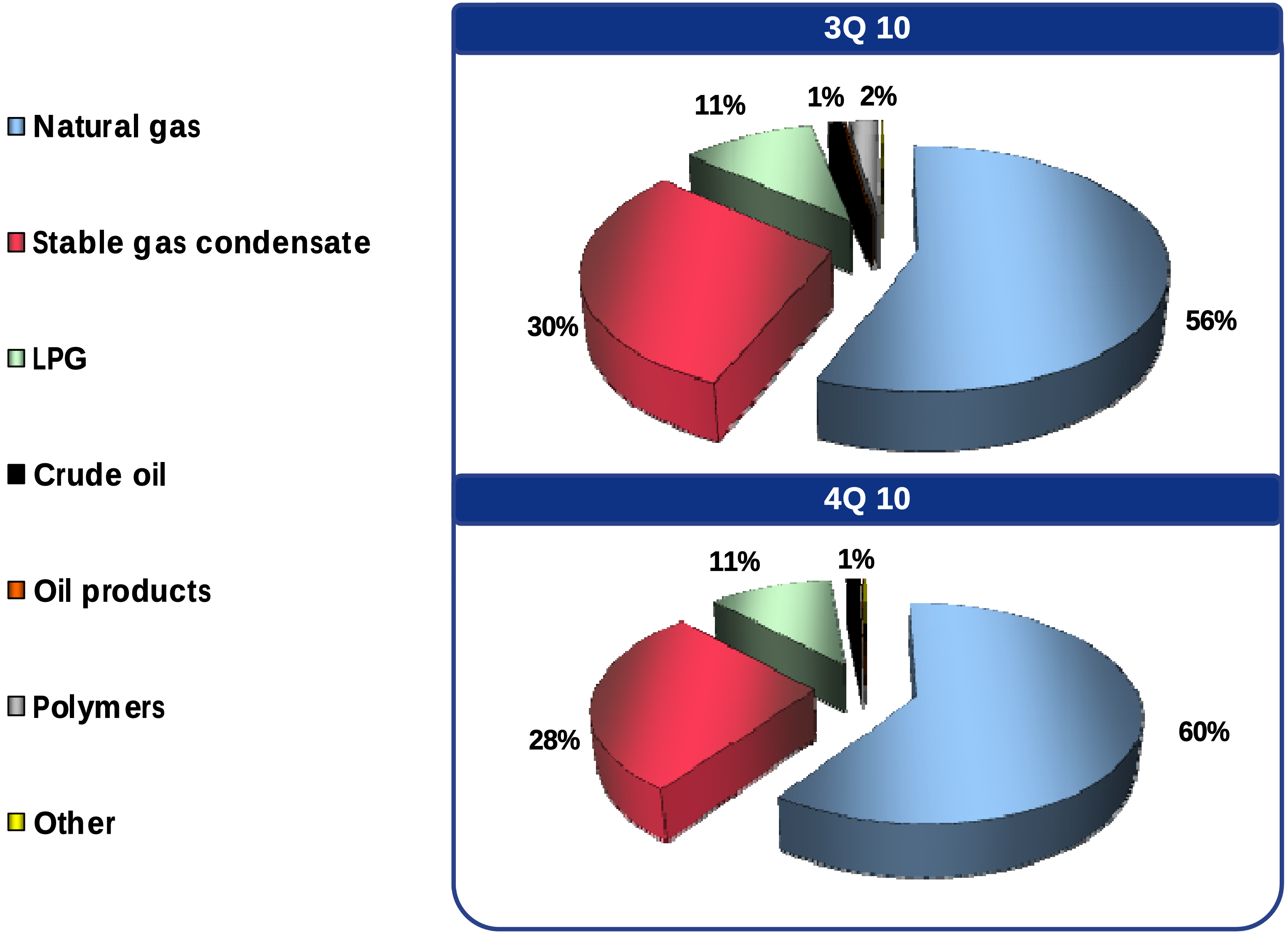
Total Revenues Breakdown



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Realized Hydrocarbon Prices (net of VAT and export duties)

4Q 09	4Q 10	+/(-)	+/(-)%		3Q 10	4Q 10	+/(-)	+/(-)%
				Domestic prices				
2,031	2,336	305	15.0%	**Natural gas end-customers, RR/mcm**	2,309	2,336	27	1.2%
1,920	-	n/a	n/a	**Natural gas traders in remote points, RR/mcm**	-	-	n/a	n/a
1,135	1,199	64	5.6%	**Natural gas ex-field, RR/mcm**	1,225	1,199	(26)	-2.1%
10,228	10,991	763	7.5%	**LPG, RR/ton**	10,525	10,991	466	4.4%
11,910	12,696	786	6.6%	**LPG (retail and small wholesale stations), RR/ton**	11,848	12,696	848	7.2%
7,113	8,287	1,174	16.5%	**Crude oil, RR/ton**	7,480	8,287	807	10.8%
7,007	-	n/a	n/a	**Oil products, RR/ton**	4,125	-	n/a	n/a
				CIS market				
16,286	-	n/a	n/a	**LPG, RR/ton**	17,351	-	n/a	n/a
				Export market				
12,601	14,553	1,952	15.5%	**Stable gas condensate, RR/ton**	12,249	14,553	2,304	18.8%
16,525	22,363	5,838	35.3%	**LPG, RR/ton**	18,683	22,363	3,680	19.7%
8,277	9,734	1,457	17.6%	**Crude oil, RR/ton**	8,623	9,734	1,111	12.9%

Note: Prices are shown excluding trading activities

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

4Q 09	% of TR	4Q 10	% of TR		3Q 10	% of TR	4Q 10	% of TR
8,268	*29.7%*	**9,940**	*29.1%*	Transportation expenses	**9,761**	*33.2%*	**9,940**	*29.1%*
2,231	*8.0%*	**3,059**	*9.0%*	Taxes other than income tax	**2,334**	*7.9%*	**3,059**	*9.0%*
10,499	*37.7%*	**12,999**	*38.1%*	**Non-controllable expenses**	**12,095**	*41.1%*	**12,999**	*38.1%*
1,437	*5.2%*	**1,983**	*5.8%*	General and administrative	**1,656**	*5.6%*	**1,983**	*5.8%*
1,665	*6.0%*	**1,682**	*4.9%*	Depreciation, depletion and amortization	**1,783**	*6.1%*	**1,682**	*4.9%*
1,704	*6.1%*	**1,143**	*3.3%*	Materials, services & other	**1,641**	*5.6%*	**1,143**	*3.3%*
219	*0.8%*	**985**	*2.9%*	Exploration expenses	**144**	*0.5%*	**985**	*2.9%*
59	*0.2%*	**352**	*1.0%*	Net impairment expense	**154**	*0.5%*	**352**	*1.0%*
113	*n/m*	**95**	*n/m*	Change in natural gas, liquids, and polymer products and WIP	**47**	*n/m*	**95**	*n/m*
15,696	*56.3%*	**19,239**	*56.3%*	**Subtotal operating expenses**	**17,520**	*59.5%*	**19,239**	*56.3%*
379	*1.4%*	**28**	*0.1%*	Purchases of natural gas and liquid hydrocarbons	**67**	*0.2%*	**28**	*0.1%*
16,075	*57.7%*	**19,267**	*56.4%*	**Total operating expenses**	**17,587**	*59.7%*	**19,267**	*56.4%*

- **Our operating expenses as a % of total revenues decreased Q-o-Q primarily due to an increase in our natural gas sales volumes**
- **Transportation expenses increased Y-o-Y mainly due to an increase in the regulated natural gas transportation tariffs**
- **Exploration expenses increased Y-o-Y and Q-o-Q primarily due to the write-off of capitalized costs for two exploratory wells**
- **Taxes other than income tax increased Y-o-Y and Q-o-Q primarily due to increased natural gas production volumes and the corresponding impact on UPT**

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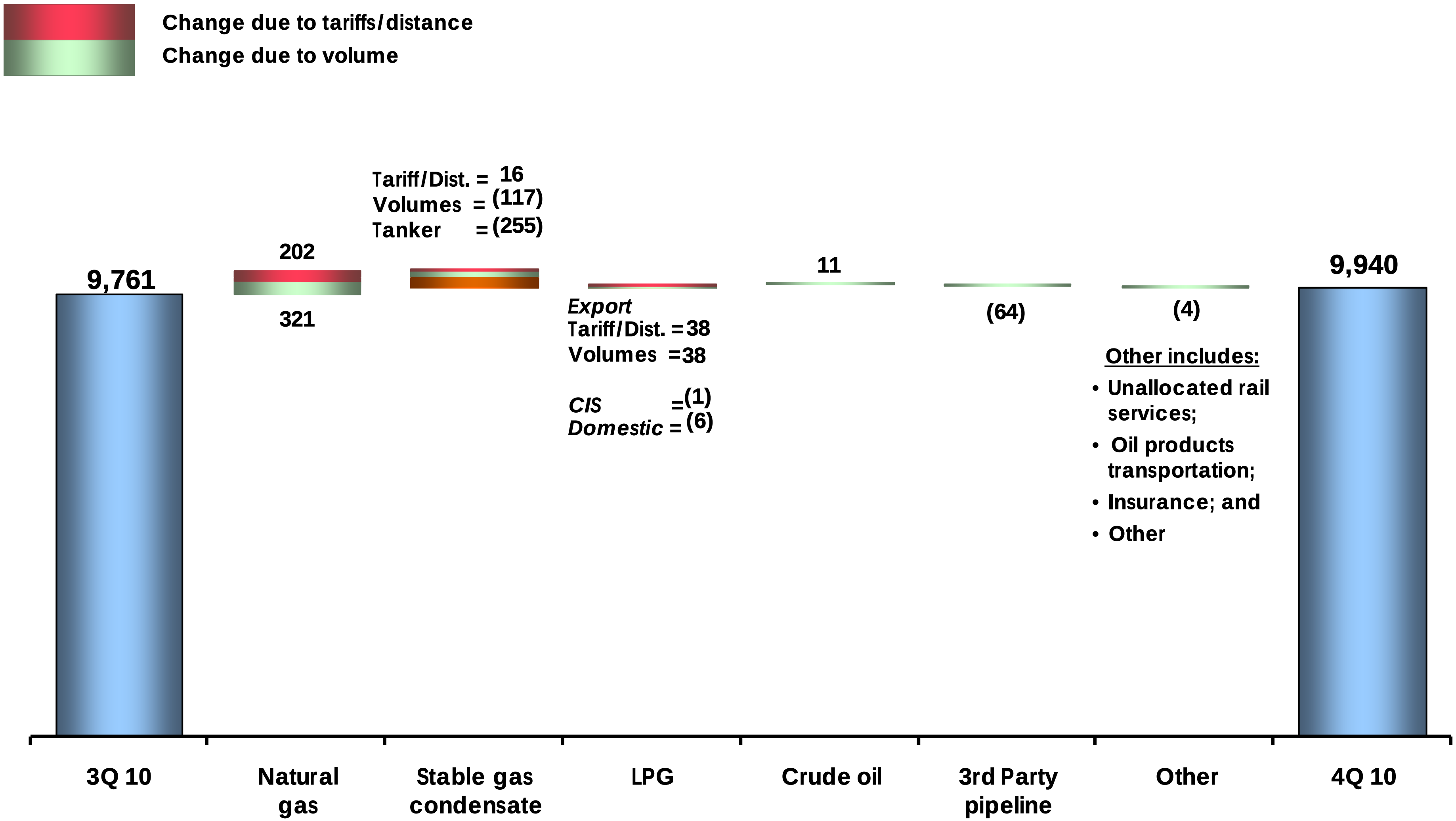
Transportation Expenses (RR million)



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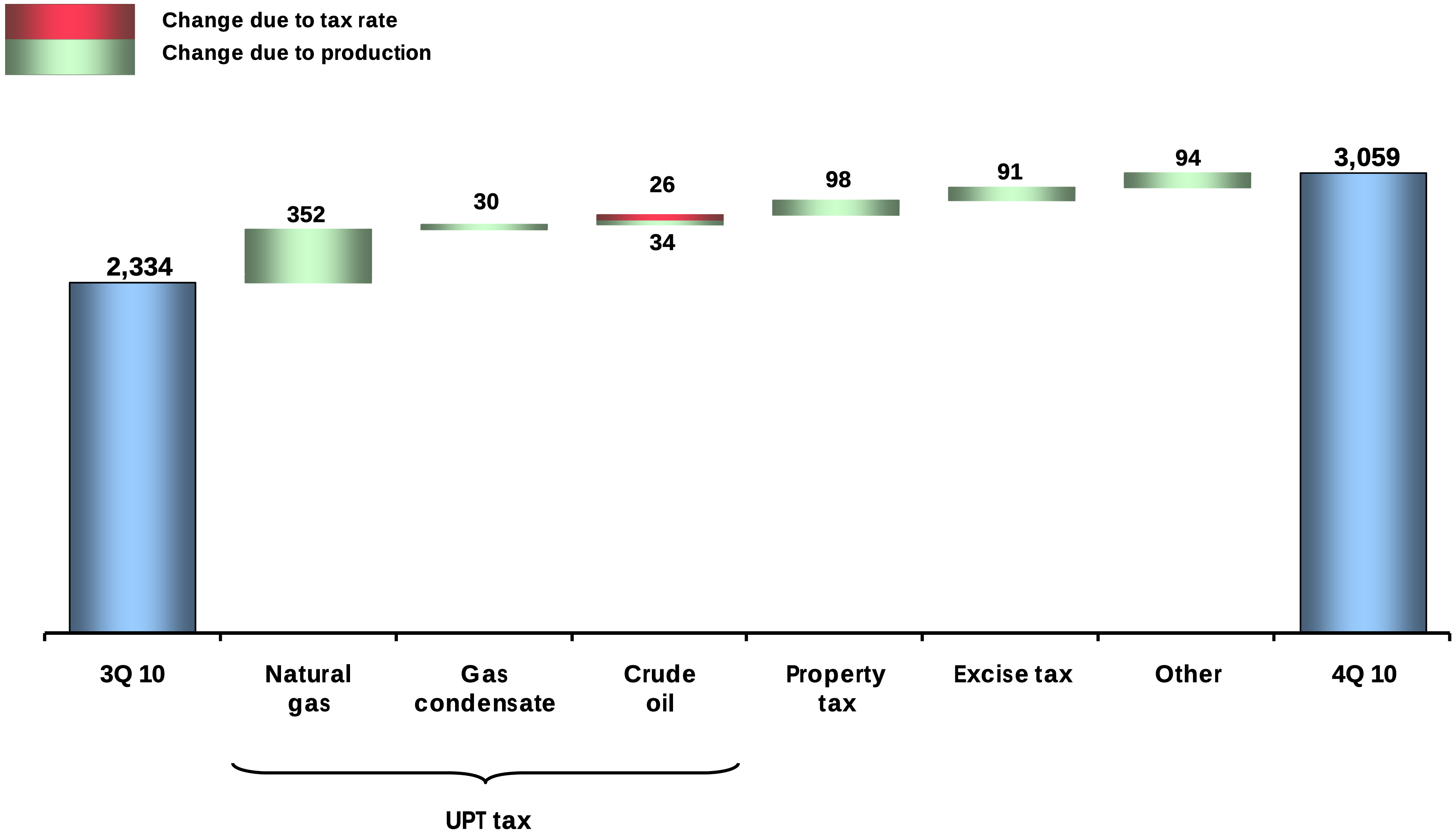
Taxes Other Than Income Tax Expense (RR million)



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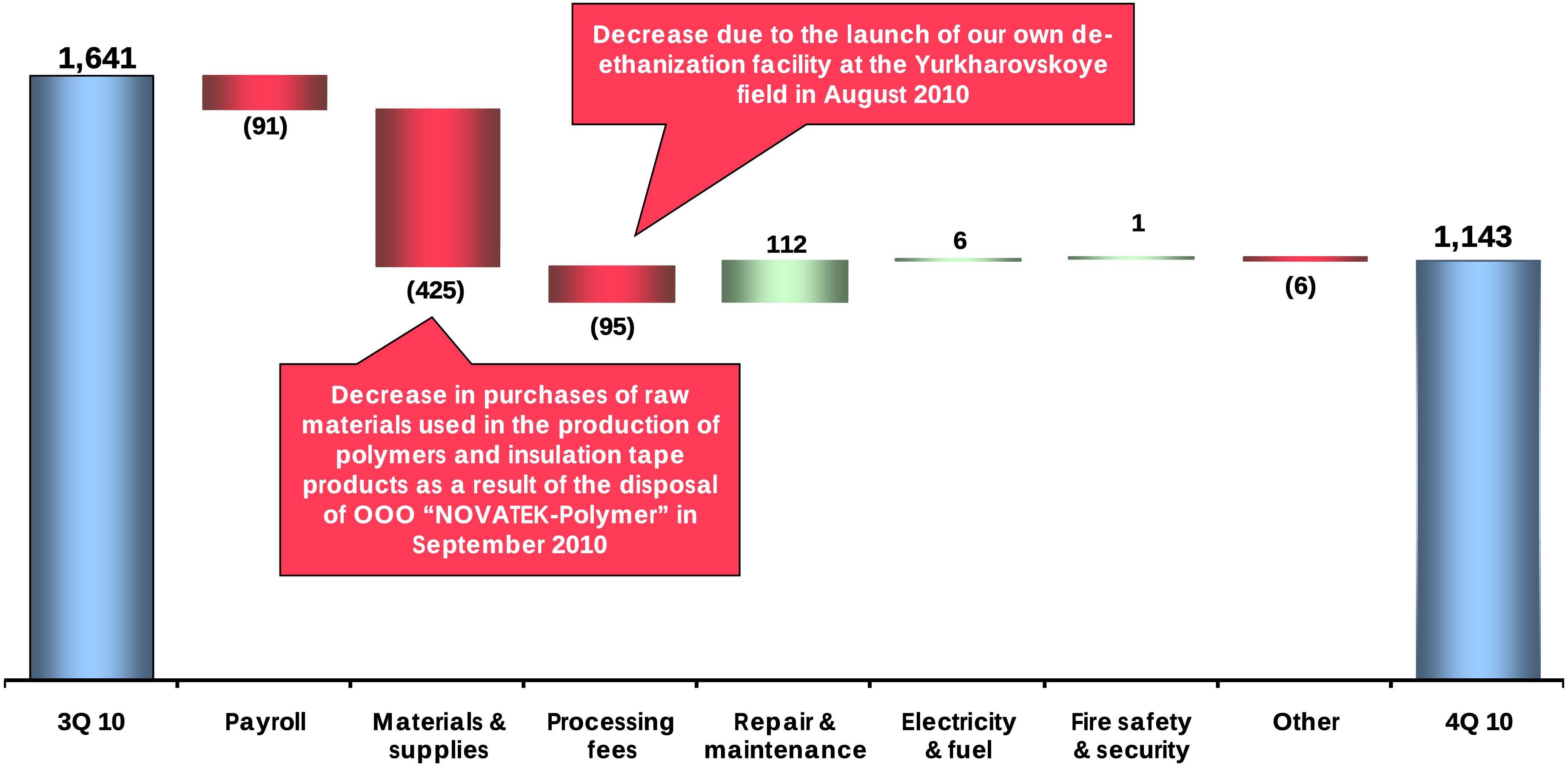
Materials, Services and Other Expenses (RR million)



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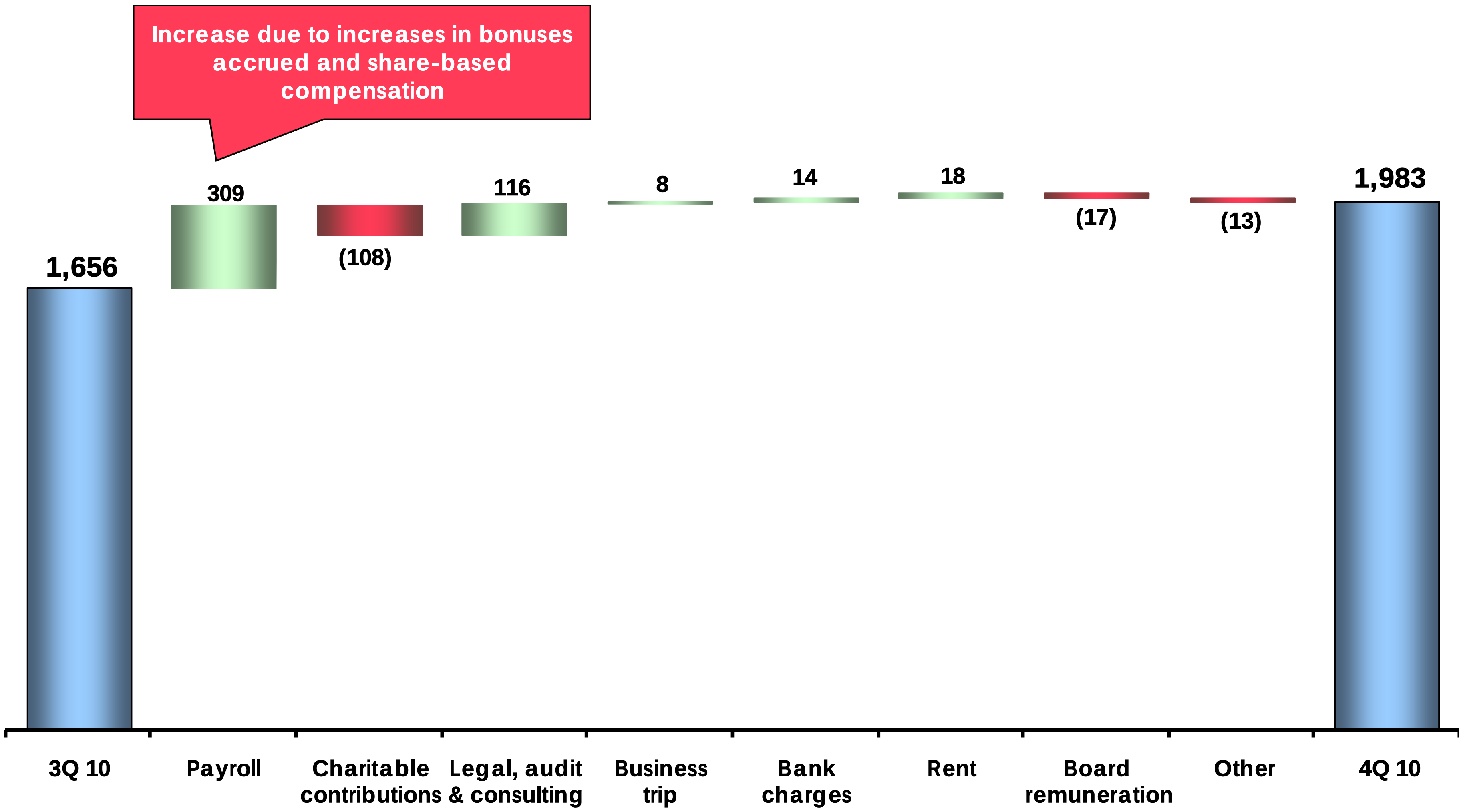
General and Administrative Expenses (RR million)



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Questions and Answers

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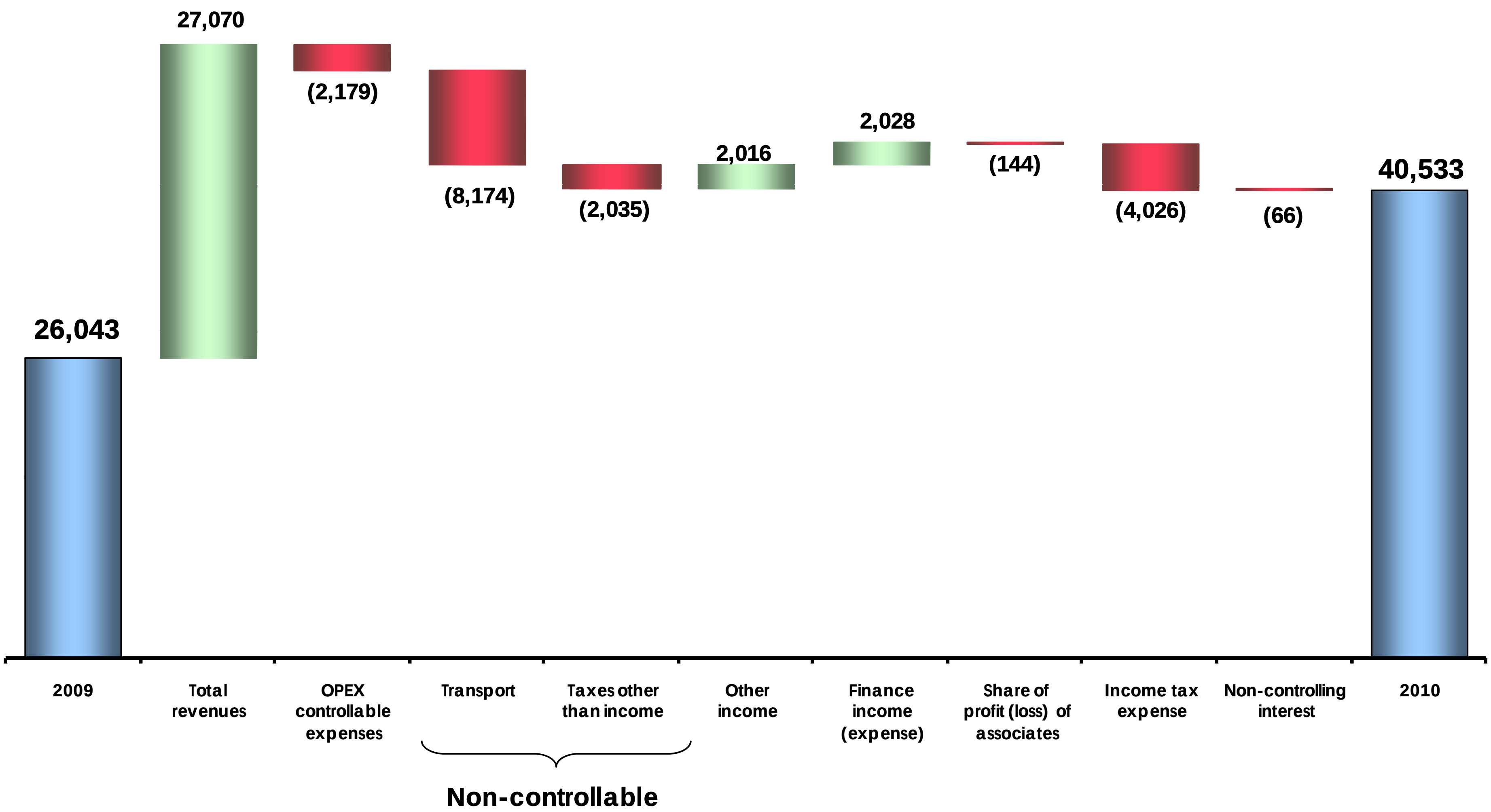
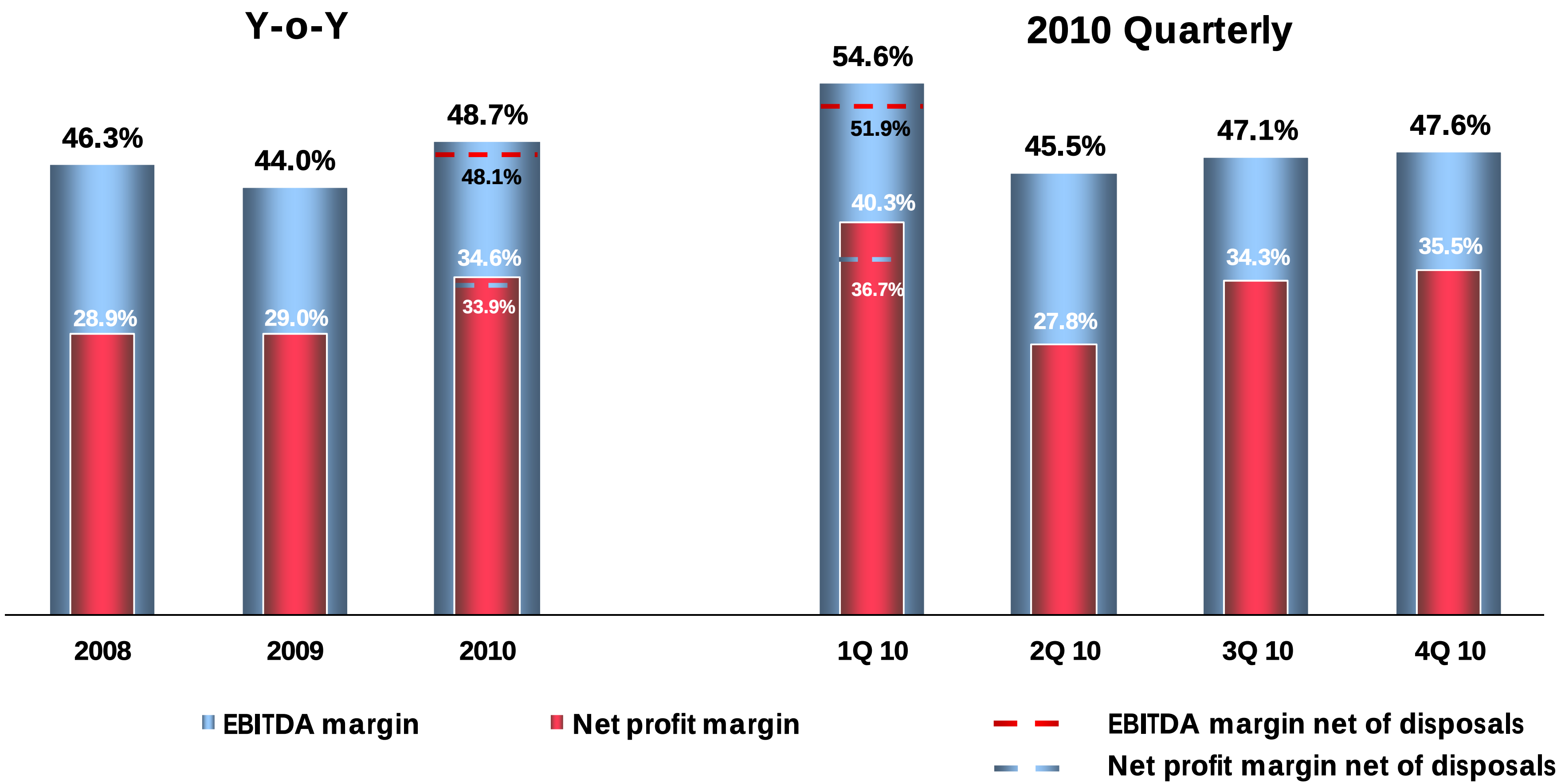
Appendices

Profit Attributable to NOVATEK Shareholders (RR million)



Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

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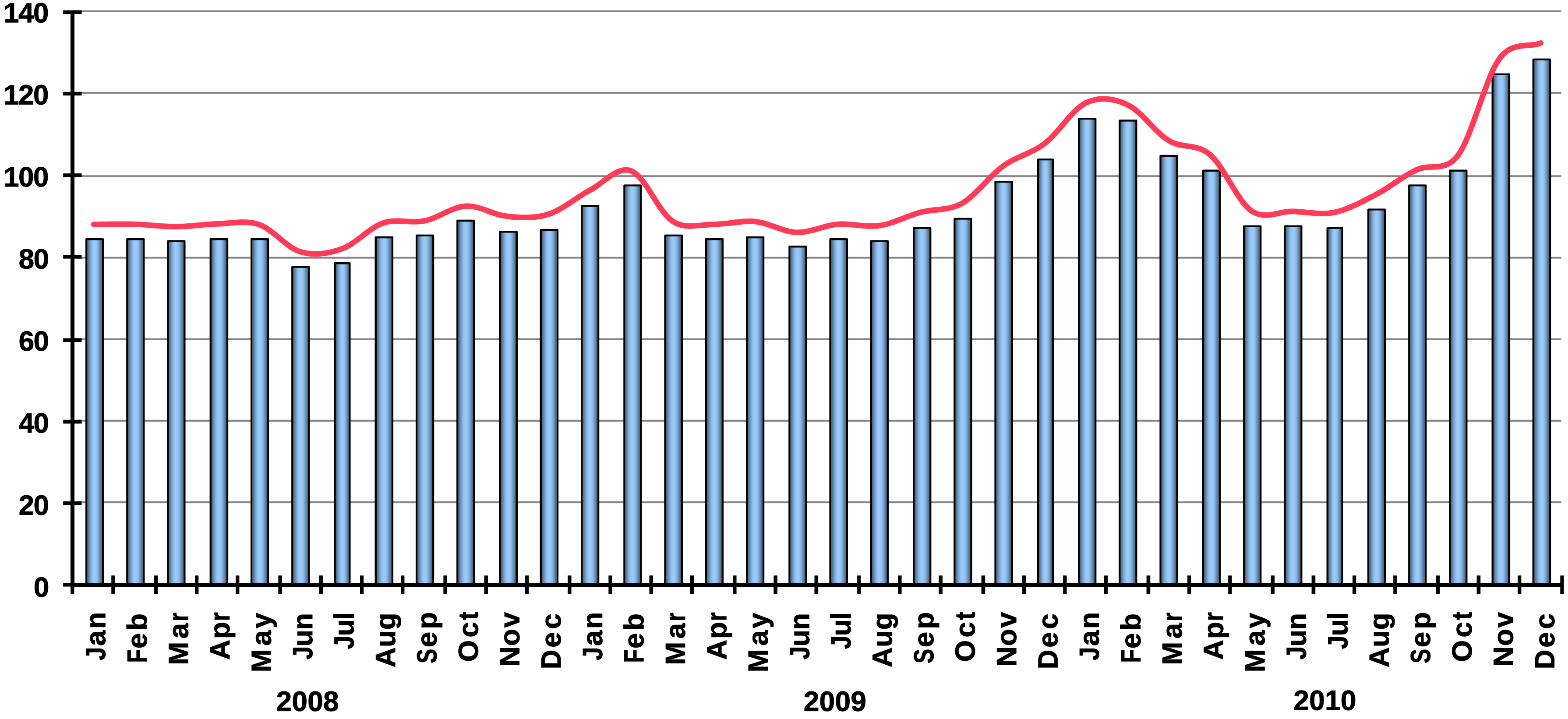
Increasing Natural Gas Production[1] (mmcm per day)



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

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

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

4Q 10 Avg.
118 mmcm/day
4,179 bcf/day

Note 1: Production shown is gross production

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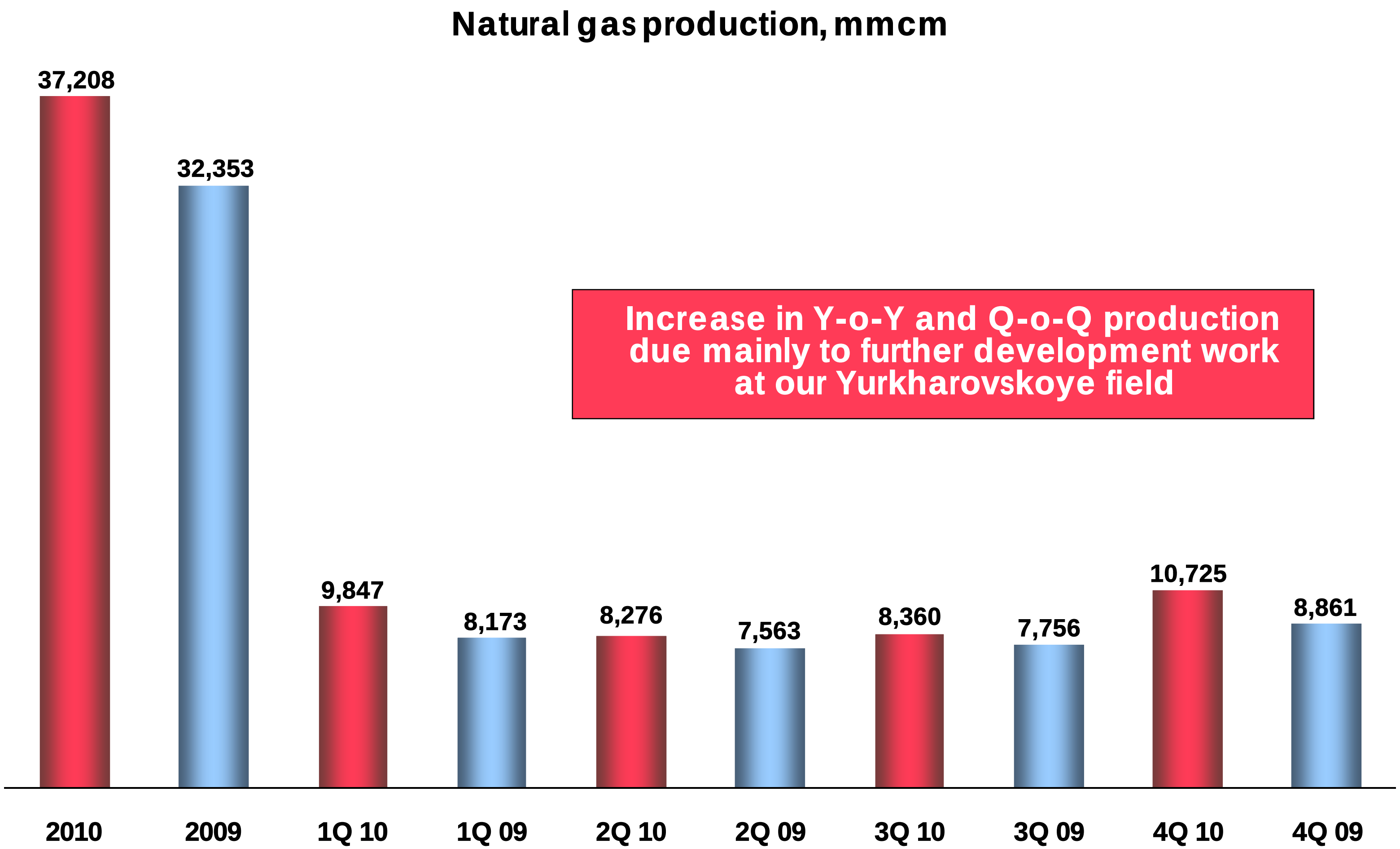
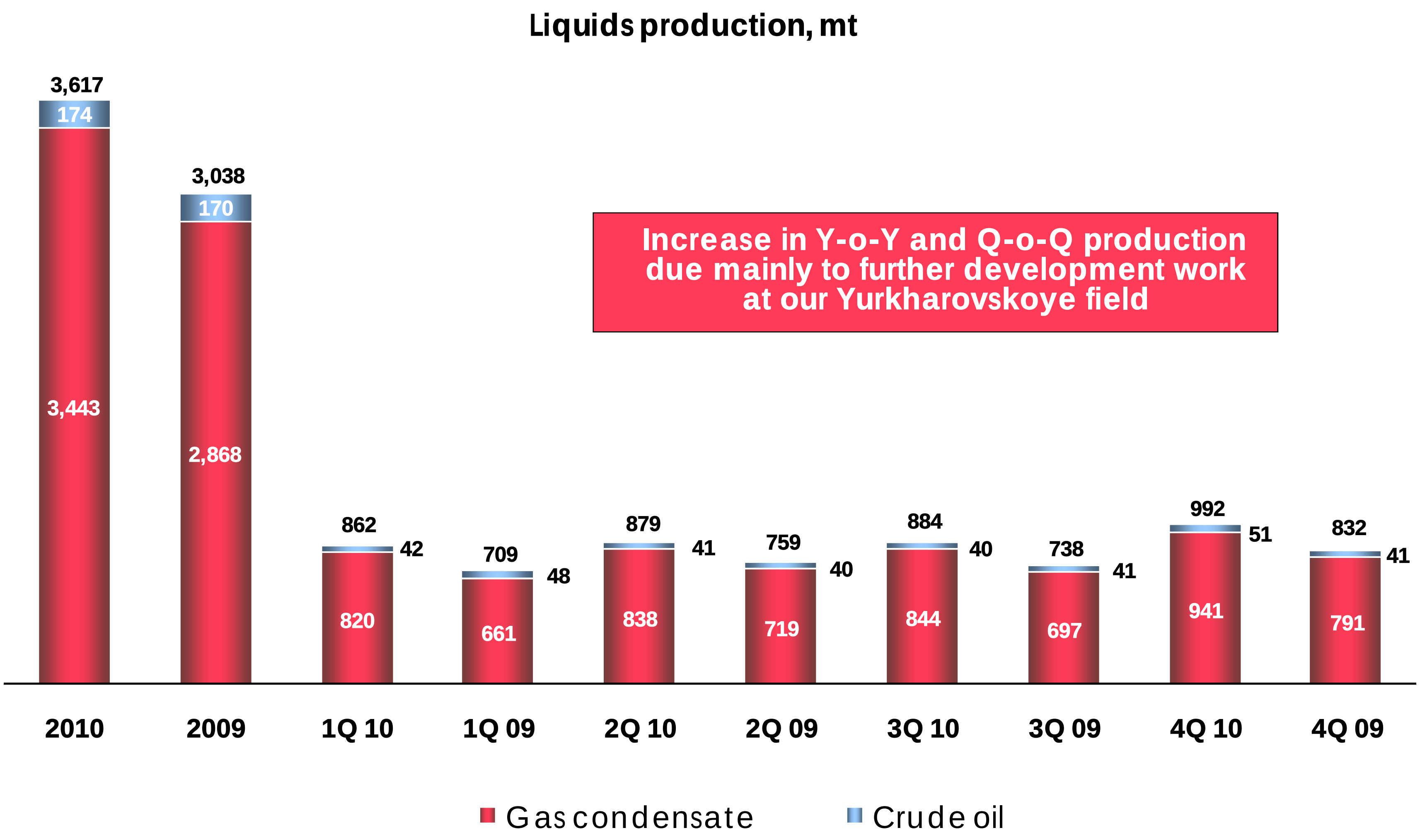
Net Production Y-o-Y and 2009/2010 Quarterly



Increase in Y-o-Y and Q-o-Q production due mainly to further development work at our Yurkharovskoye field

Net Production Y-o-Y and 2009/2010 Quarterly



Increase in Y-o-Y and Q-o-Q production due mainly to further development work at our Yurkharovskoye field

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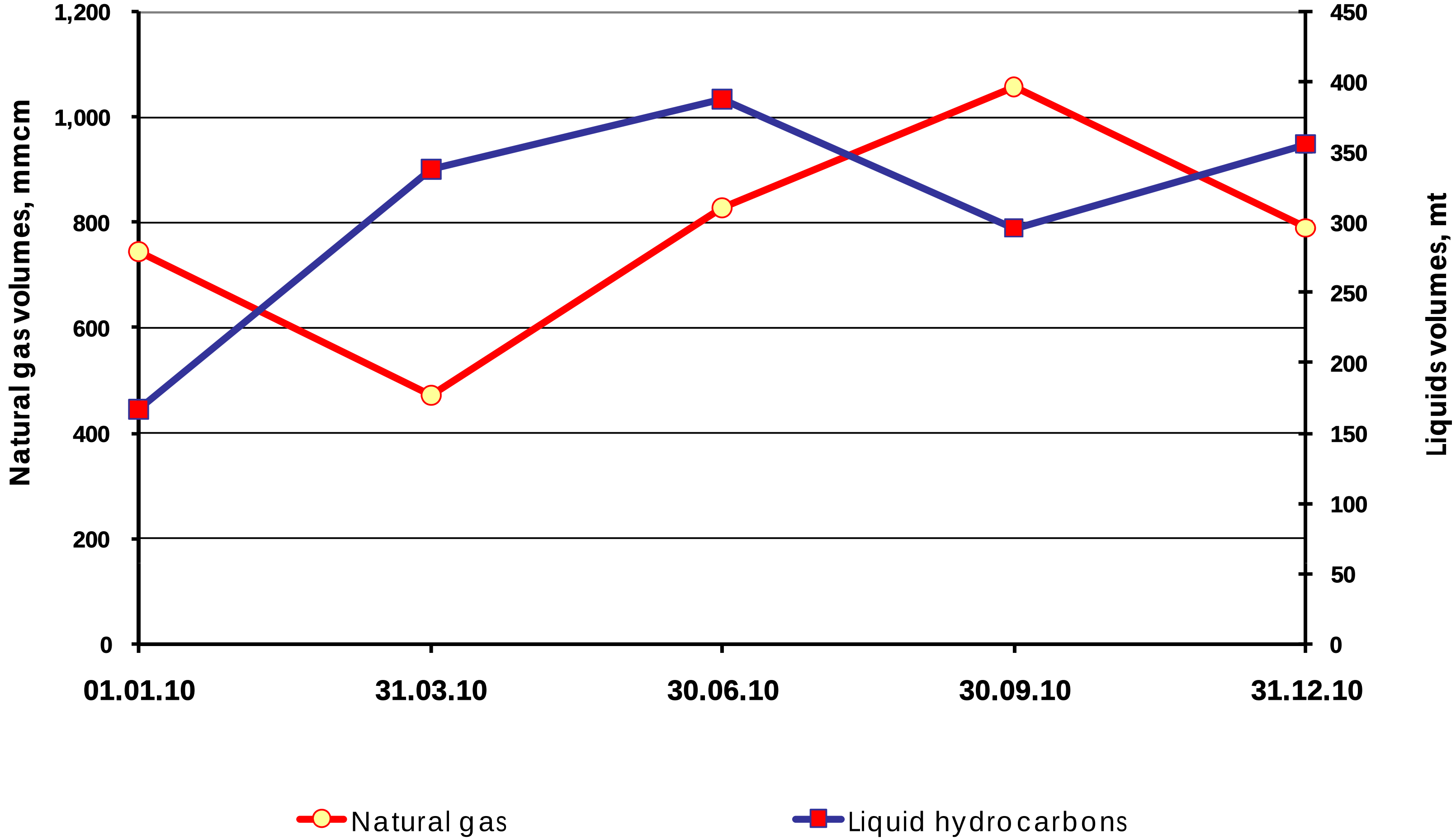
Change in Inventories



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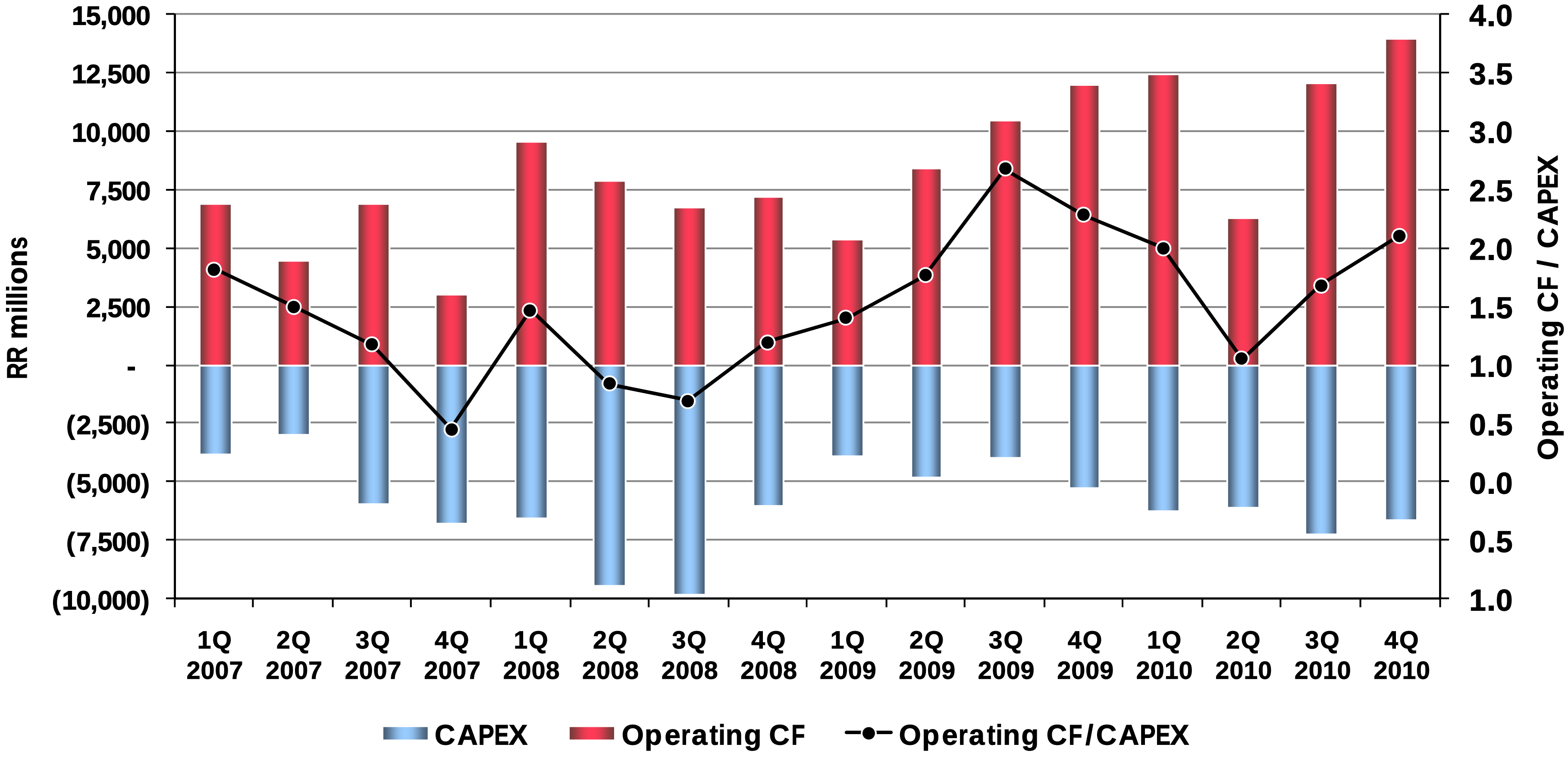
Internally funded investment program



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

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