First Quarter 2010
Operational and Financial Results
Conference Call


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Moscow, Russian Federation
18 May 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 – 1Q 2010

- **Increase in revenues and earnings** driven by higher natural gas and liquids prices
  - Natural gas sales increased by 55.4% Y-o-Y and 22.8% Q-o-Q
  - Liquids sales increased by 100.8% Y-o-Y and decreased by 28.2% Q-o-Q
- **Cash flow from operations** increased by 129.3% Y-o-Y to RR 12,454 million from RR 5,432 million
- **Capital expenditures** related to exploration and production increased by 58.7% Y-o-Y to RR 6,141 million
- **EPS** increased 5.3 times Y-o-Y to RR 3.69 from RR 0.70; **EBITDA** increased by 119.7% Y-o-Y and by 13.4% Q-o-Q
- **End-customer sales volumes increased** to 60.5% 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:
  - Natural gas production increased by 20.5% Y-o-Y and 11.1% Q-o-Q
  - Liquids production increased by 21.6% Y-o-Y and 3.6% Q-o-Q
- **Purovsky Plant output increased** by 23.6% Y-o-Y and 3.4% Q-o-Q

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Operational Overview

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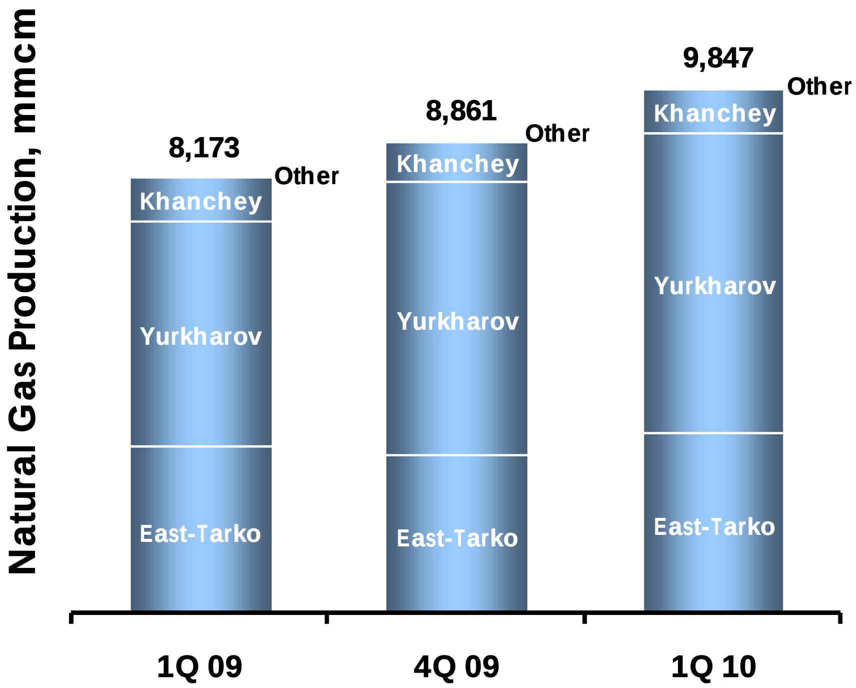
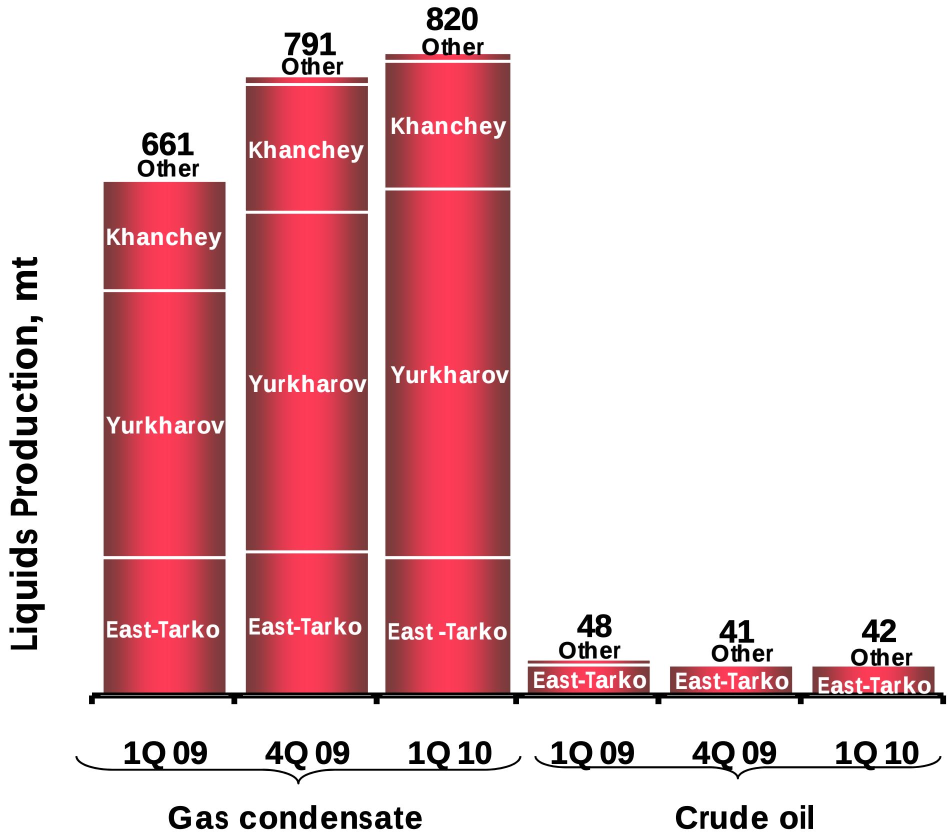
Hydrocarbon Production





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

- Significant capacity increase at Yurkharov
- Increases at East-Tarko and Khanchey were due to an increase in capacity utilization due to higher demand

Liquids production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Increase in gas condensate production at Khanchey due to greater natural gas production to meet increase in demand
- Increases were offset by a reduction in oil production at Ust-Purpeiskiy license area due to its disposal in April 2009

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 816 mt**
  - East-Tarkosalinskoye and Khancheyskoye fields: 343 mt (100% of net production)
  - Yurkharovskoye field: 465 mt (99% of net production)
  - Other : 8 mt
- **Total plant output: 804 mt**
  - Stable gas condensate: 578 mt
  - LPG: 226 mt
- **Plant capacity:** approximately 65%
- **9 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 7 tankers to USA ~ 412 mt
  - 1 tanker to Europe ~ 60 mt
  - 1 tanker to South America ~ 60 mt
- **Stable gas condensate inventory reconciliation**
  - 2 tankers in transit ~ 120 mt
  - Rail road cisterns and port storage facilities ~ 122 mt
  - Plant storage facilities ~ 35 mt
- **Increase in export volumes of LPG: ~ 35% of total LPG volumes**

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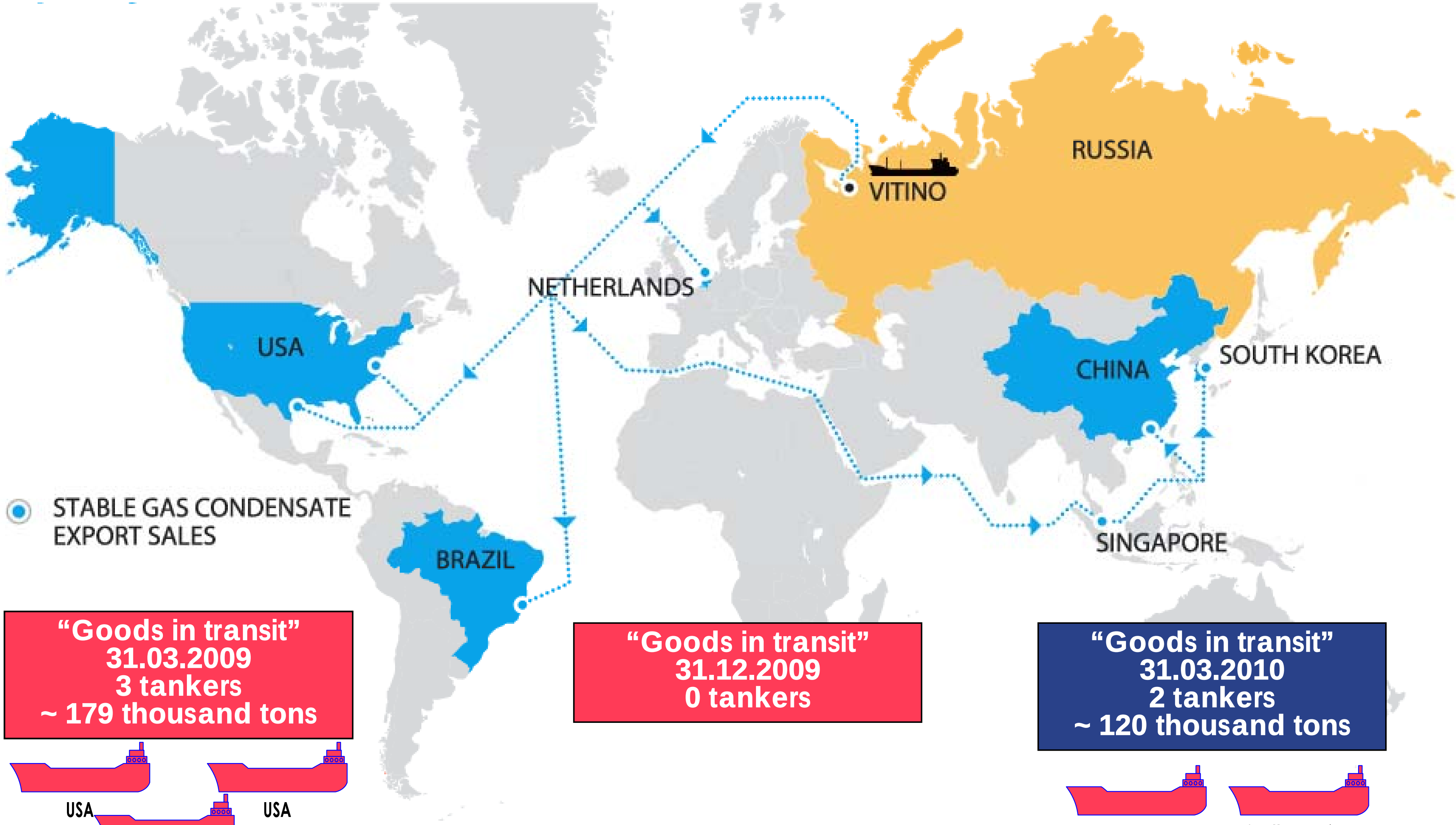
Stable Gas Condensate in Transit



"Goods in transit"
31.03.2009
3 tankers
~ 179 thousand tons

USA
USA
USA

"Goods in transit"
31.12.2009
0 tankers

"Goods in transit"
31.03.2010
2 tankers
~ 120 thousand tons

USA
South America

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Financial Overview – 1Q 10 vs. 1Q 09

Comparison of Quarterly Results (RR million)

	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	16,316	22,376	21,217	26,994	27,237	0.9%	66.9%
Total revenues	16,981	23,148	21,971	27,854	27,742	-0.4%	63.4%
Operating expenses	11,379	15,038	13,638	16,075	15,947	-0.8%	40.1%
EBITDA (1)	6,899	9,334	9,960	13,373	15,160	13.4%	119.7%
EBITDA margin	40.6%	40.3%	45.3%	48.0%	54.6%		
Effective income tax rate	21.7%	21.0%	21.2%	19.9%	20.8%		
Profit attributable to NOVATEK	2,134	7,178	7,353	9,378	11,182	19.2%	424.0%
Net profit margin	12.6%	31.0%	33.5%	33.7%	40.3%		
Earnings per share	0.70	2.37	2.43	3.09	3.69	19.3%	427.1%
CAPEX	3,871	4,794	3,933	5,274	6,230	18.1%	60.9%
Net debt (2)	16,801	32,262	30,919	27,171	22,153	-18.5%	31.9%

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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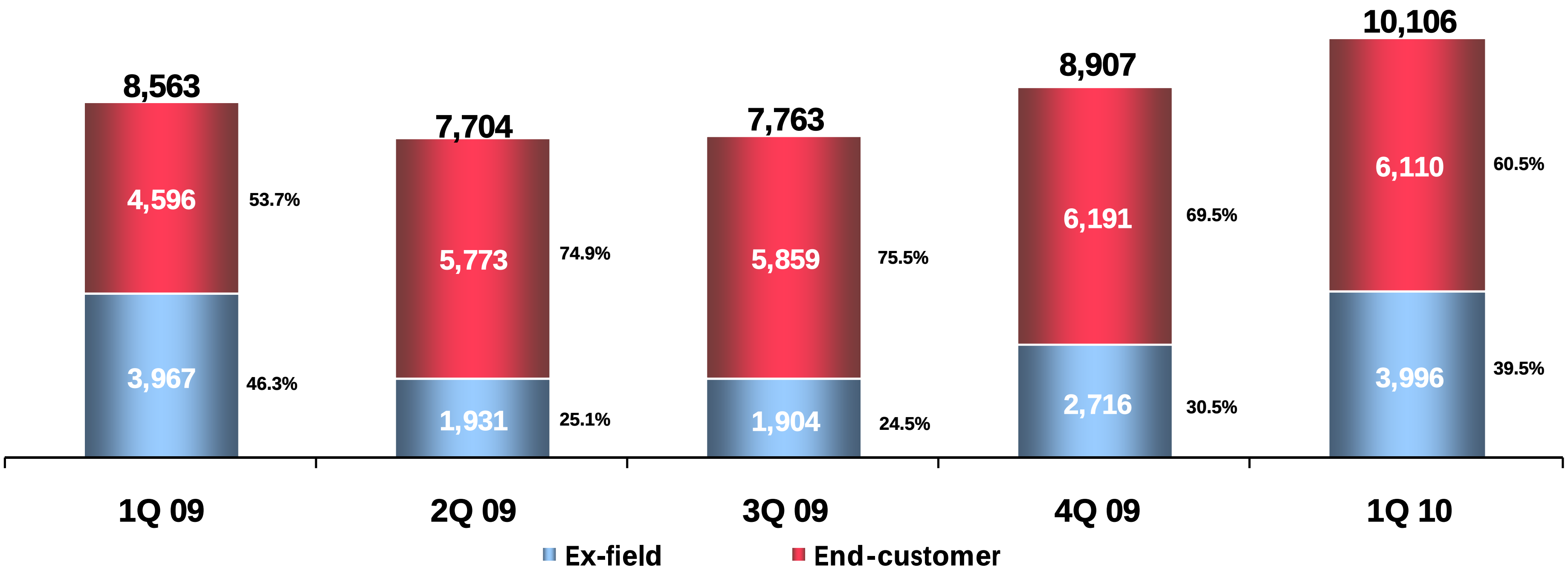
Market Distribution – Gas Sales Volumes (mmcm)



- Q-o-Q increase in natural gas sales volumes due to an 11.1% increase in production and change in inventory balances
- Ex-field sales volumes as a % of total natural gas sales volumes increased Q-o-Q, which was offset by the expiration of the Itera contract at 31 December 2009
- Y-o-Y increase in natural gas sales volumes due to a 20.5% increase in production, which was offset by a reduction in third party purchases
- End-customer sales as a % of total natural gas sales volumes increased Y-o-Y due primarily to the addition of new long-term supply agreements to end-customers in the power generation sector

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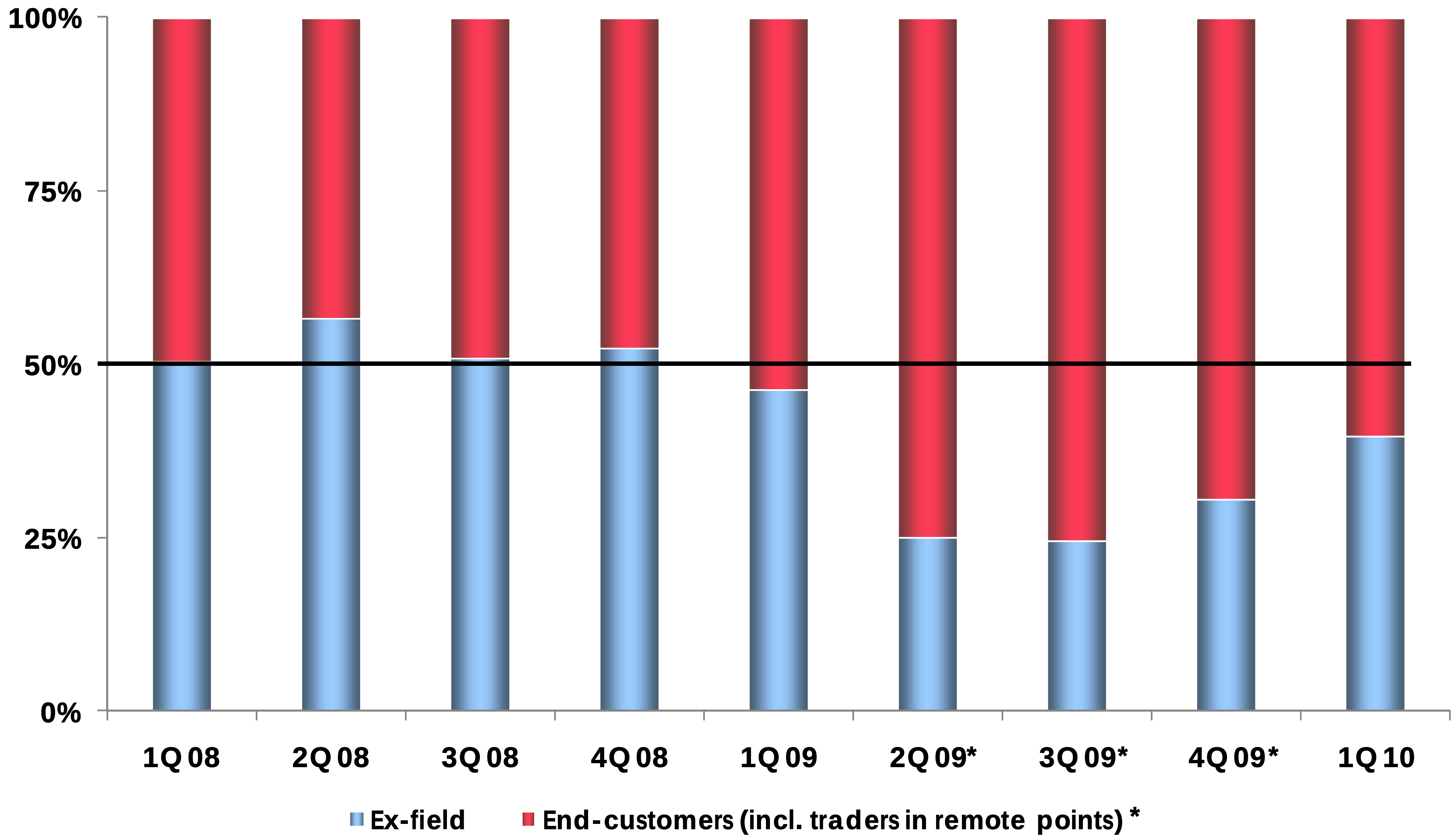
Natural Gas Sales Volume Mix



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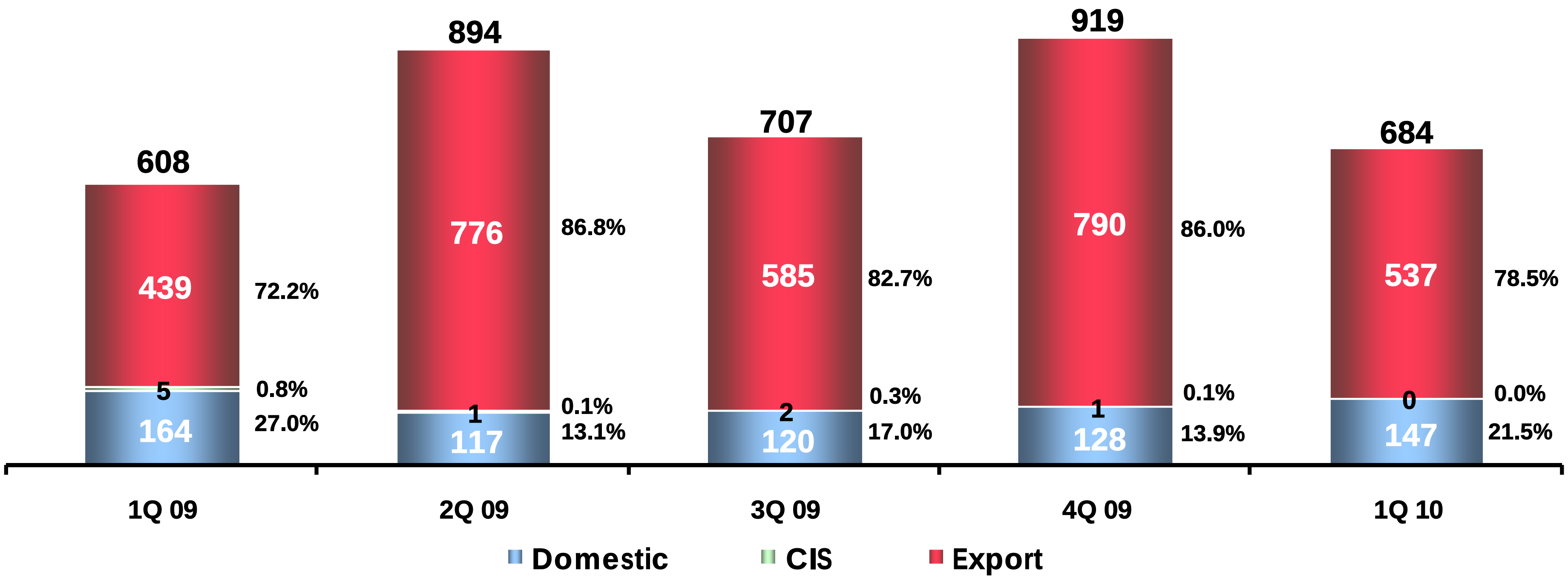
Market Distribution – Liquids Sales Volumes (mt)



- Q-o-Q decrease in liquids sales volumes was mainly due to an increase in the net inventory balance of stable gas condensate by 166 mt in 1Q10 as compared to a net decrease of 91 mt in 4Q09
- Q-o-Q decrease in export sales volumes was due to four (4) fewer stable gas condensate tankers sold in 1Q10 (7 tankers) as compared to 4Q10 (11 tankers)
- Y-o-Y growth in liquids sales volumes was mainly due to a 21.6% increase in our liquids production volumes, which was partially offset by an increase in liquids inventory balances

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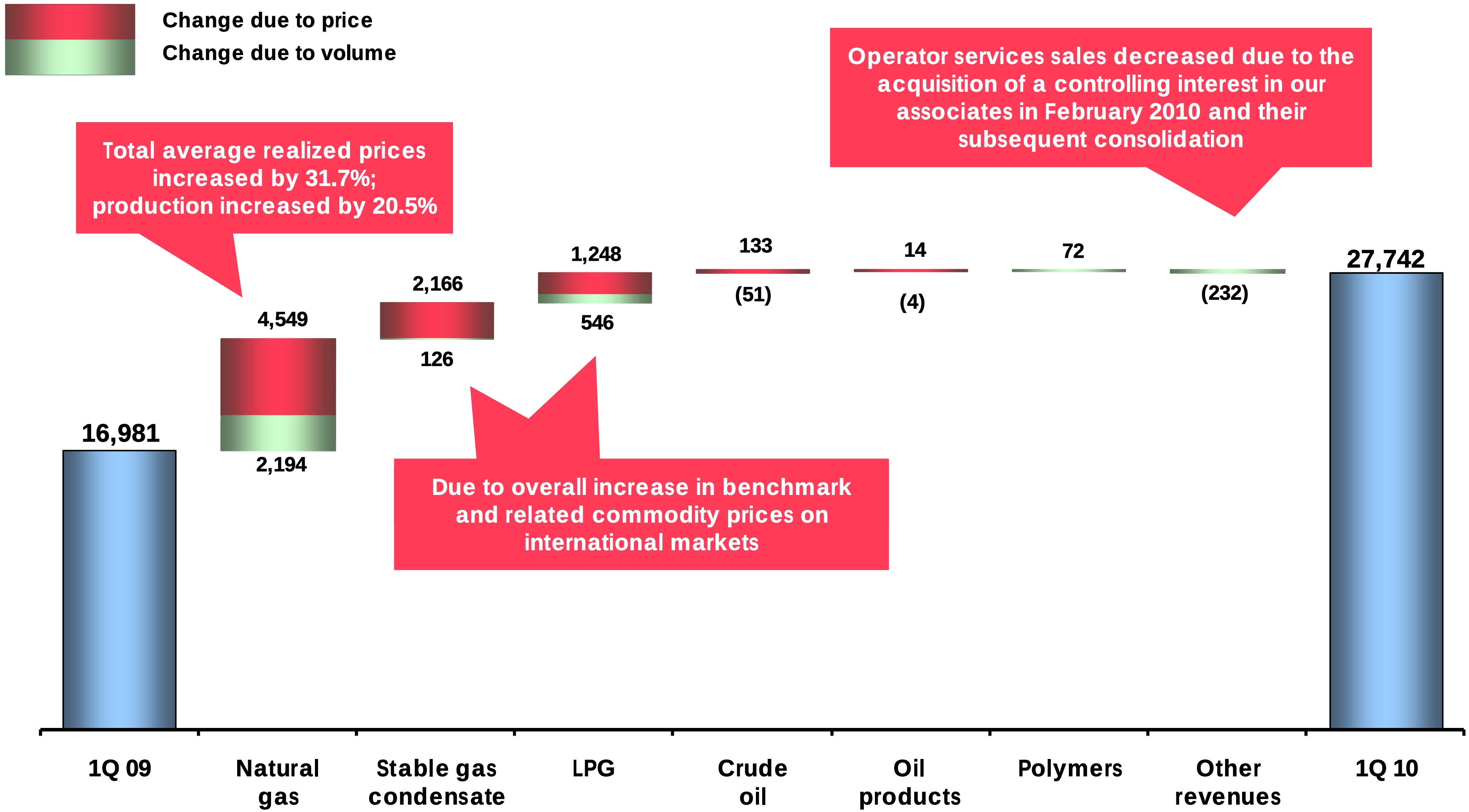
Total Revenues (RR million)



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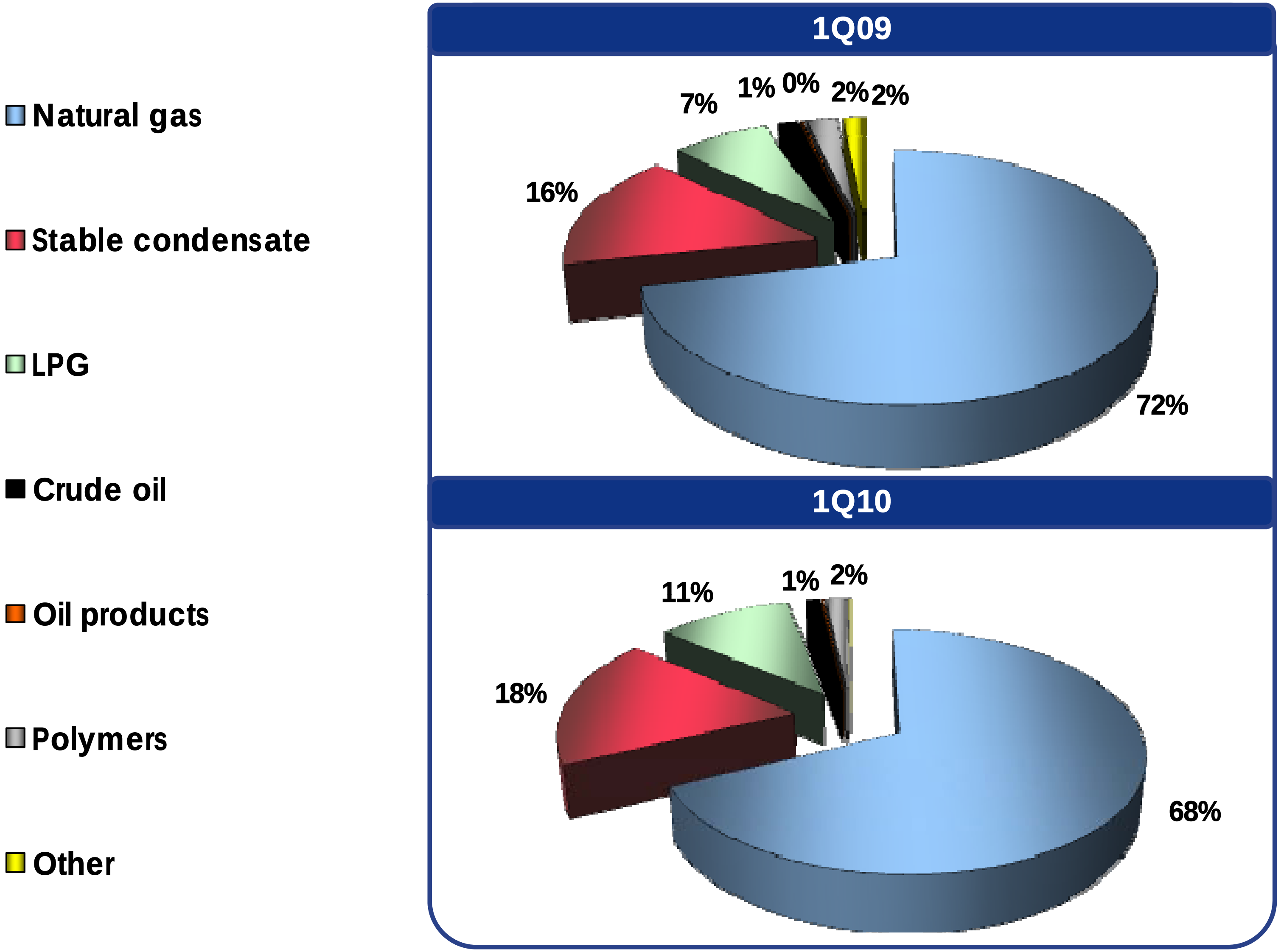
Total Revenues Breakdown



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Realized Hydrocarbon Prices (net of VAT and export duties)

1Q 09	1Q 10	+/(-)	+/(-)%		4Q 09	1Q 10	+/(-)	+/(-)%
				Domestic prices				
1,799	2,304	505	28.1%	**Natural gas end-customers, RR/mcm**	2,031	2,304	273	13.4%
-	-	n/a	n/a	**Natural gas traders in remote points, RR/mcm**	1,920	-	n/a	n/a
984	1,211	227	23.1%	**Natural gas ex-field, RR/mcm**	1,135	1,211	76	6.7%
6,189	8,475	2,286	36.9%	**Stable gas condensate, RR/ton**	-	8,475	n/a	n/a
5,236	10,283	5,047	96.4%	**LPG, RR/ton**	10,228	10,283	55	0.5%
-	11,570	n/a	n/a	**LPG (retail and wholesale stations), RR/ton**	11,910	11,570	(340)	-2.9%
3,668	6,843	3,175	86.6%	**Crude oil, RR/ton**	7,113	6,843	(270)	-3.8%
4,495	7,522	3,027	67.3%	**Oil products, RR/ton**	7,007	7,522	515	7.3%
				CIS market				
8,644	-	n/a	n/a	**LPG, RR/ton**	16,286	-	n/a	n/a
				Export market				
6,787	11,973	5,186	76.4%	**Stable gas condensate, RR/ton**	12,601	11,973	(628)	-5.0%
10,504	17,128	6,624	63.1%	**LPG, RR/ton**	16,525	17,128	603	3.6%
6,412	8,016	1,604	25.0%	**Crude oil, RR/ton**	8,277	8,016	(261)	-3.2%
9,498	-	n/a	n/a	**Oil products, RR/ton**	-	-	n/a	n/a

Note: Prices are shown excluding trading activities

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

1Q 09	% of TR	1Q 10	% of TR		4Q 09	% of TR	1Q 10	% of TR
5,273	*31.1%*	**9,063**	*32.7%*	Transportation expenses	**8,268**	*29.7%*	**9,063**	*32.7%*
1,921	*11.3%*	**2,424**	*8.7%*	Taxes other than income tax	**2,231**	*8.0%*	**2,424**	*8.7%*
7,194	*42.4%*	**11,487**	*41.4%*	**Non-controllable expenses**	**10,499**	*37.7%*	**11,487**	*41.4%*
1,492	*8.8%*	**1,548**	*5.6%*	Materials, services & other	**1,704**	*6.1%*	**1,548**	*5.6%*
1,182	*7.0%*	**1,602**	*5.8%*	Depreciation and amortization	**1,665**	*6.0%*	**1,602**	*5.8%*
1,100	*6.5%*	**1,463**	*5.3%*	General and administrative	**1,437**	*5.2%*	**1,463**	*5.3%*
99	*0.6%*	**131**	*0.5%*	Exploration expenses	**219**	*0.8%*	**131**	*0.5%*
(1)	*n/m*	**26**	*n/m*	Net impairment expense	**59**	*n/m*	**26**	*n/m*
20	*n/m*	**(348)**	*n/m*	Change in natural gas, liquids, and polymer products and WIP	**113**	*n/m*	**(348)**	*n/m*
11,086	*65.3%*	**15,909**	*57.4%*	**Subtotal operating expenses**	**15,696**	*56.4%*	**15,909**	*57.4%*
293	*1.7%*	**38**	*0.1%*	Purchases of natural gas and liquid hydrocarbons	**379**	*1.4%*	**38**	*0.1%*
11,379	*67.0%*	**15,947**	*57.5%*	**Total operating expenses**	**16,075**	*57.7%*	**15,947**	*57.5%*

- **Our non-controllable expenses increased in absolute terms Y-o-Y due to an increase in natural gas transportation expense as a result of an increase in natural gas transportation tariff and distance as well as an increase in volumes sold to end-customers**
- **Taxes other than income tax increased Q-o-Q and Y-o-Y primarily due to an increase in UPT expense as a result of higher natural gas and liquids production**
- **Depreciation and amortization expense increased in absolute terms Y-o-Y due to an increase in our depletable cost base as well as a 20.8% increase in our hydrocarbon production in barrels of oil equivalent (boe)**
- **General and administrative expense increased in absolute terms Y-o-Y mainly due to an increase in the accrual of bonuses related to the Groups financial results**
- **Purchases decreased Q-o-Q and Y-o-Y primarily due to a decrease in natural gas purchases from third parties**

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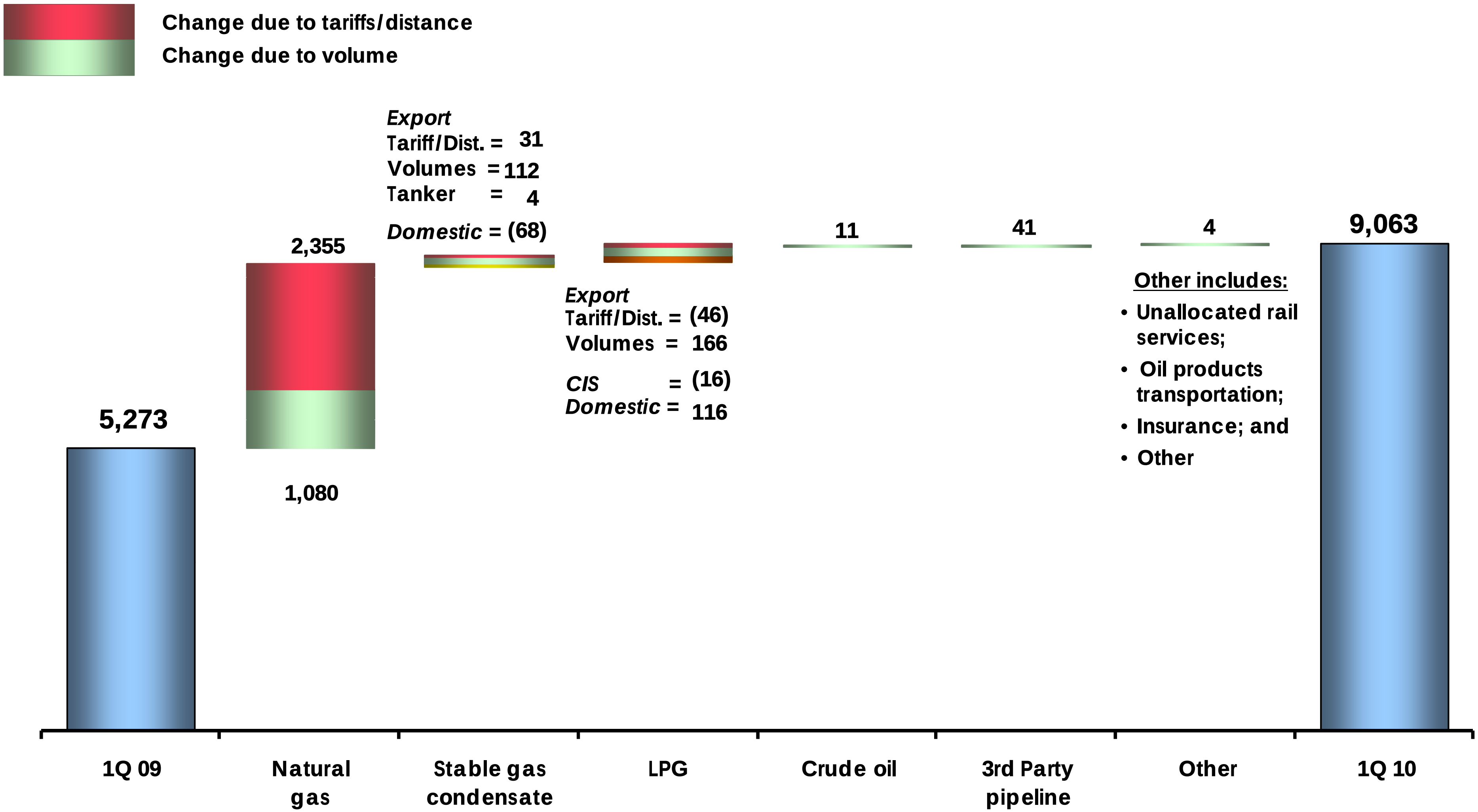
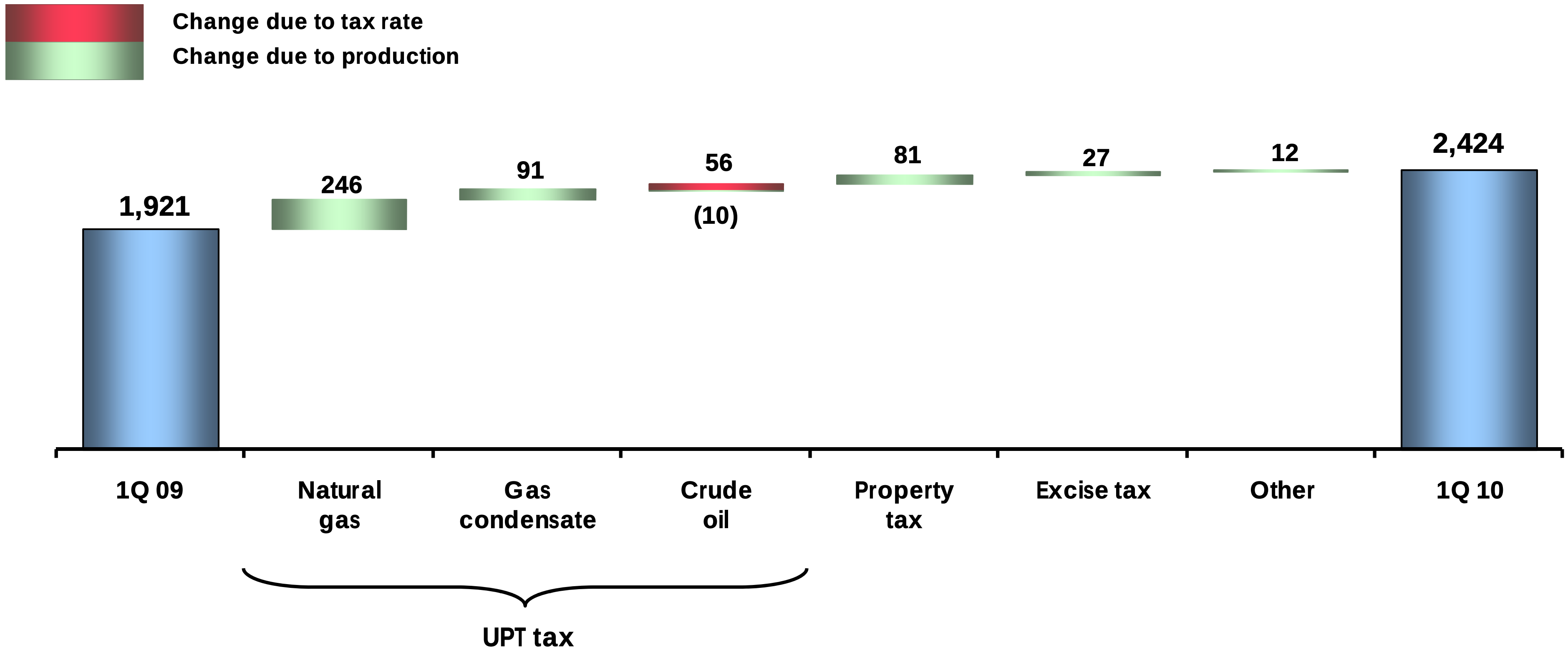
Transportation Expenses (RR million)



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 20.5% and 24.2%, respectively
- The increase in our UPT for crude oil was due to an increase in our average crude oil production tax rate, which is linked to the Urals benchmark crude oil price
- Property tax expense increased by RR 81 million, or 31.8%, primarily due to additions of PP&E at our production subsidiaries

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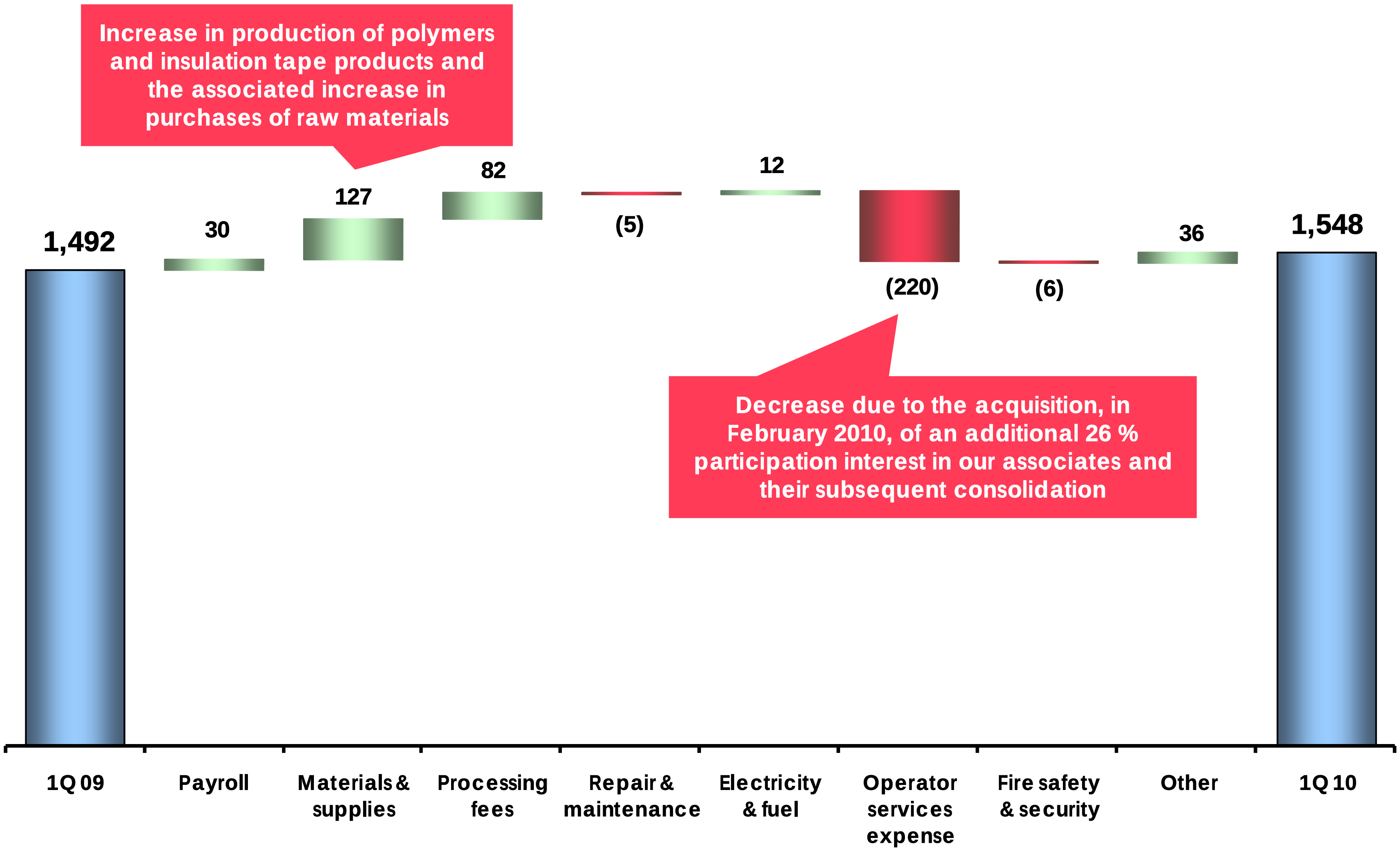
Materials, Services and Other Expenses (RR million)



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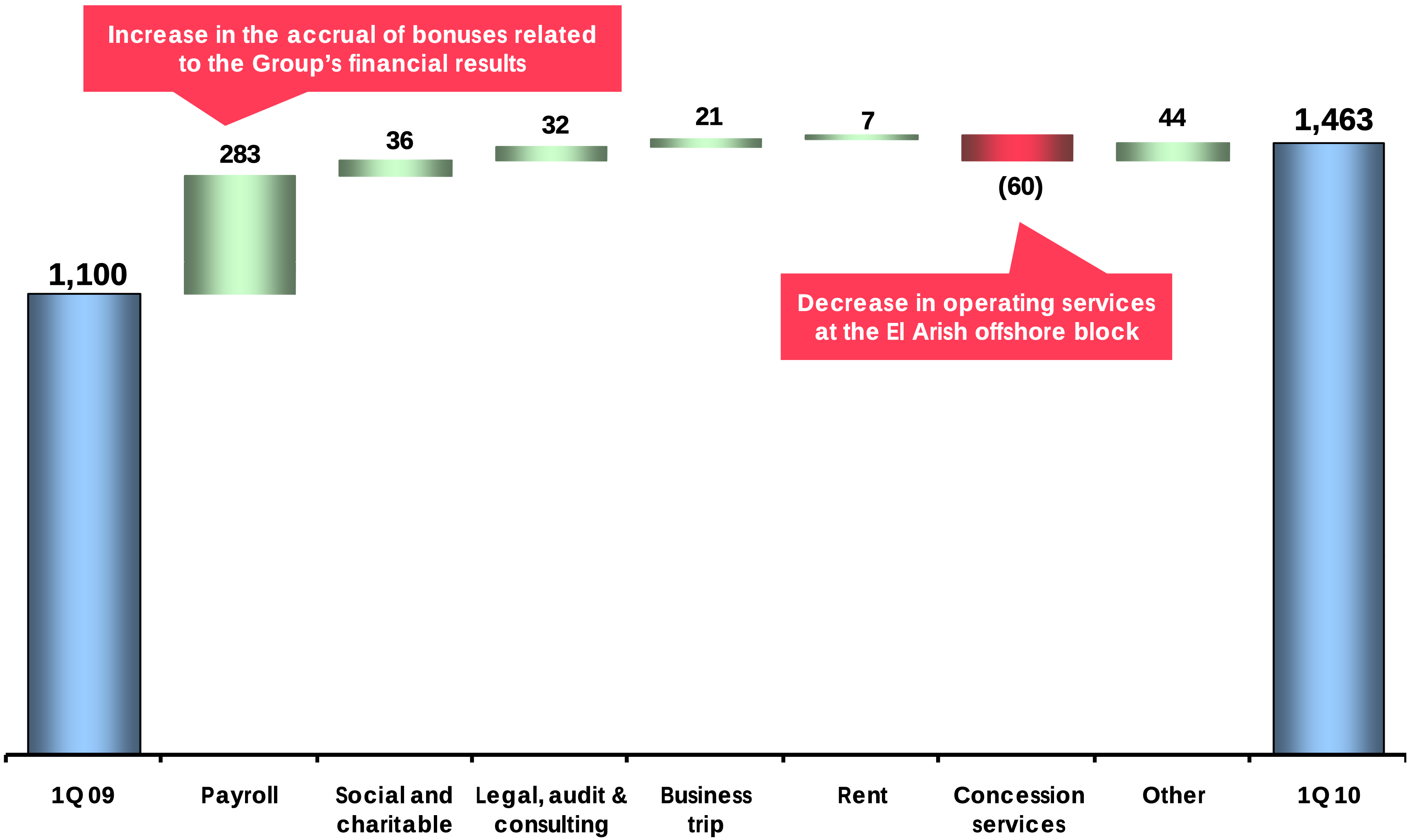
General and Administrative Expenses (RR million)



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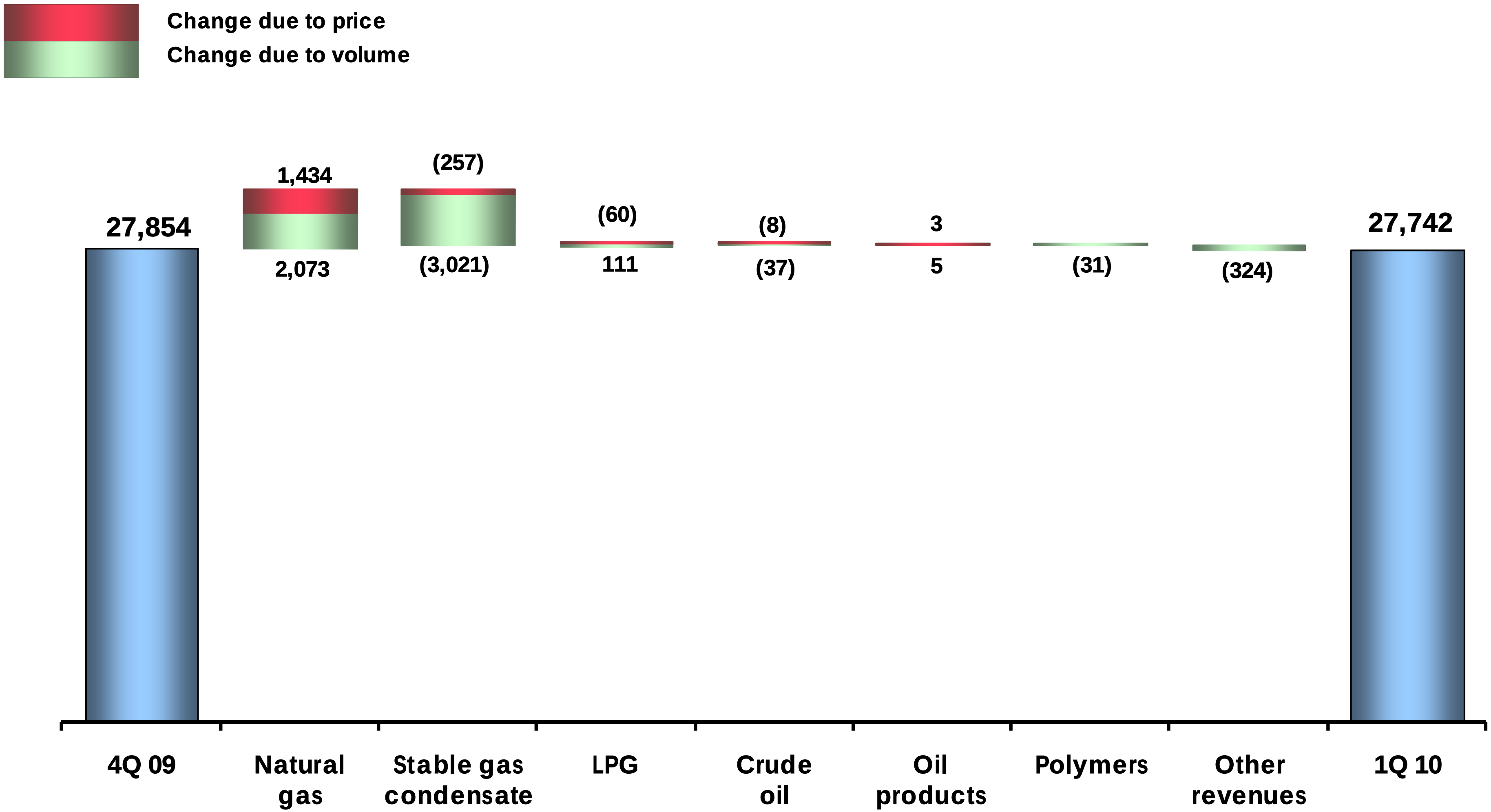
Financial Overview – 1Q 10 vs. 4Q 09

Total Revenues (RR million)



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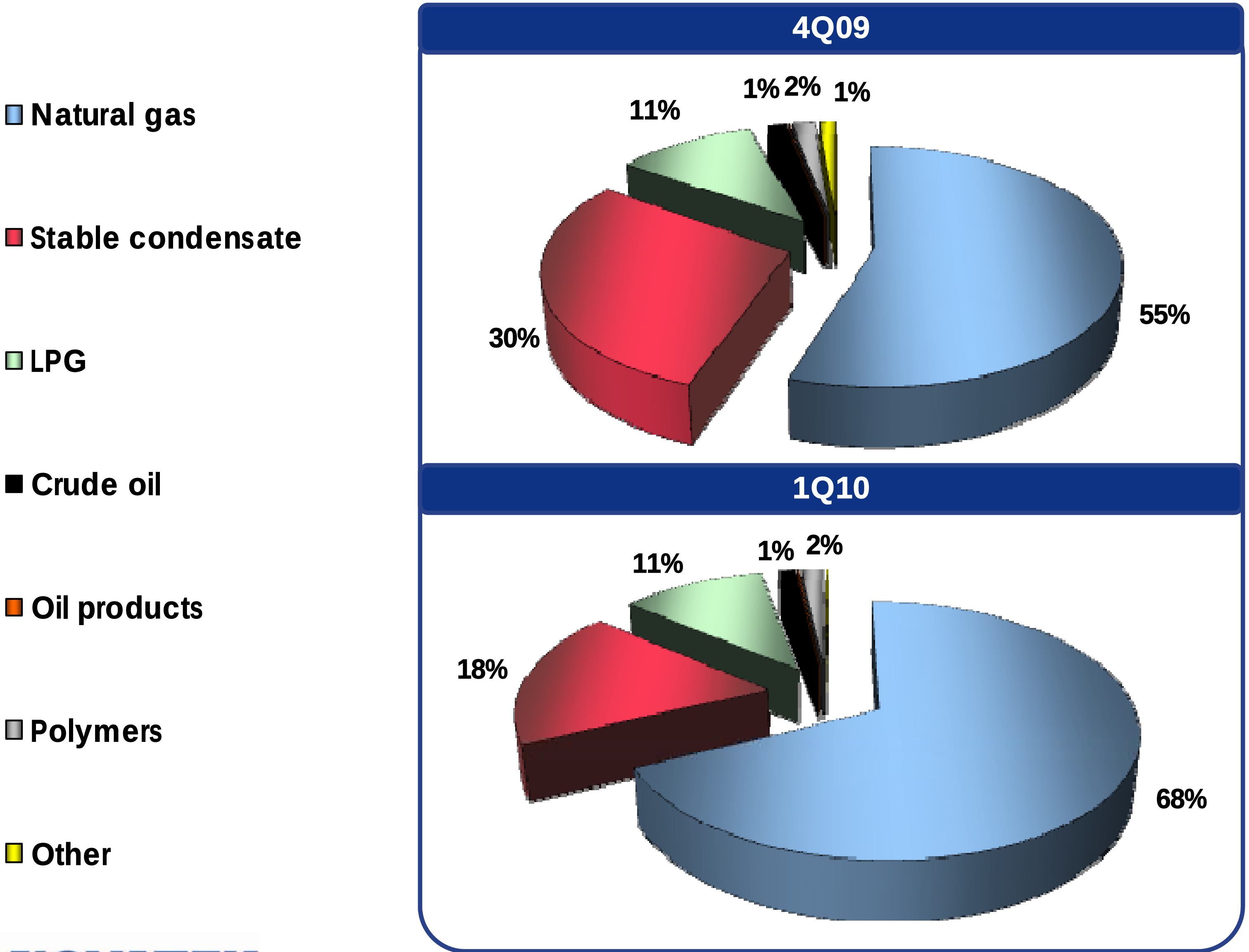
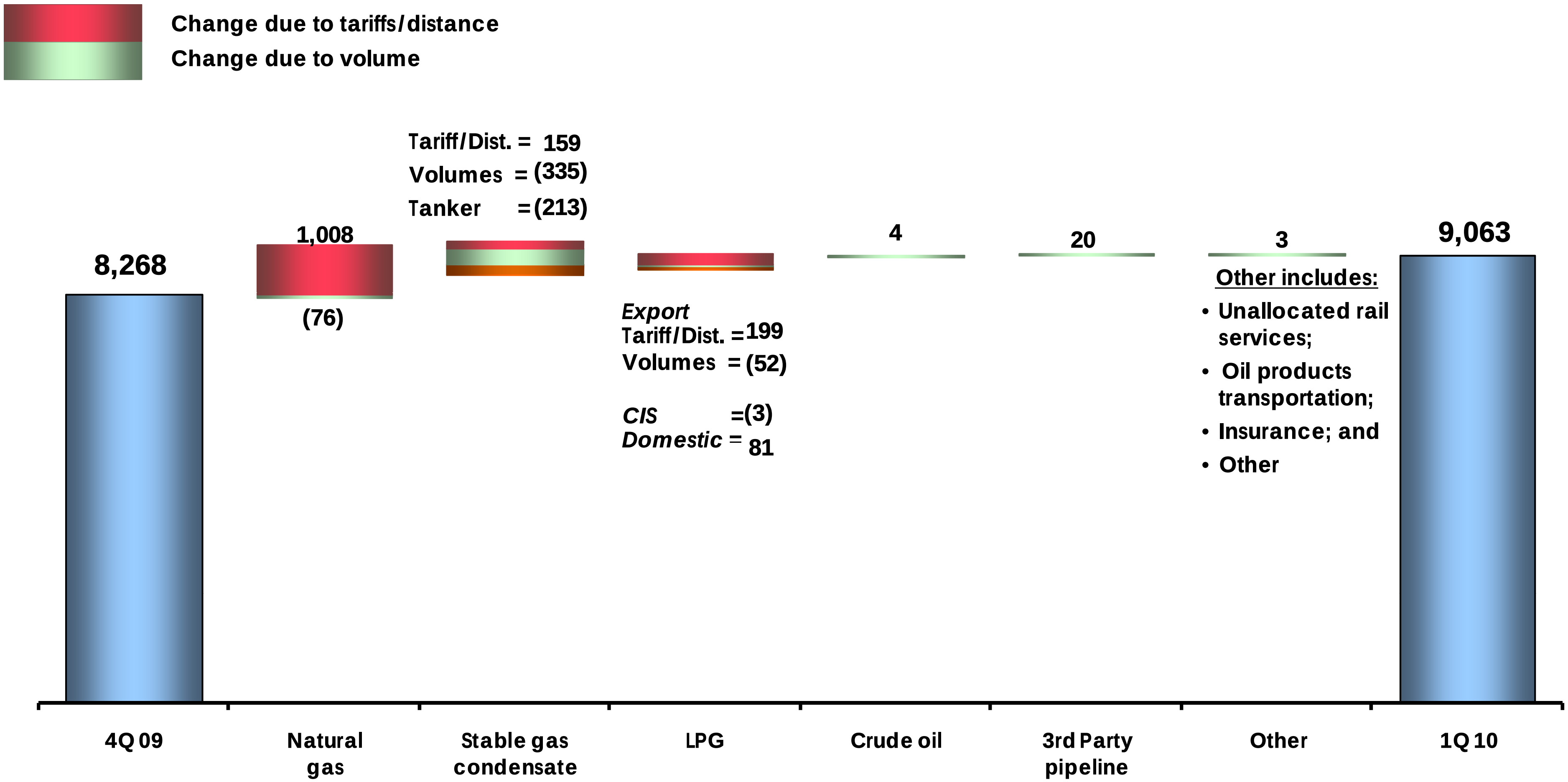
Total Revenues Breakdown



Transportation Expenses (RR million)



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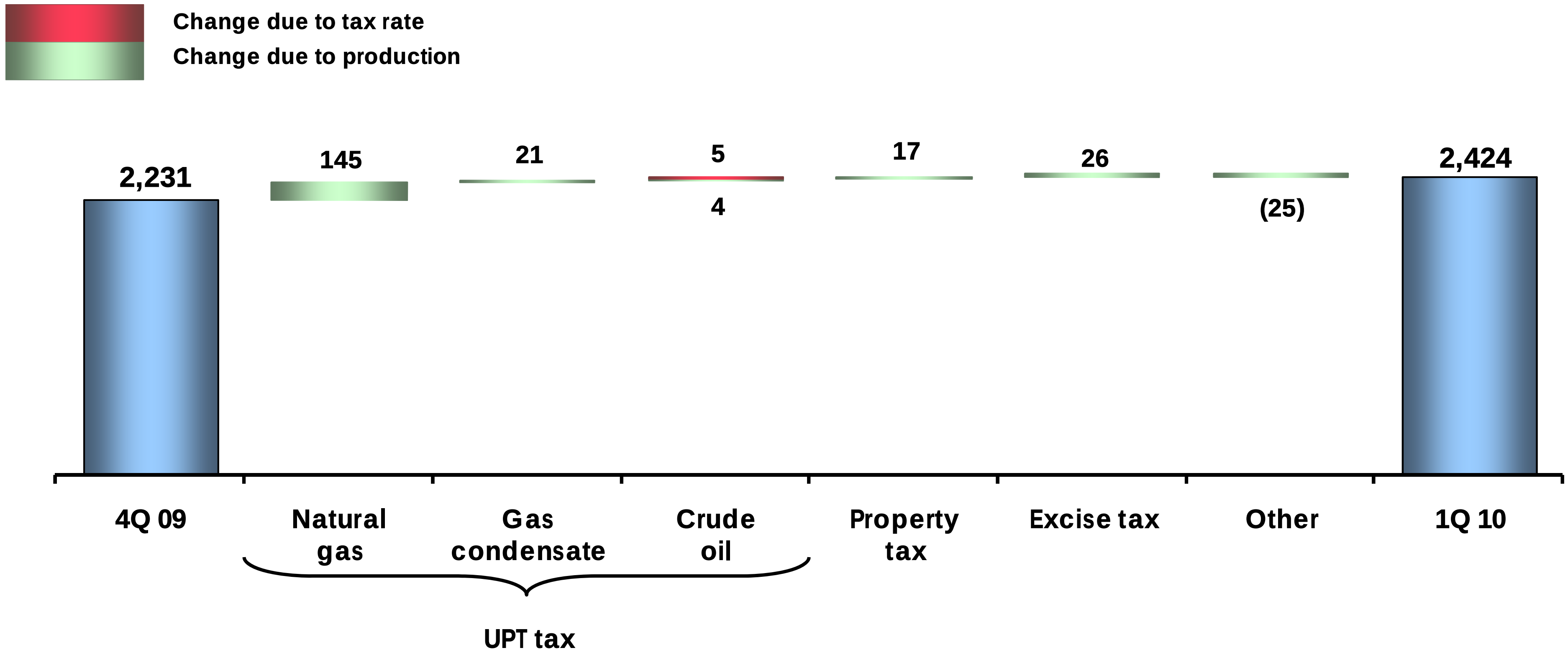
Taxes Other Than Income Tax Expense (RR million)



- The increase in UPT tax for natural gas and gas condensate was due to an 11.1% and 3.8%, respective increase in volumes produced
- Excise tax increased primarily due to LPG sales in Poland through our wholly-owned subsidiary Novatek Polska

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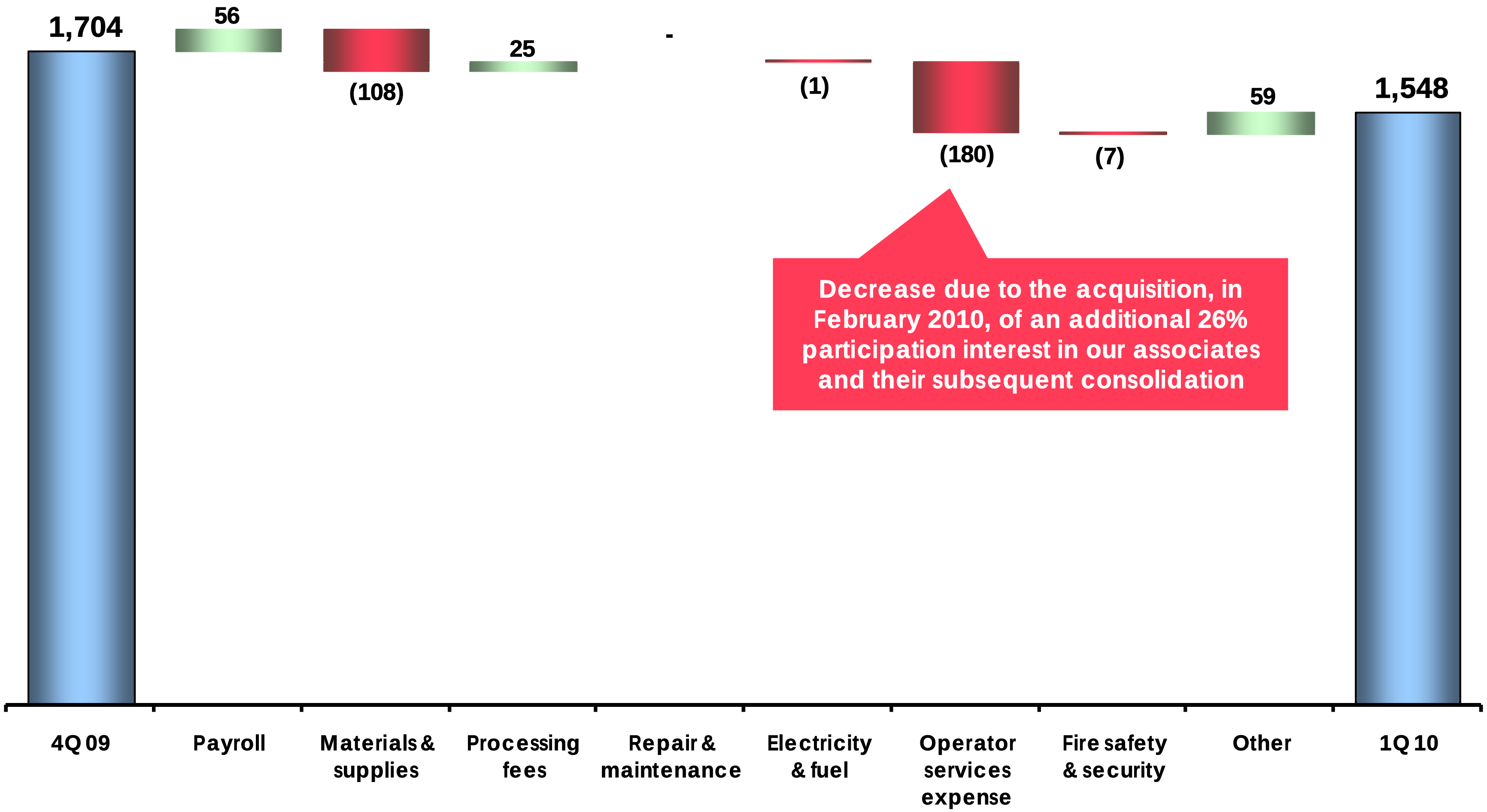
Materials, Services and Other Expenses (RR million)



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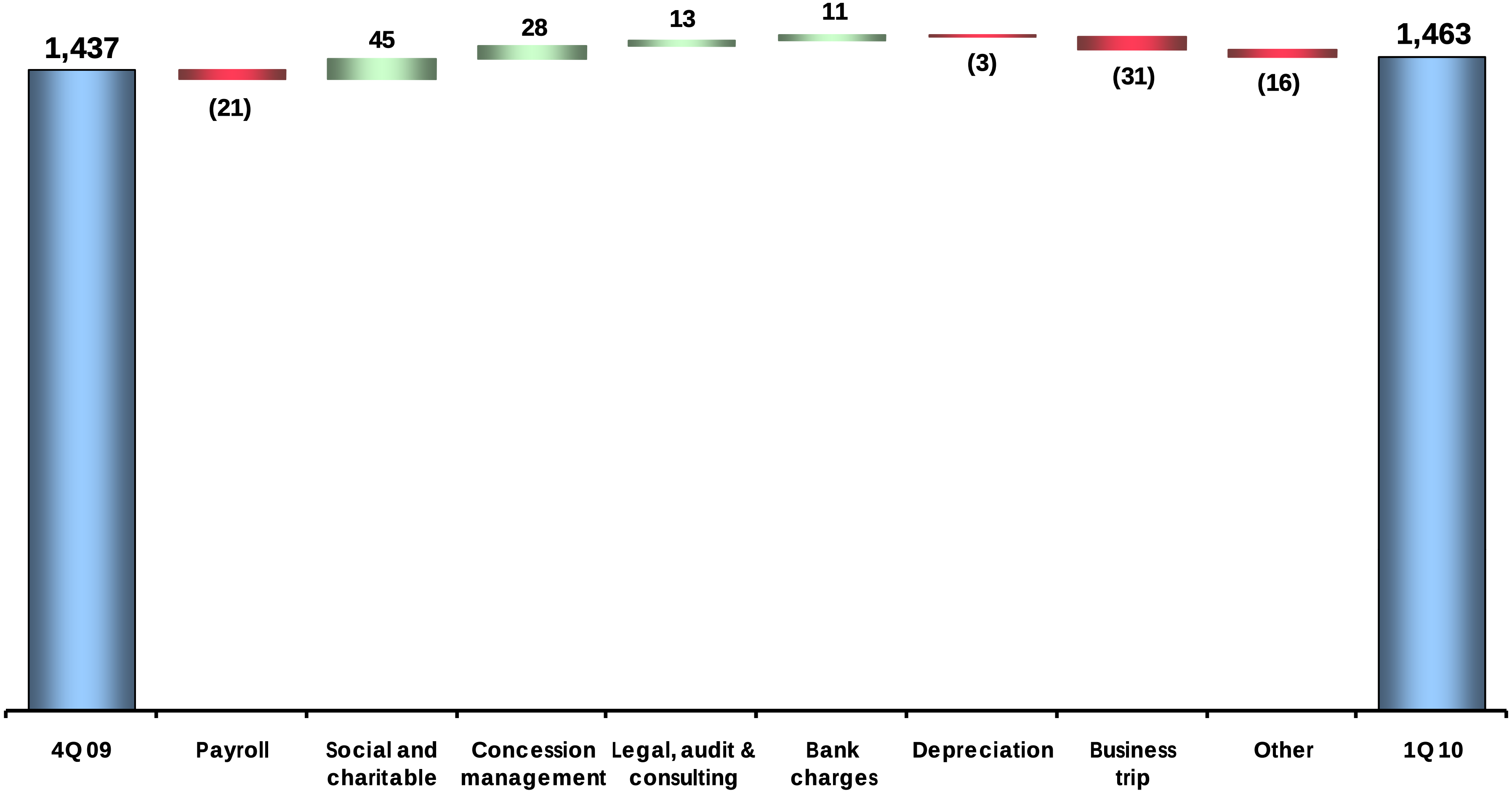
General and Administrative Expenses (RR million)



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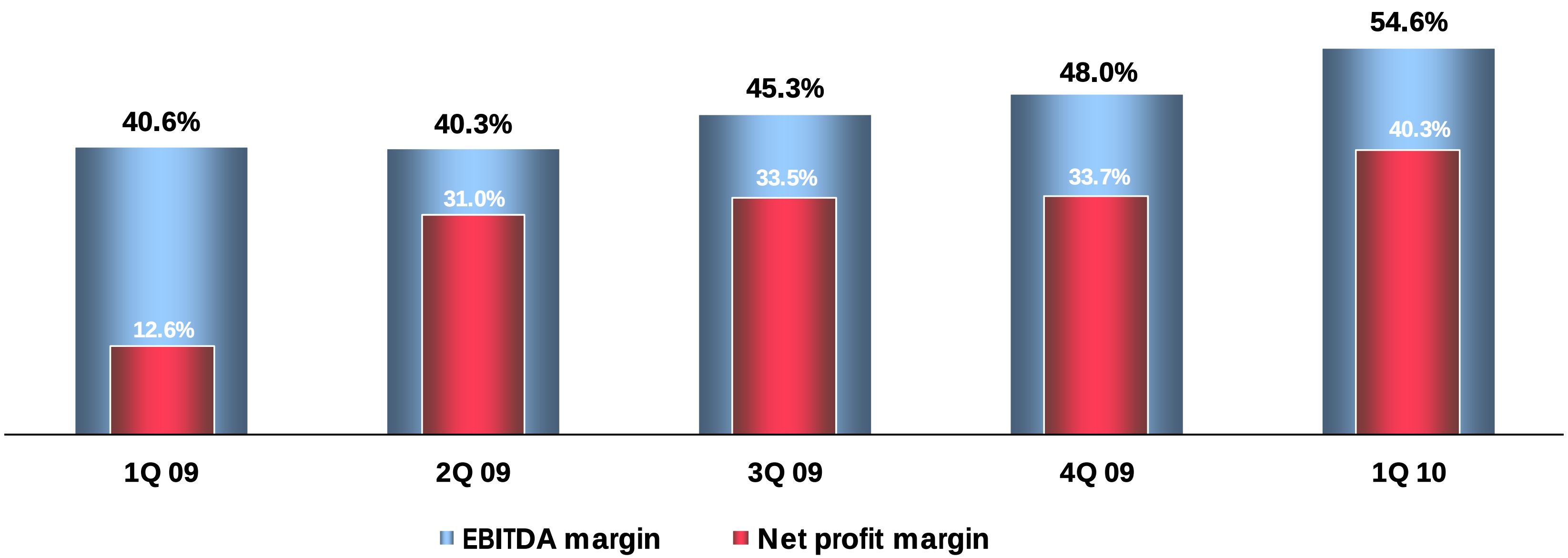
Appendices

Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance

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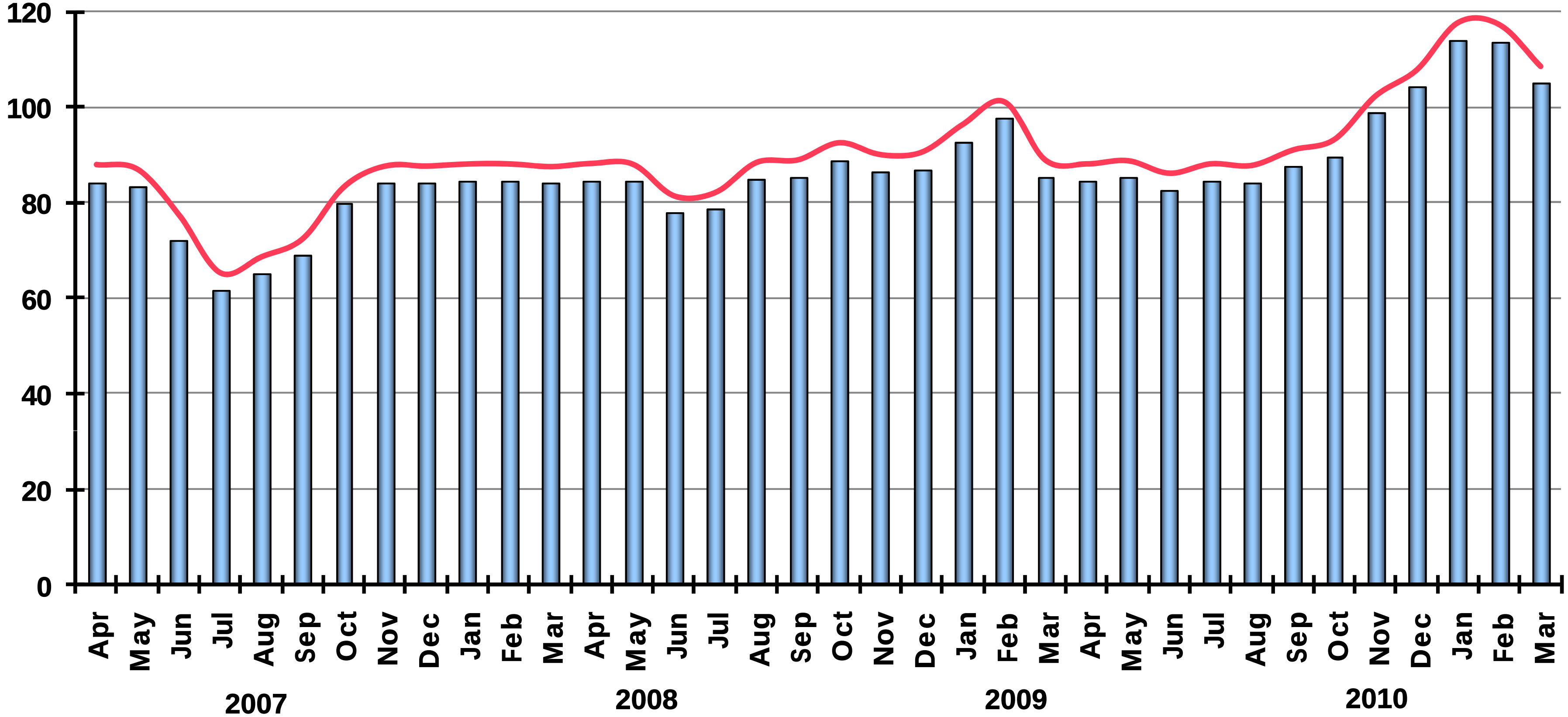
Increasing Natural Gas Production[1] (mmcm per day)



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

1Q 10 Avg.
111 mmcm/day
3,917 bcf/day

Note 1: Production shown is gross production

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Condensed Balance Sheet (RR million)

	31 March 2010	31 December 2009	+/(-)	+/(-)%
Total current assets	**27,784**	**26,867**	**917**	**3.4%**
Incl. Cash and cash equivalents	*11,460*	*10,532*	*928*	*8.8%*
Total non-current assets	**177,131**	**166,264**	**10,867**	**6.5%**
Incl. Net PP&E	*172,494*	*161,448*	*11,046*	*6.8%*
Assets classified as held for sale	***0***	***508***	**(508)**	**-100.0%**
Total assets	**204,915**	**193,639**	**11,276**	**5.8%**
Total current liabilities	**28,458**	**23,593**	**4,865**	**20.6%**
Incl. ST debt	*18,366*	*13,827*	*4,539*	*32.8%*
Total non-current liabilities	**29,580**	**36,602**	**(7,022)**	**-19.2%**
Incl. Deferred income tax liability	*8,830*	*7,460*	*1,370*	*18.4%*
Incl. LT debt	*15,247*	*23,876*	*(8,629)*	*-36.1%*
Liabilities assoc. with assets held for sale	**0**	**4**	**(4)**	**-100.0%**
Total liabilities	**58,038**	**60,199**	**(2,161)**	**-3.6%**
Total equity	**146,877**	**133,440**	**13,437**	**10.1%**
Total liabilities & equity	**204,915**	**193,639**	**11,276**	**5.8%**

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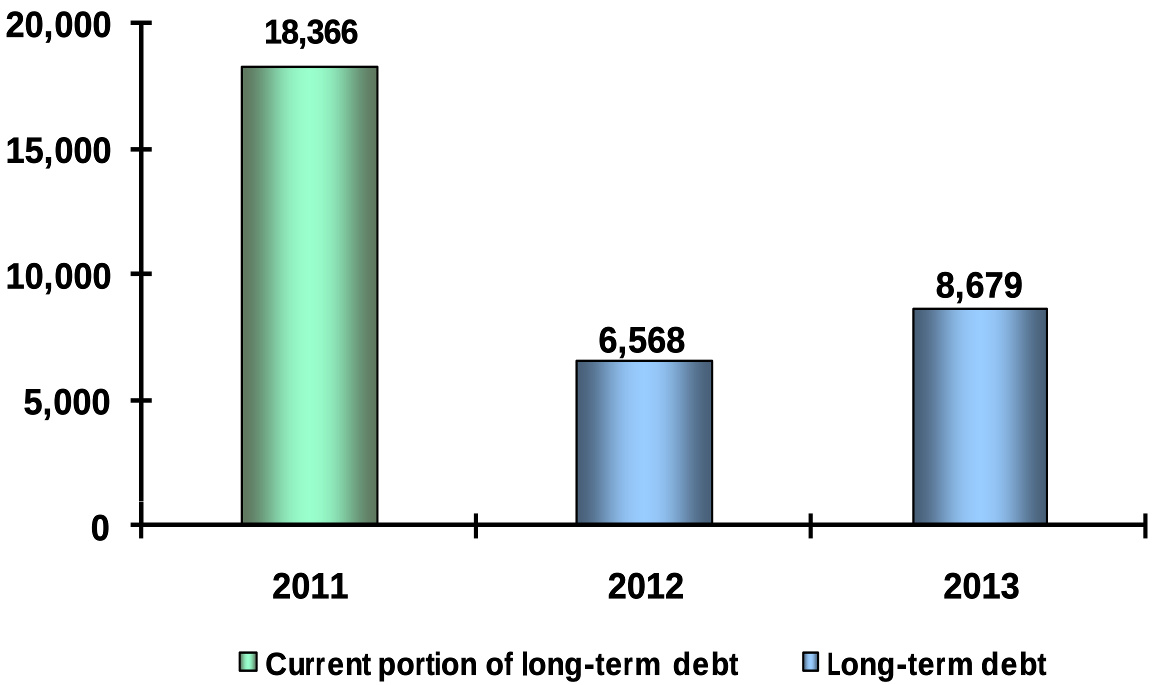
Total Debt Maturity Profile (RR million)



✓ In April 2010, the Group repaid RR 3,346 million (USD 114 million) of our Syndicated term loan facility as per maturity schedule

Debt repayment schedule:

2010 – 4 tranches of the syndicated loan and Sberbank loan

2011 –1 tranche of syndicated loan, Gazprombank credit line and UniCredit loan

2012 – Gazprombank credit line and UniCredit loan

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

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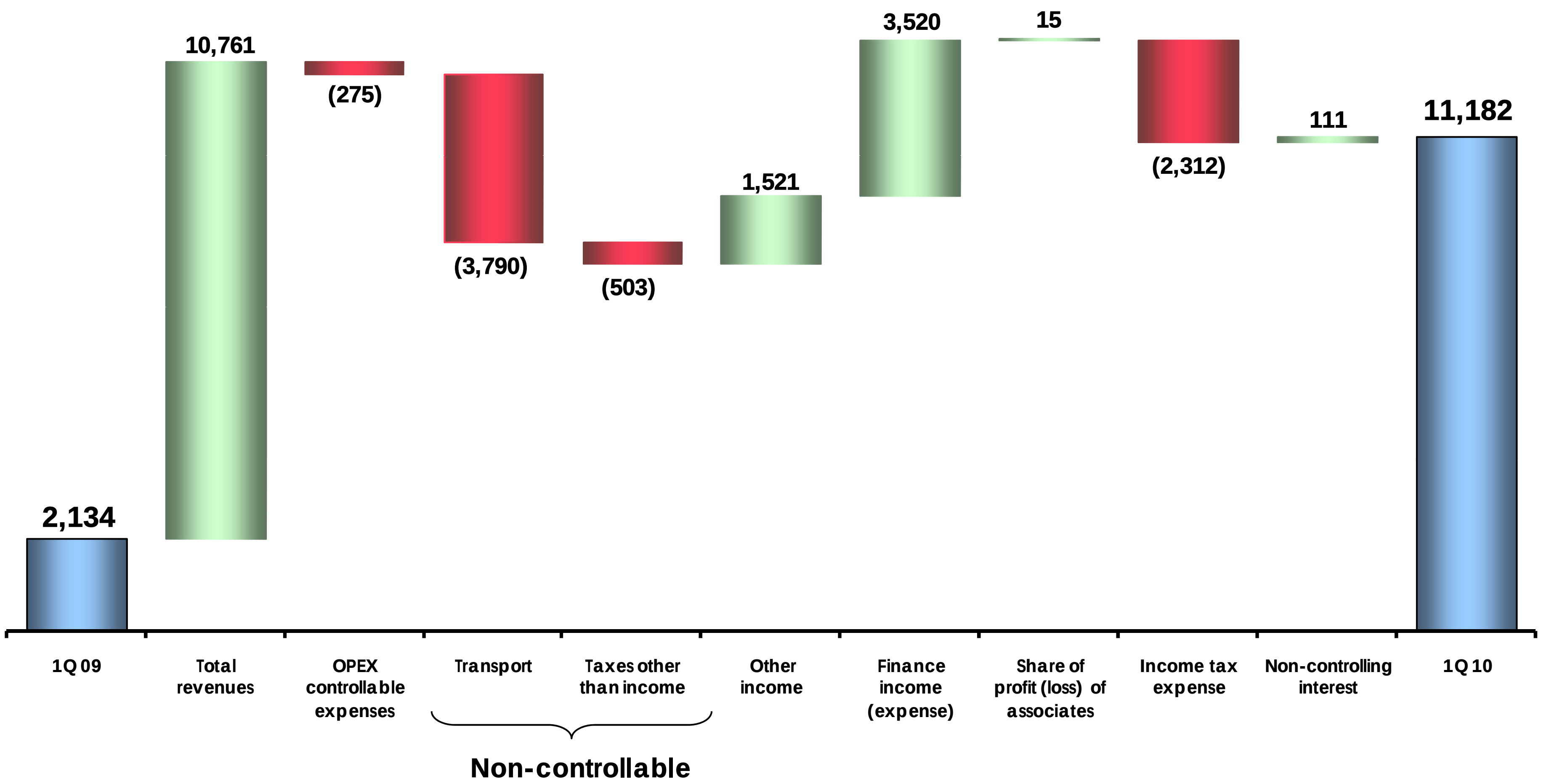
Profit Attributable to NOVATEK Shareholders (RR million)



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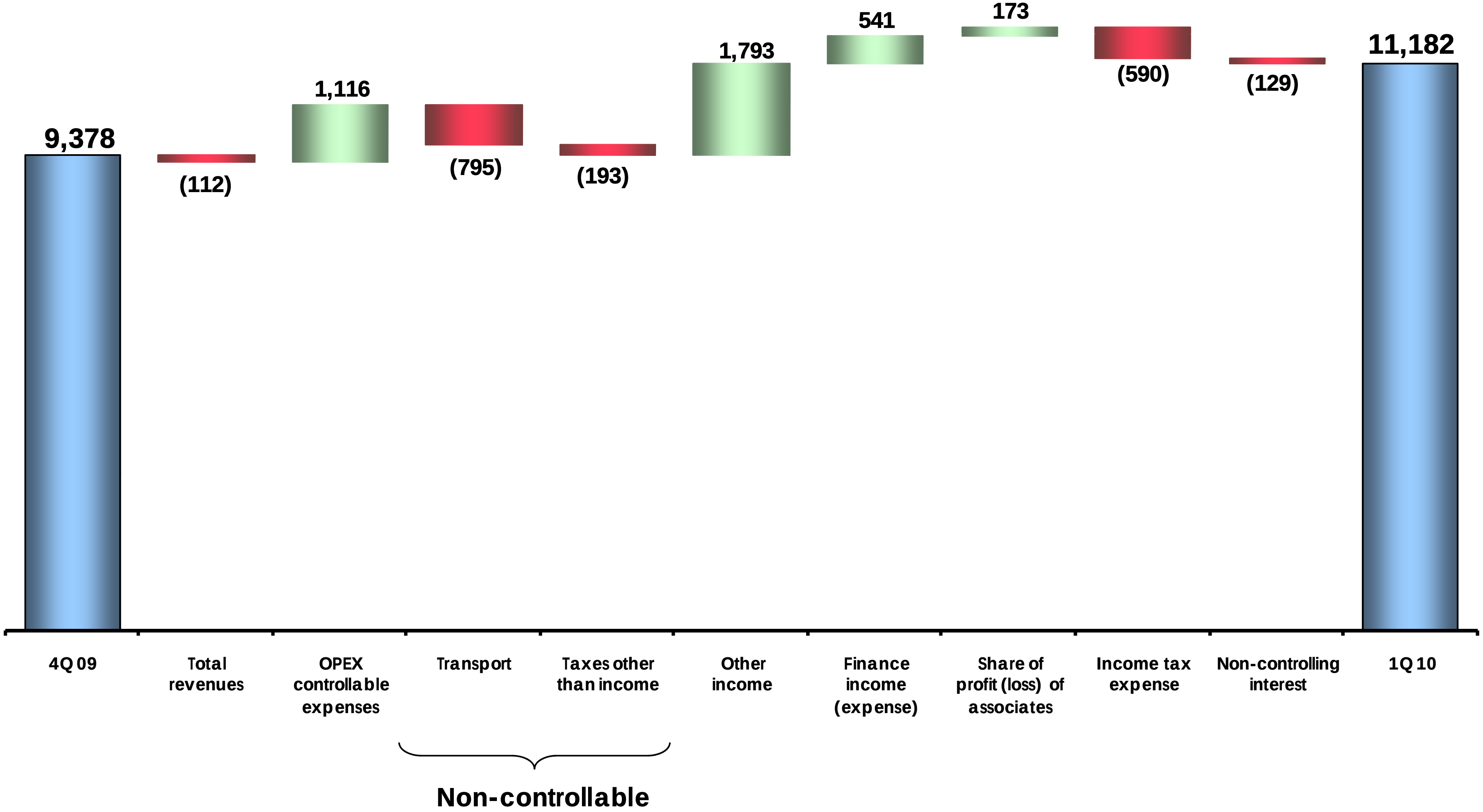
Profit Attributable to NOVATEK Shareholders (RR million)



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Questions and Answers

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