Second Quarter 2008
Operational and Financial Results
Conference Call

Mark A. Gyetvay, Chief Financial Officer and Member of the Board of Directors
Naples, Florida, USA
20 August 2008

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 from 2Q 08

- **Continued growth in revenues and earnings** driven by higher natural gas and liquids prices and volumes growth
  - Natural gas sales increased by 26.4% Y-o-Y
  - Liquids sales increased by 59.7% Y-o-Y
- **Cash flow from operations** increased by 76.6% Y-o-Y to RR 7,935 million from RR 4,494 million
- **Capital expenditures** related to exploration and production increased by 215.4% Y-o-Y to RR 9,470 million
- **EPS** increased by 66.9% Y-o-Y to RR 2.32 from RR 1.39
- **Our average netback price for natural gas** across end-customers, ex-field and e-trading remained relatively strong for the period
- **Operating expenses** as a percent of total revenues decreased by 4.5% Y-o-Y from 59.9% to 55.4%
- **Ratings upgrade** – Standard & Poor's of NOVATEK upgraded from BB (stable outlook) to BB+ (stable outlook)

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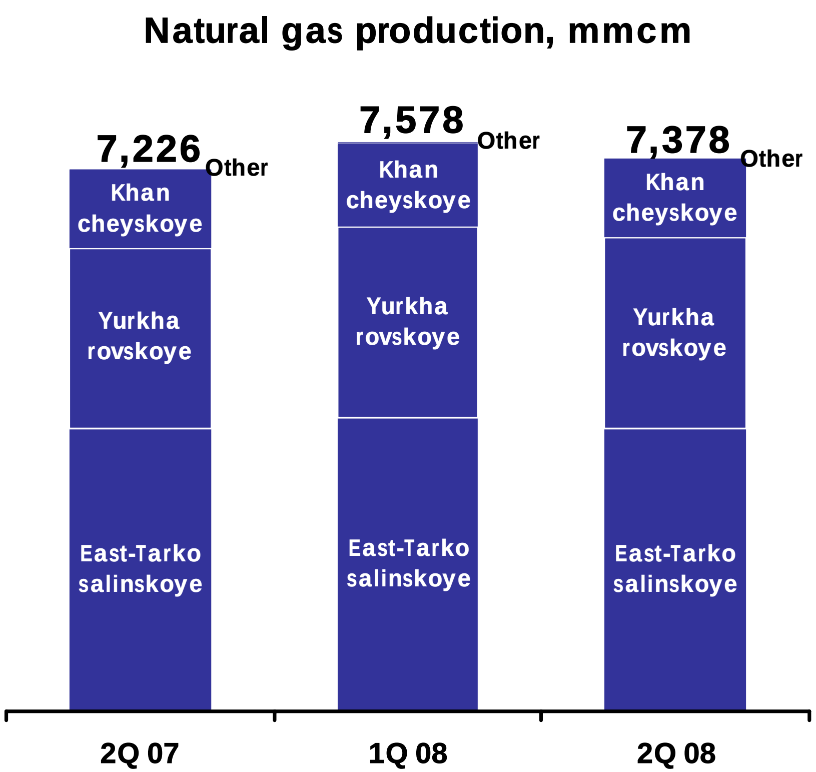
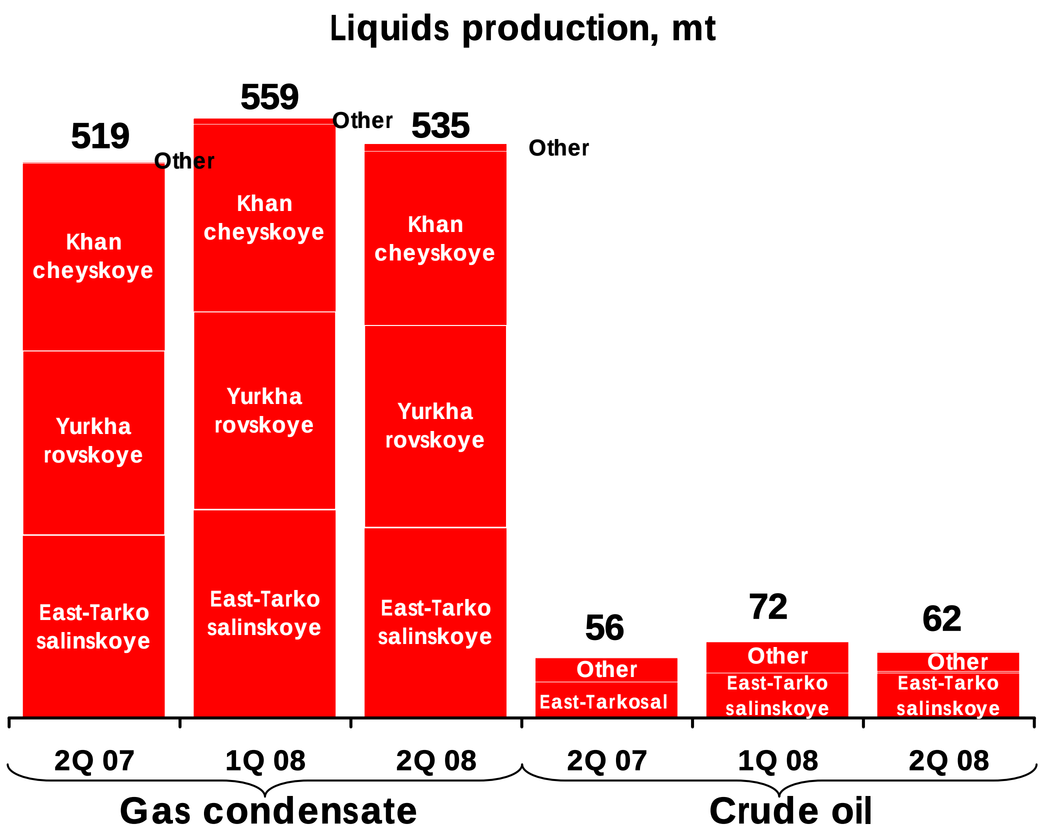
Operational Overview

Hydrocarbon production





- Y-o-Y increase in natural gas production was primarily due to 6.0% organic growth at our Yurkharovskoye field
- Q-o-Q decrease was due to seasonality effect and planned maintenance

- Y-o-Y increase in gas condensate production due to changes in gas separation process at our East-Tarkosalinskoye field and from organic growth at our Yurkharovskoye field
- Y-o-Y increase in crude oil production due to new wells put into operation at our East-Tarkosalinskoye field in 2nd half 2007

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Purovsky Plant & Vitino Sea Port Terminal

- **Total volumes delivered: 515 mt**
  - East Tarkosalinskoye and Khancheyskoye fields: 341 mt (100% of net production)
  - Yurkharovskoye: 171 mt (91% of net production)
- **Total plant output 510 mt**
  - stable gas condensate: 359 mt
  - LPG: 151 mt
- **Plant capacity**
  - Approximately 100%
- **7 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 7 tankers to US markets ~ 375 mt
- **Inventory reconciliation**
  - 2 tankers in transit ~ 105 mt
  - Rail road cisterns and port storage facilities ~ 32 mt
  - Plant storage facilities ~ 12 mt
- **Majority of LPG volumes sold on the domestic market - 82%**

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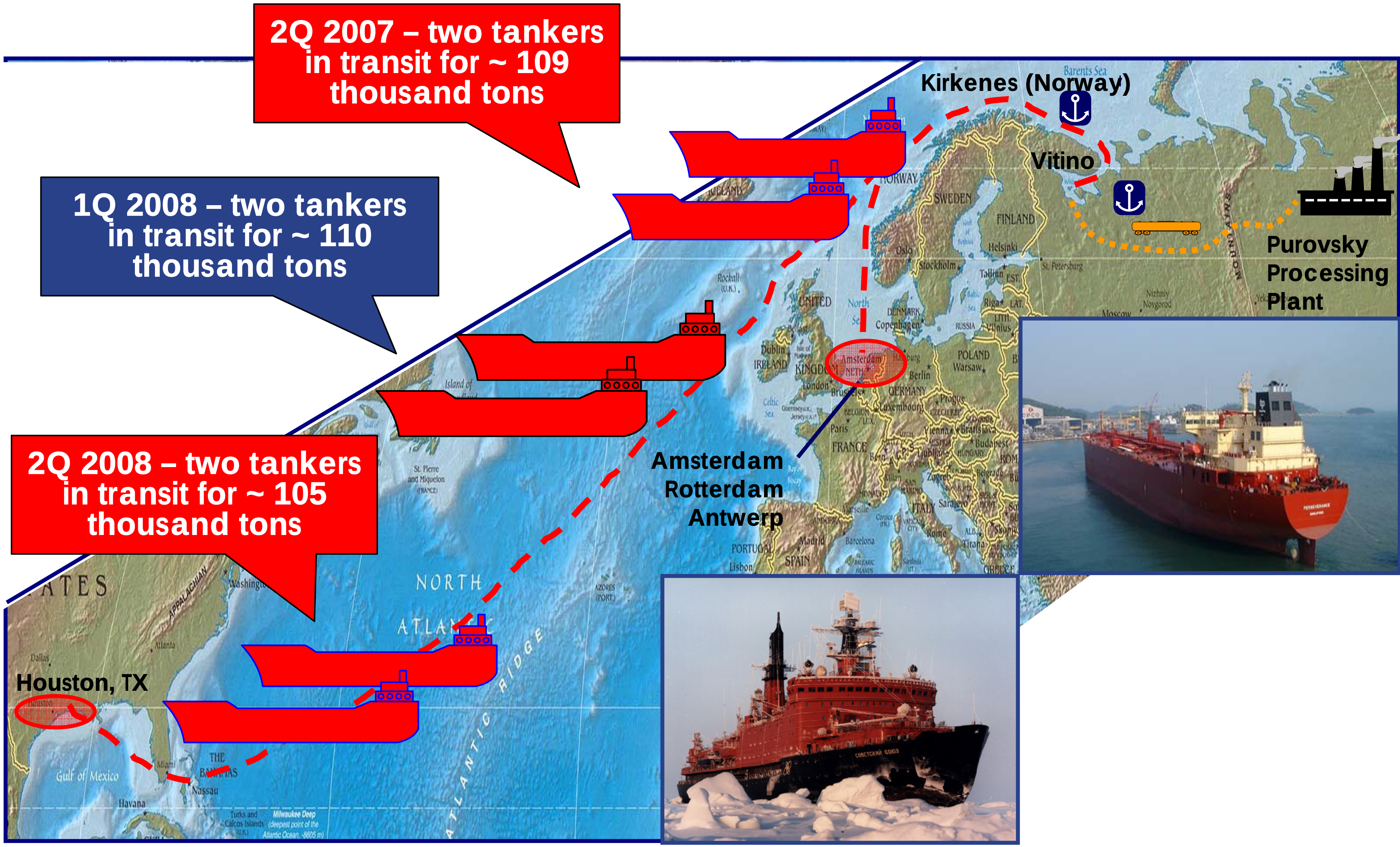
Stable gas condensate in transit



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Financial Overview - 2Q 08 vs. 2Q 07

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Another record quarter (RR million)

2Q 07	2Q 08	+/(-)	+/(-)%		1Q 08	2Q 08	+/(-)	+/(-)%
14,550	20,411	5,861	40.3%	**Oil and gas sales**	20,167	20,411	244	1.2%
15,061	21,157	6,096	40.5%	**Total revenues & other income**	20,892	21,157	265	1.3%
9,010	11,822	2,812	31.2%	**Operating expenses**	11,023	11,822	799	7.2%
7,109	10,339	3,230	45.4%	**EBITDA** [(1)]	10,908	10,339	(569)	-5.2%
47.2%	48.9%	-	-	**EBITDA margin**	52.2%	48.9%	-	-
30.9%	24.1%	-	-	**Effective income tax rate**	24.9%	24.1%	-	-
4,216	7,053	2,837	67.3%	**Profit attributable to NOVATEK**	7,503	7,053	(450)	-6.0%
28.0%	33.3%	-	-	**Net profit margin**	35.9%	33.3%	-	-
1.39	2.32	0.93	66.9%	**Earnings per share**	2.47	2.32	(0.15)	-6.1%
3,003	9,470	6,467	215.4%	**CAPEX**	6,537	9,470	2,933	44.9%
(5,977)	2,997	n/m	n/m	**Net debt (cash)** [(2)]	(177)	2,997	n/m	n/m

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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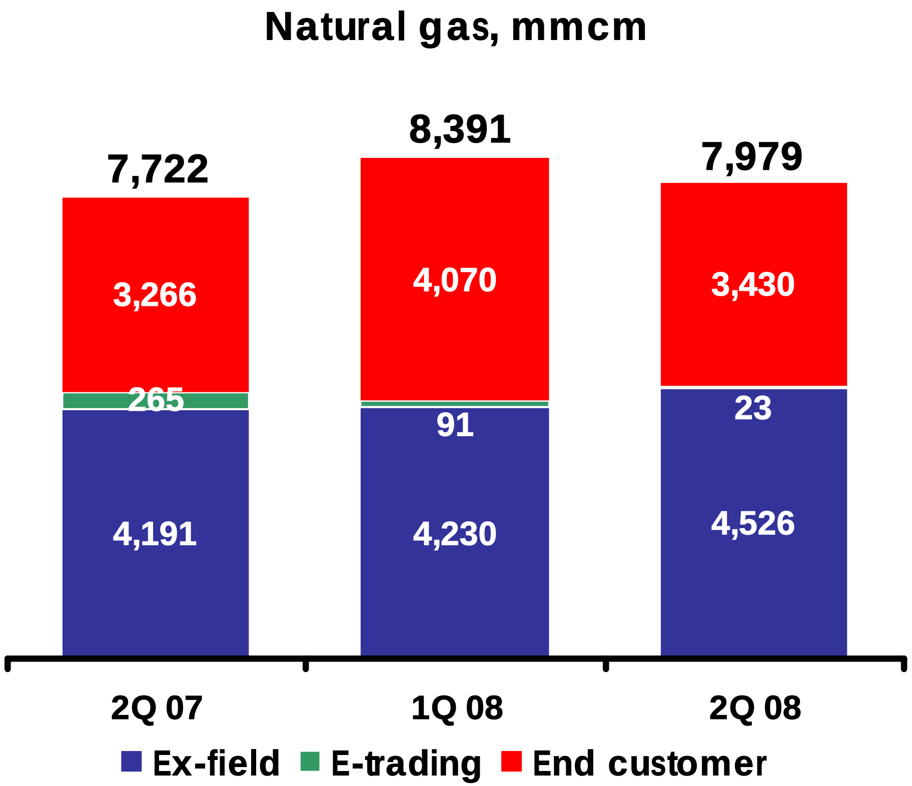
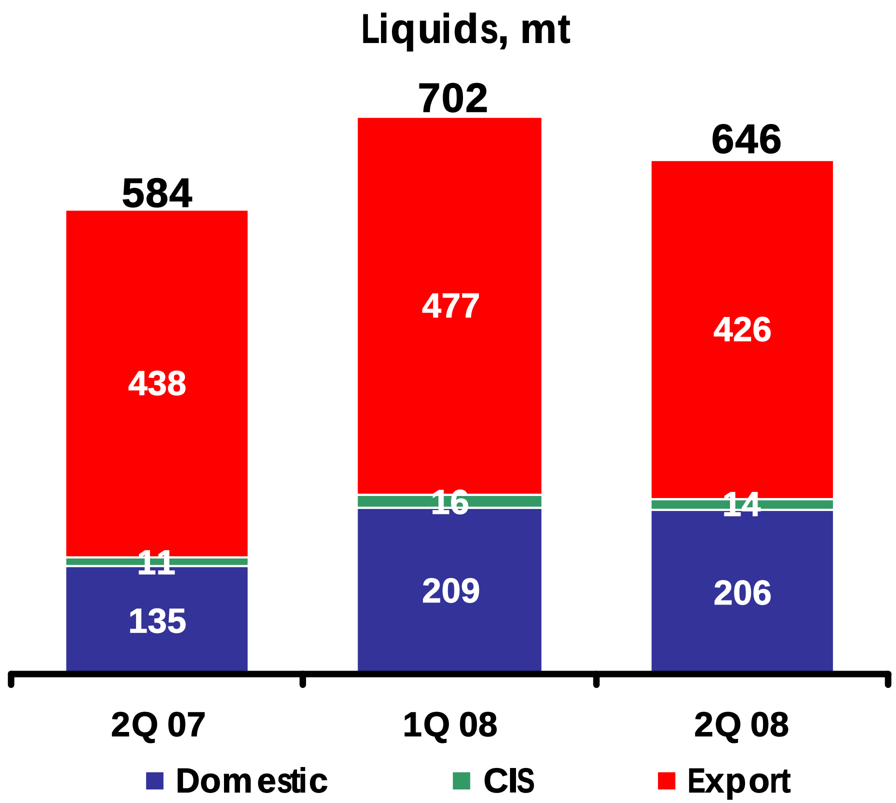
Market distribution – sales volumes





- Y-o-Y change due to organic growth in natural gas production at our Yurkharovskoye field and increase in purchases
- Q-o-Q change due to seasonality and injection into UGSF of 209 mmcm in 2Q08

- Y-o-Y growth in domestic sales was due to crude oil and LPG
- Y-o-Y decrease in export sales primarily due to null sales of crude oil in 2q 08
- In 2008 we sold 100% of crude oil volumes on the domestic market due to ability to achieve higher margins as compared with export sales

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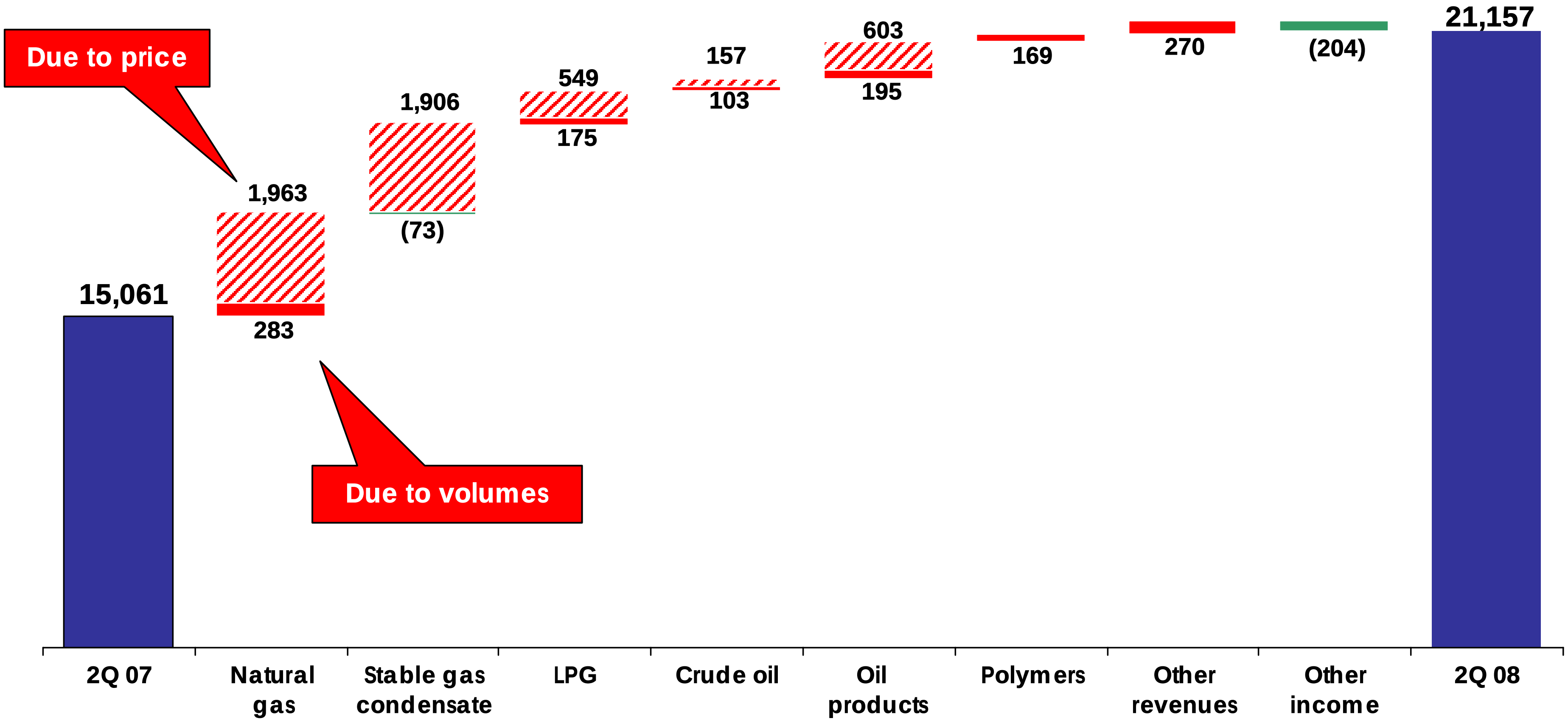
Revenues and other income (RR million)



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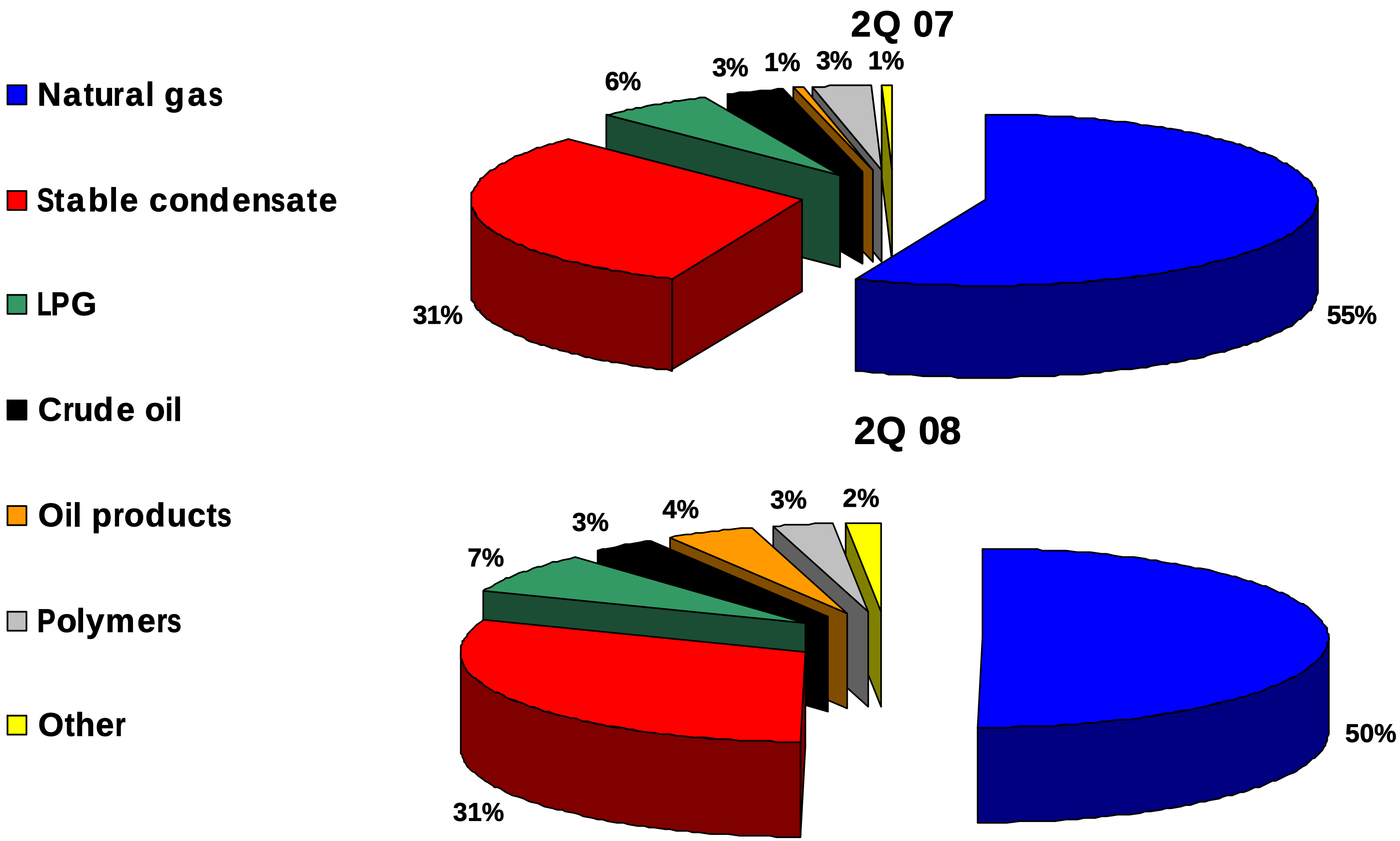
Total revenues breakdown



Realized hydrocarbon prices (net of VAT and export duties)

2Q 07	2Q 08	+/(-)	+/(-)%		1Q 08	2Q 08	+/(-)	+/(-)%
				Domestic prices				
1,518	1,842	324	21.3%	**Natural gas end-customers, RR/mcm**	1,791	1,842	51	2.8%
1,057	1,327	270	25.5%	**Natural gas e-trading, RR/mcm**	1,728	1,327	(401)	-23.2%
777	970	193	24.8%	**Natural gas ex-field, RR/mcm**	980	970	(10)	-1.0%
8,464	10,678	2,214	26.2%	**Stable gas condensate, RR/ton**	-	10,678	n/m	n/m
6,136	9,076	2,940	47.9%	**Crude oil, RR/ton**	7,257	9,076	1,819	25.1%
6,317	10,236	3,919	62.0%	**LPG, RR/ton**	9,085	10,236	1,151	12.7%
7,084	4,126	(2,958)	-41.8%	**Oil products, RR/ton**	4,126	4,126	-	0.0%
				CIS market				
8,076	11,786	3,710	45.9%	**LPG, RR/ton**	10,817	11,786	969	9.0%
				Export market				
12,097	17,098	5,001	41.3%	**Stable gas condensate, RR/ton**	13,488	17,098	3,610	26.8%
7,504	-	n/m	n/m	**Crude oil, RR/ton**	-	-	n/m	n/m
9,573	13,160	3,587	37.5%	**LPG, RR/ton**	13,032	13,160	128	1.0%

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Operating expenses (RR million and % of total revenues (TR))

2Q 07	% of TR	2Q 08	% of TR		1Q 08	% of TR	2Q 08	% of TR
3,528	23.5%	4,229	19.8%	Transportation expenses	4,556	21.8%	4,229	19.8%
1,615	10.7%	1,792	8.4%	Taxes other than income tax	1,763	8.5%	1,792	8.4%
5,143	34.2%	**6,021**	28.2%	**Non-controllable expenses**	**6,319**	30.3%	**6,021**	28.2%
1,141	7.6%	1,743	8.2%	Materials, services & other	1,469	7.0%	1,743	8.2%
1,109	7.4%	1,516	7.1%	General and administrative	837	4.0%	1,516	7.1%
992	6.6%	984	4.6%	Depreciation and amortization	993	4.8%	984	4.6%
207	1.4%	185	0.9%	Exploration expenses	230	1.1%	185	0.9%
16	n/m	10	n/m	Net impairment expense	6	n/m	10	n/m
(21)	n/m	(269)	n/m	Change in natural gas, liquids, and polymer products and WIP	(2)	n/m	(269)	n/m
8,587	57.1%	**10,190**	47.7%	**Subtotal operating expenses**	**9,852**	47.2%	**10,190**	47.7%
423	2.8%	1,632	7.7%	Purchases of natural gas and liquid hydrocarbons	1,171	5.6%	1,632	7.7%
9,010	59.9%	**11,822**	55.4%	**Total operating expenses**	**11,023**	52.8%	**11,822**	55.4%

- Total operating expenses as % of TR decreased Y-o-Y due to significant increase in revenues resulting from higher average realized prices and focused cost control
- Transportation expenses increased Y-o-Y due to higher gas sales to end-customers and higher transportation tariffs
- Y-o-Y purchases of natural gas and liquids increased by RR 1,209 million, or 286%, mainly due to purchases of oil products (naphtha) on the international markets for resale and purchase of natural gas to meet local market demand
- Change in inventory due to increase in oil products volumes purchased on international markets which were not sold, an increase in natural gas volumes stored in underground facilities by 209 mmcm as well as inventory related to work-in-progress for operator services provided to our associates which increased by RR 136 million.

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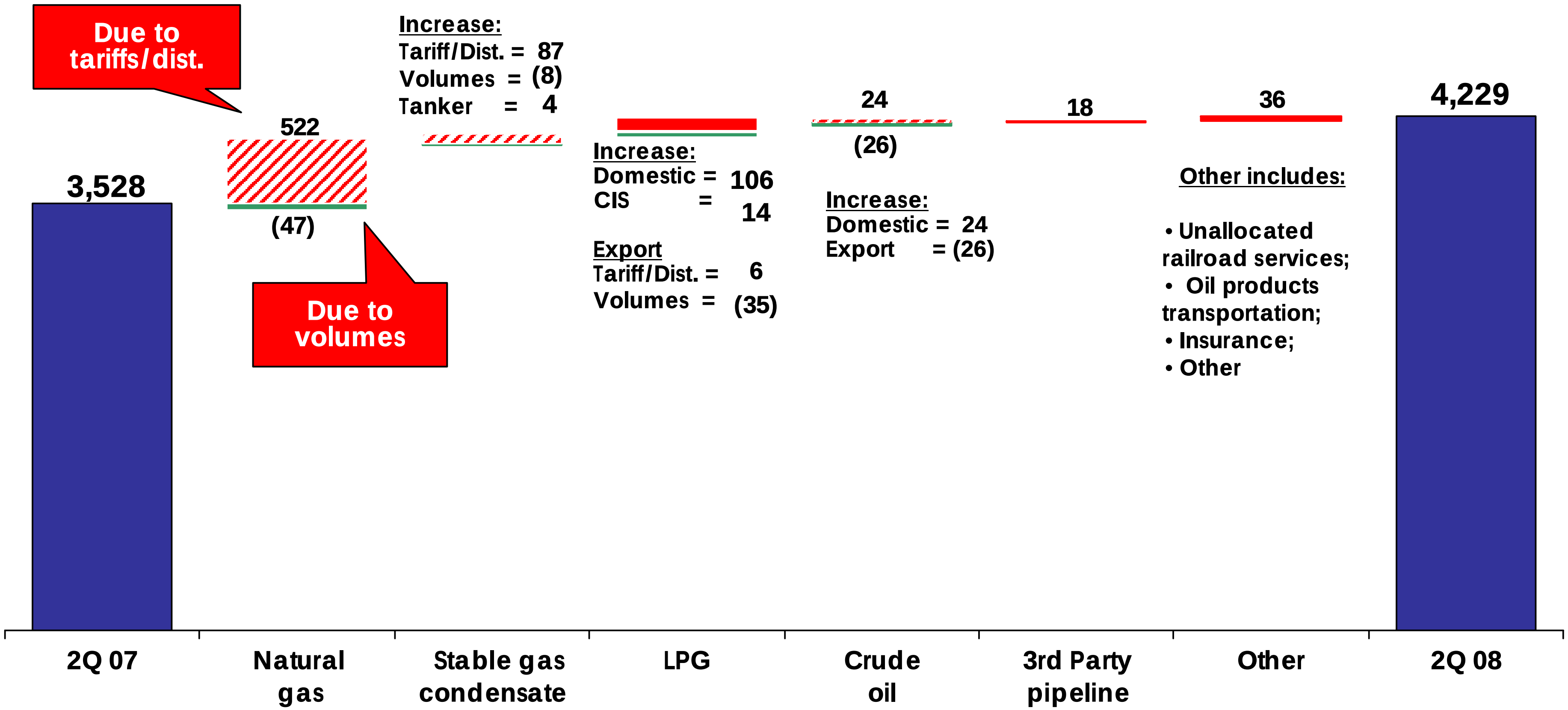
Transportation expenses (RR million)



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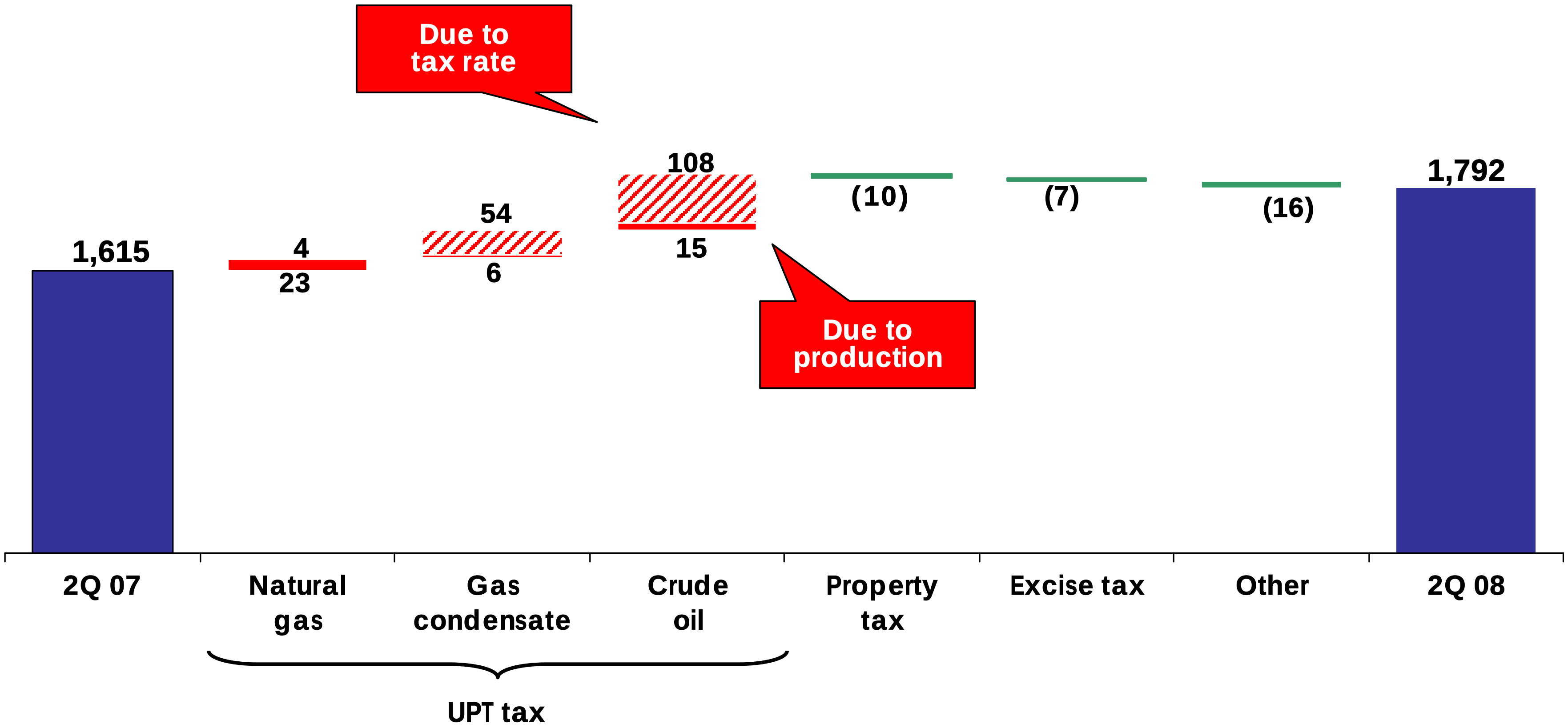
Taxes other than income tax (RR million)



- The increase in UPT tax by RR 210 million, or 14.8%, was primarily due to an increase in mineral production taxes for crude oil and gas condensate
- Our crude oil production tax rate increased by 73.1% (or from RR 2,350 per ton in 2Q07 to RR 4,066 per ton in 2Q08) and our volumes of crude oil produced increased by 10.7%
- Natural gas accounted for RR 1,091 million of UPT tax in 2Q 08 while liquids accounted for RR 540 million

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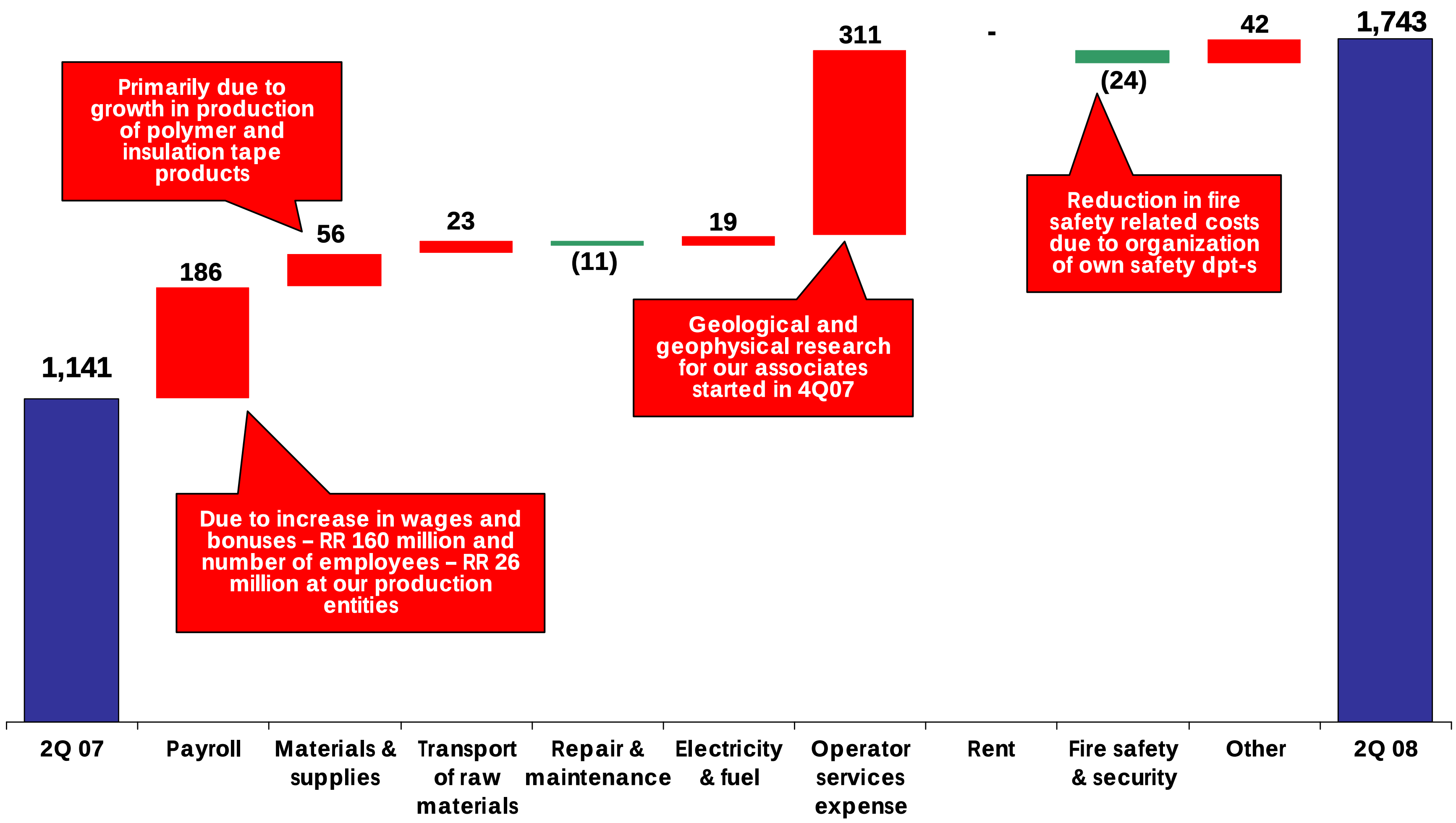
Materials, services and other (RR million)



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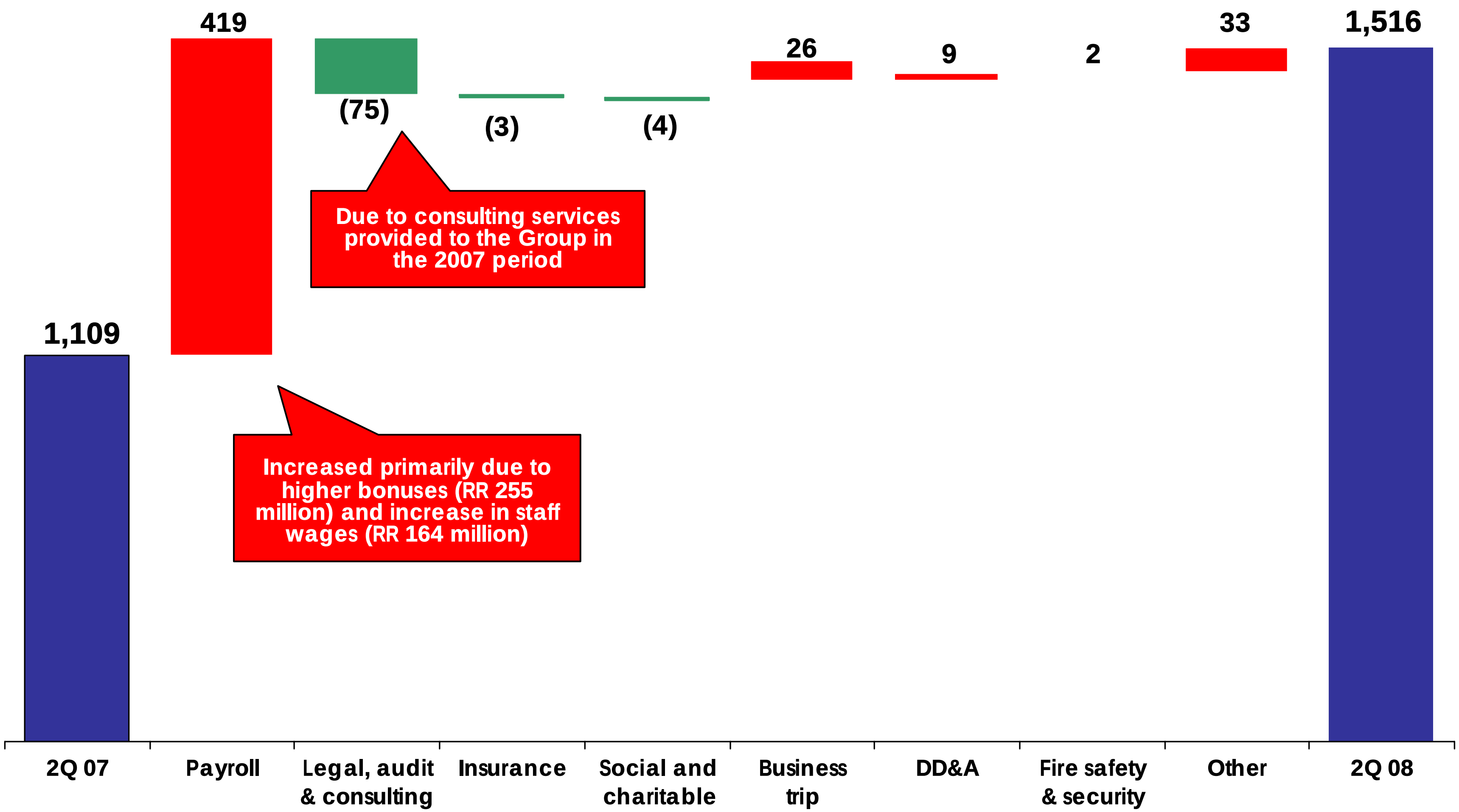
General and administrative expenses (RR million)



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Appendices

Financial Overview – 2Q 08 vs. 1Q 08

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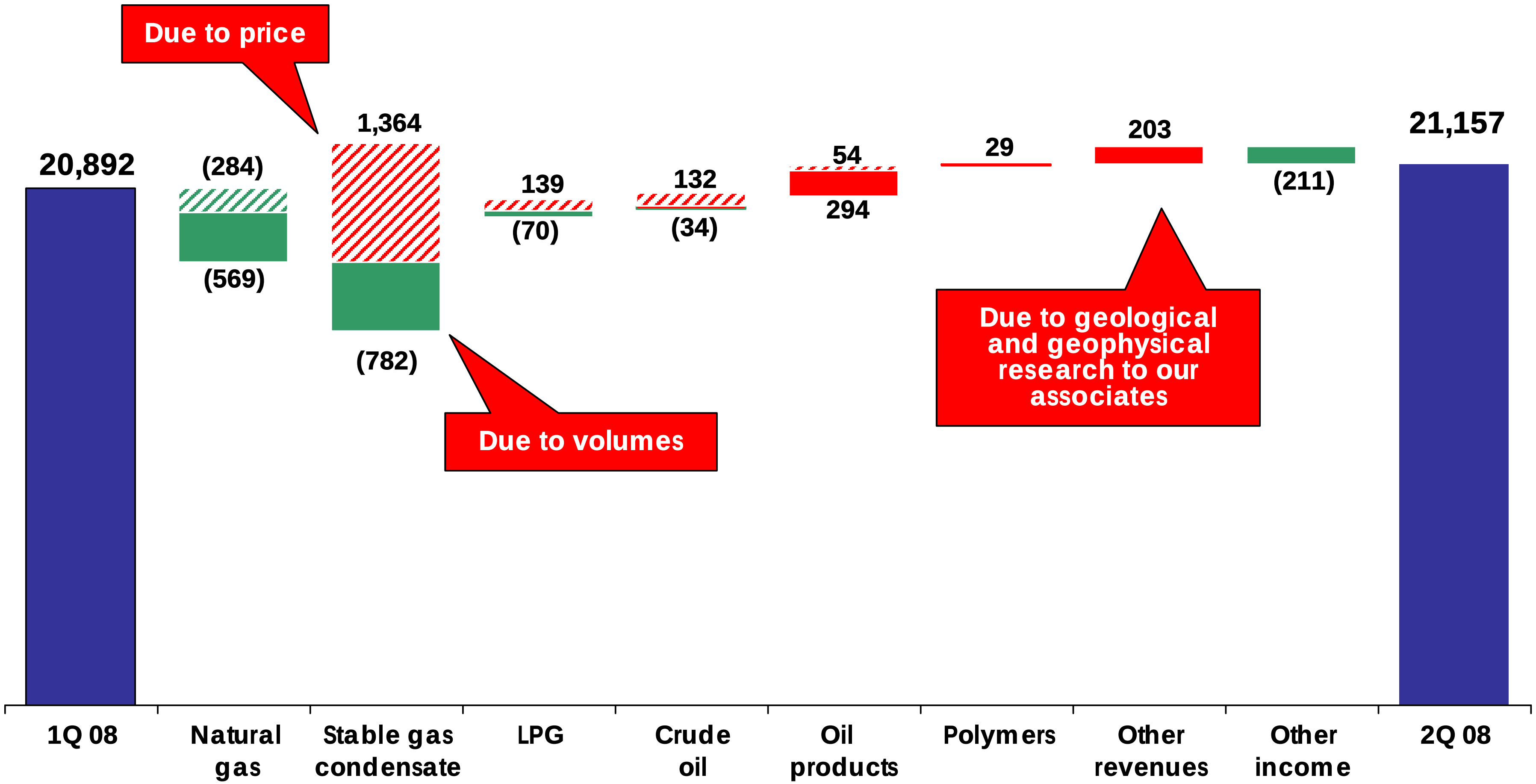
Revenues and other income (RR million)



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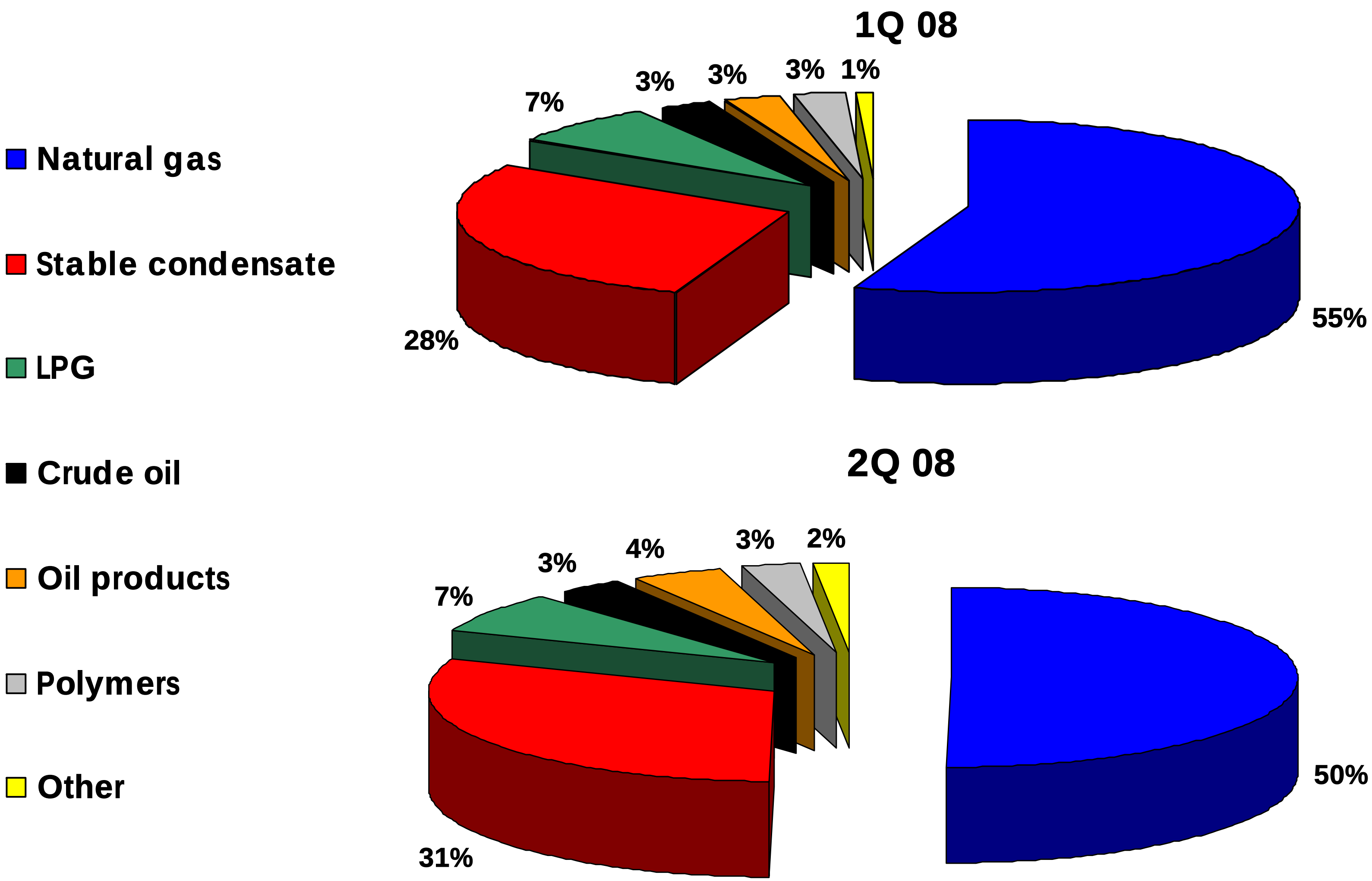
Total revenues breakdown



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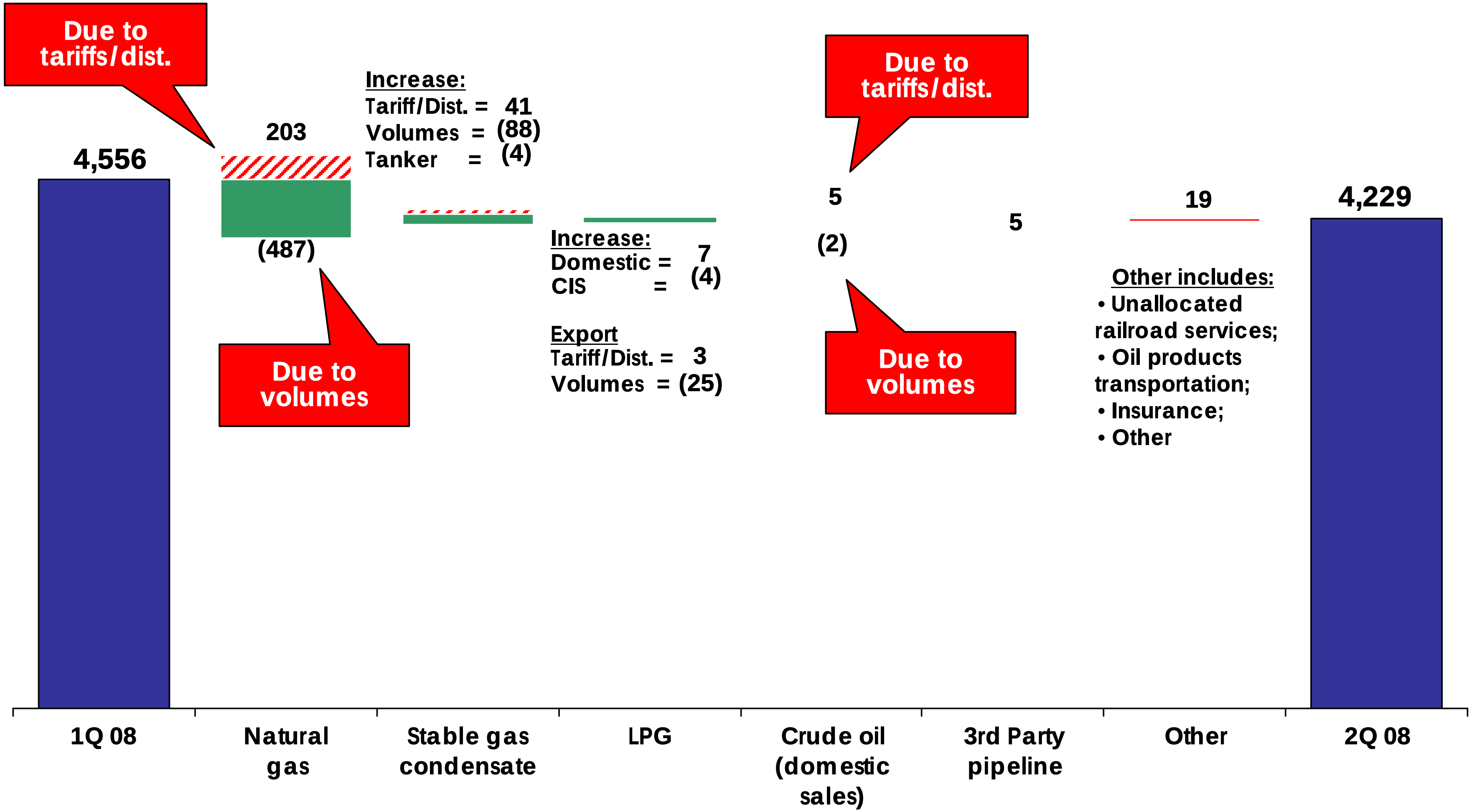
Transportation expenses (RR million)



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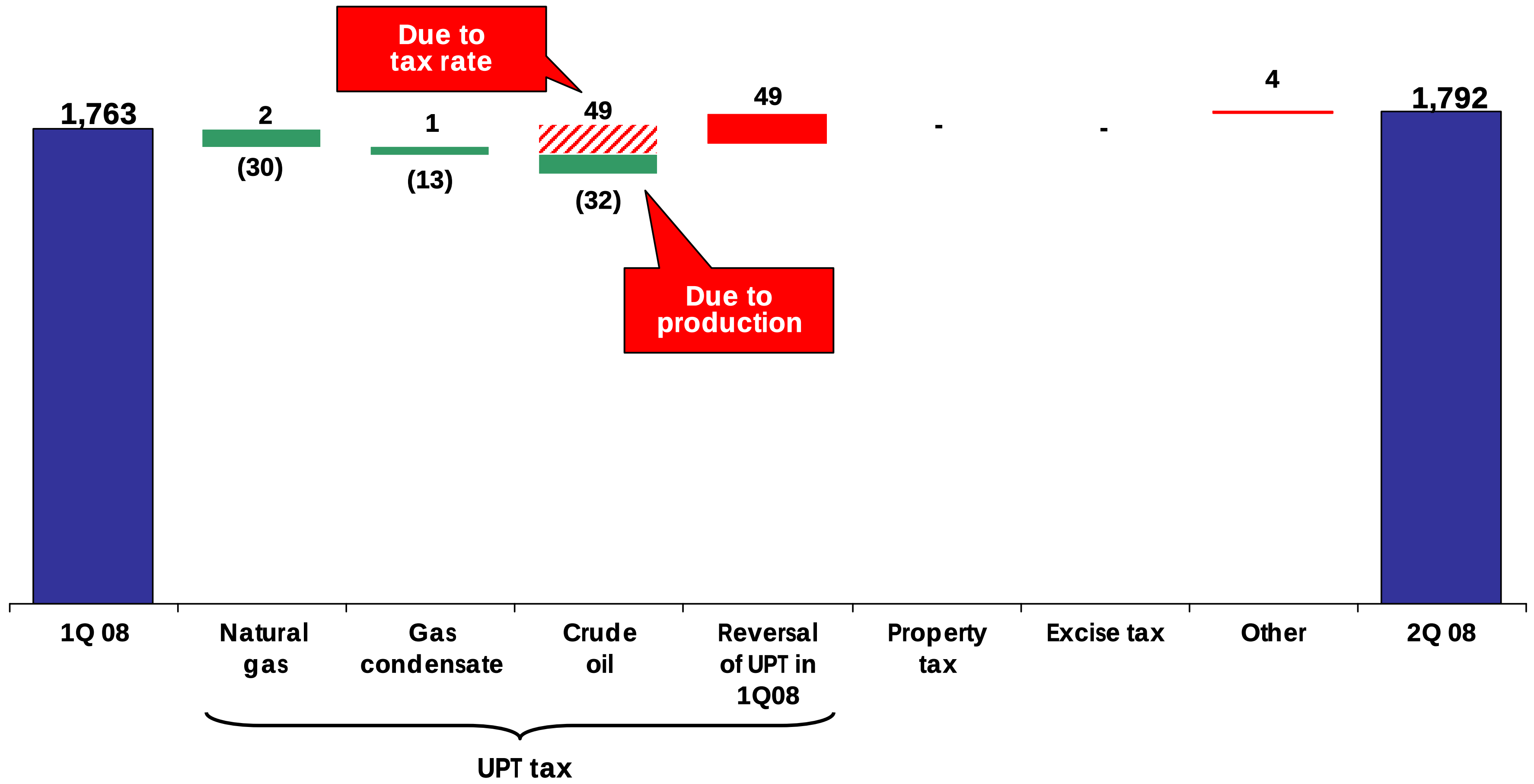
Taxes other than income tax (RR million)



- Net increase in UPT of RR 25 million, or 1.6%, was due to higher UPT paid on crude oil and by the reversal in UPT in 1Q 08
- Natural gas accounted for RR 1,091 million of UPT tax in 2Q 08 while liquids accounted for RR 540 million as compared to RR 1,119 million and RR 535 million of UPT for natural gas and liquids in 1Q 08, respectively

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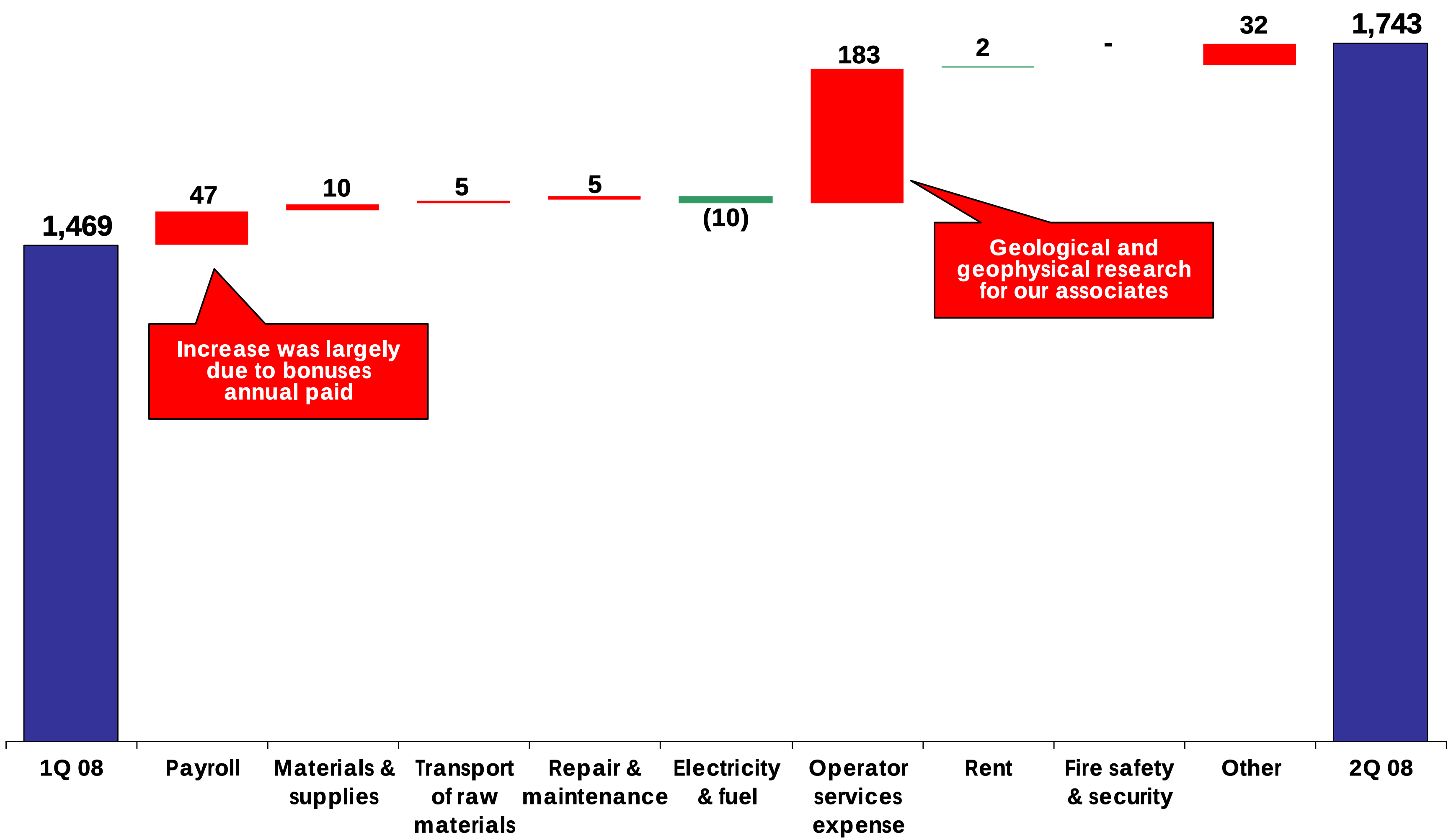
Materials, services and other (RR million)



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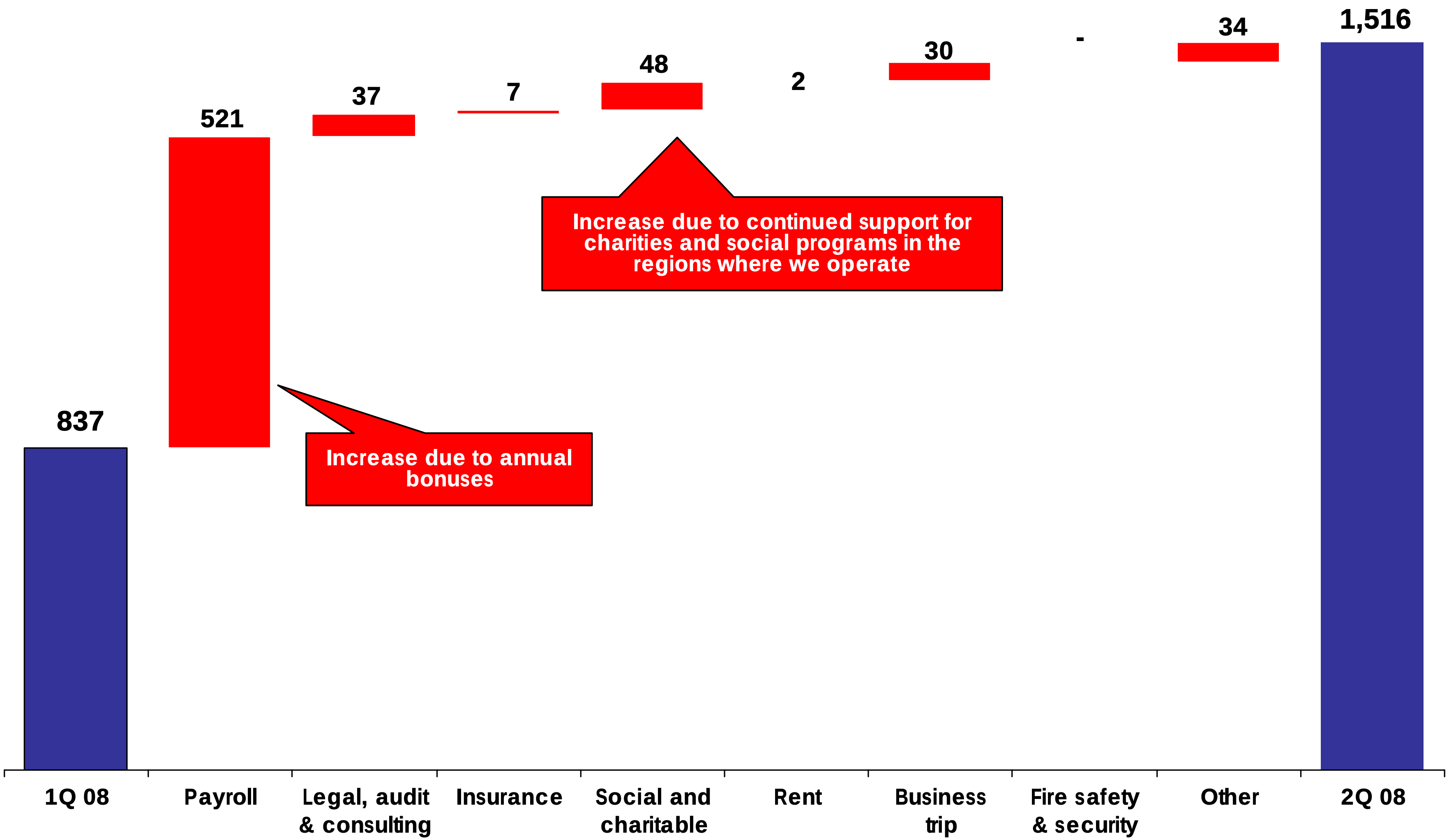
General and administrative expenses (RR million)



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Miscellaneous Information

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Condensed balance sheet (RR million)

	30 June 2008	31 December 2007	+/(-)	+/(-)%
Total current assets	**18,511**	**17,038**	**1,473**	**8.6%**
Incl. Cash and cash equivalents	*5,163*	*3,982*	*1,181*	*29.7%*
Total non-current assets	**100,490**	**86,937**	**13,553**	**15.6%**
Incl. Net PP&E	*96,563*	*82,669*	*13,894*	*16.8%*
Total assets	**119,001**	**103,975**	**15,026**	**14.5%**
Total current liabilities	**12,400**	**12,075**	**325**	**2.7%**
Incl. ST debt	*3,736*	*6,560*	*(2,824)*	*-43.0%*
Total non-current liabilities	**14,761**	**10,088**	**4,673**	**46.3%**
Incl. Deferred income tax liability	*8,403*	*8,083*	*320*	*4.0%*
Incl. LT debt	*4,424*	*42*	*4,382*	*n/m*
Total liabilities	**27,161**	**22,163**	**4,998**	**22.6%**
Total equity	**91,840**	**81,812**	**10,028**	**12.3%**
Total liabilities & equity	**119,001**	**103,975**	**15,026**	**14.5%**

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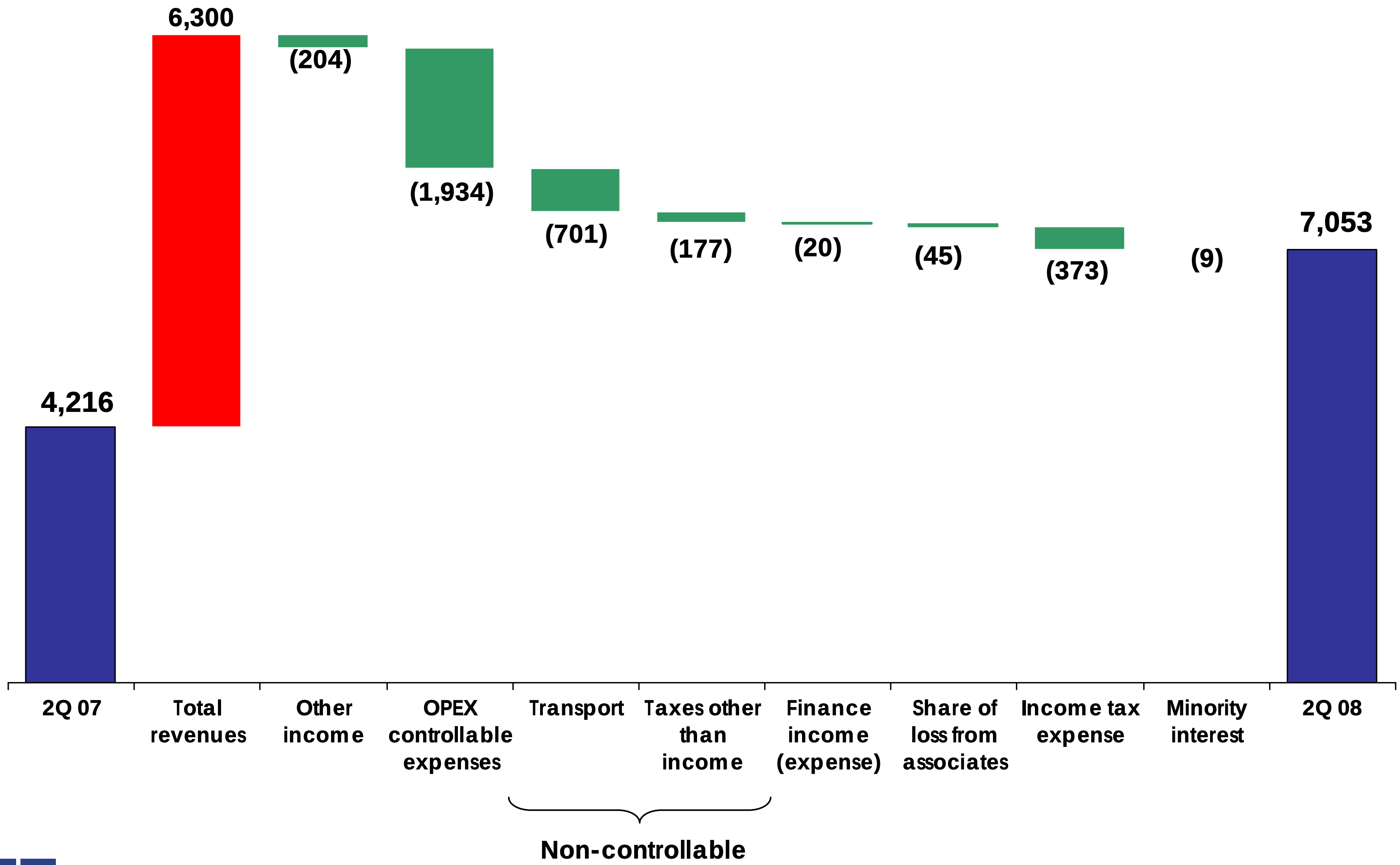
Profit attributable to NOVATEK shareholders (RR million)



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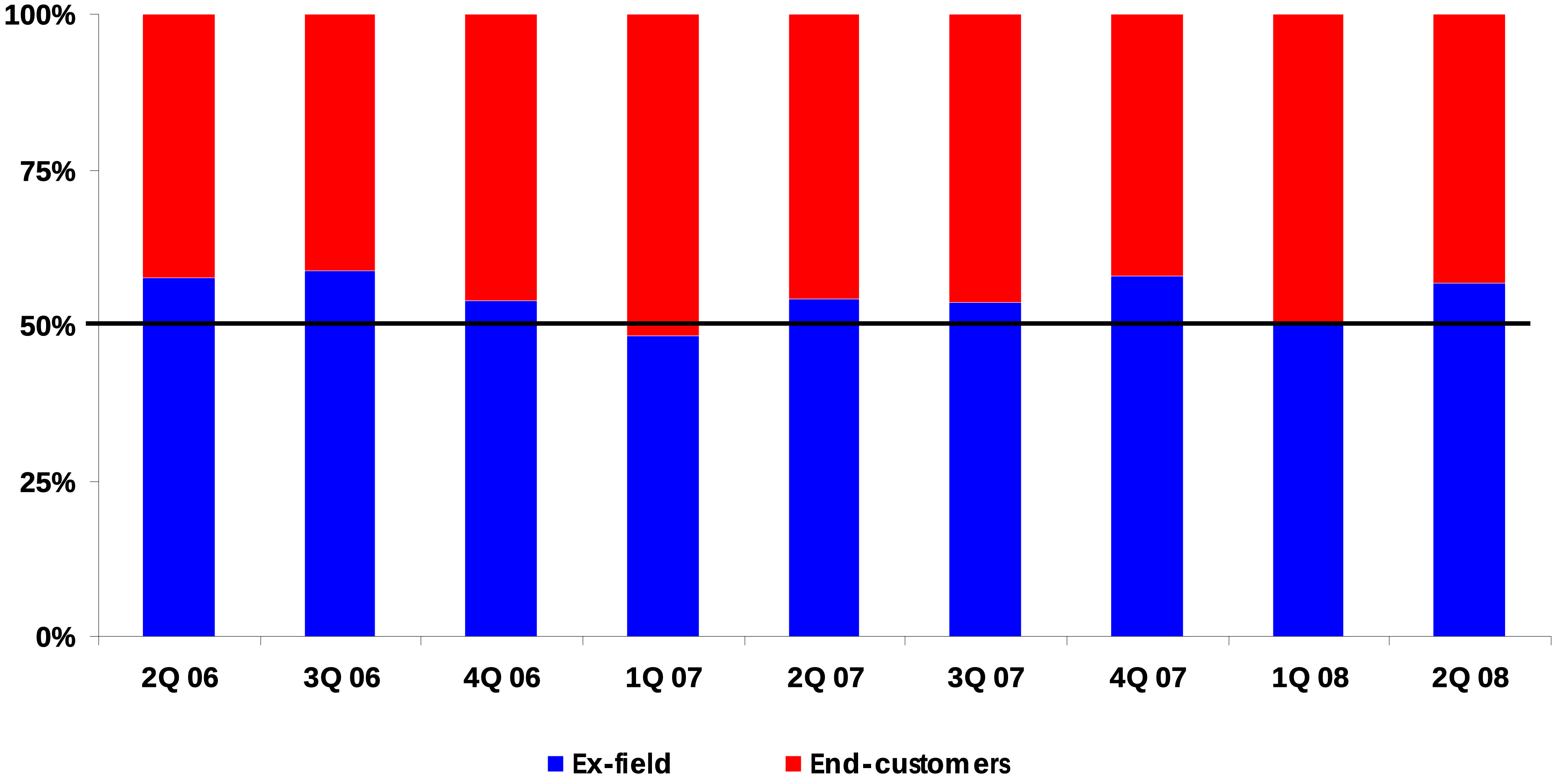
Natural gas sales volume mix



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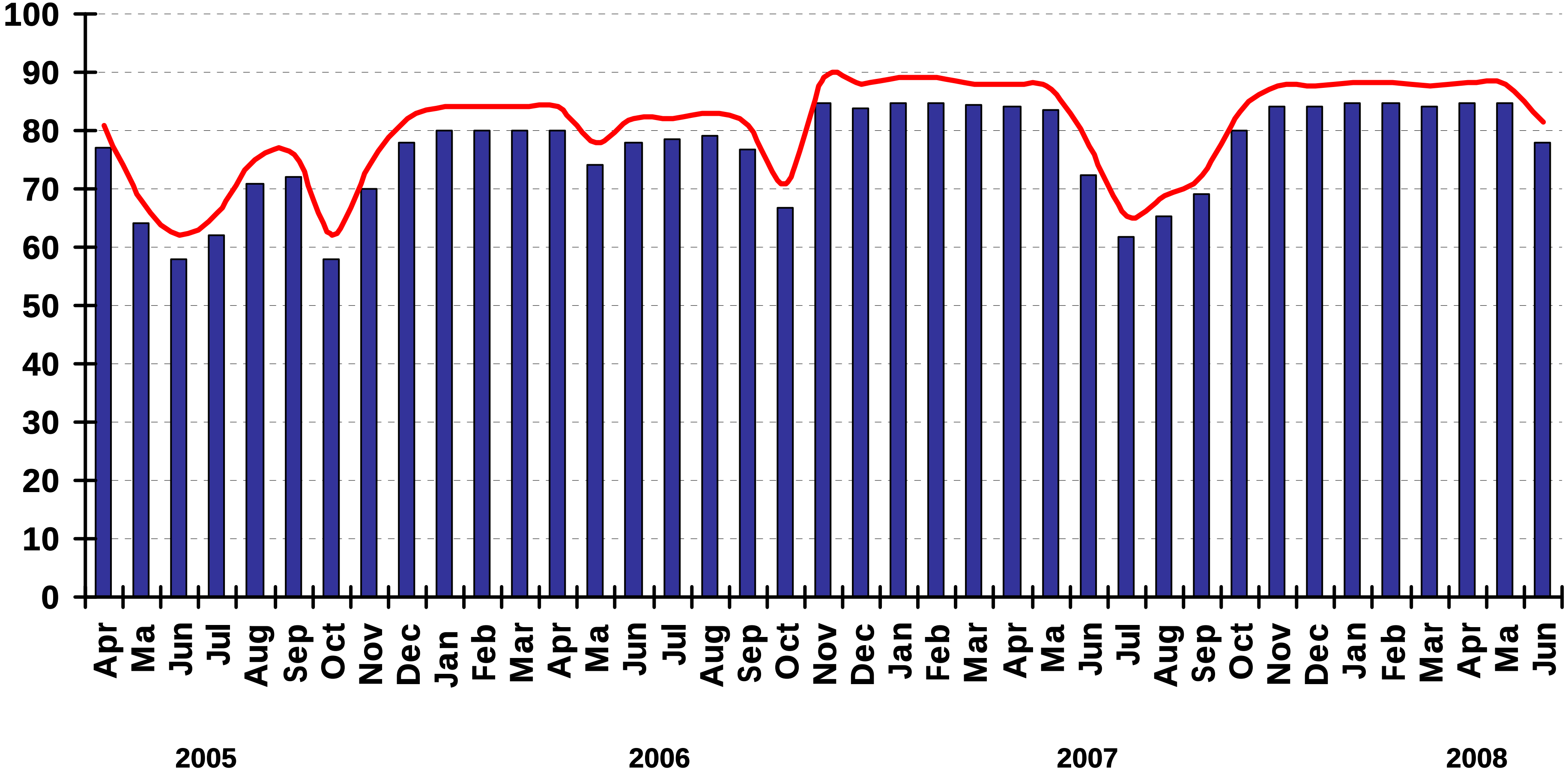
Increasing natural gas production (mcm per day)



2005 Avg.
69 mmcm/day
2,436 bcf/day

2006 Avg.
79 mmcm/day
2,789 bcf/day

2007 Avg.
78 mmcm/day
2,760 bcf/day

2Q 08 Avg.
82 mmcm/day
2,911 bcf/day

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