Crew at ADMA Block, UAE

3

Project Overview

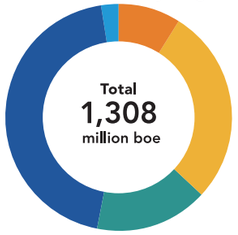
Reserves, Production and Investment Plan

Reserves

Our reserves as of March 31, 2011, consisted of approximately 1.3 billion barrels of oil equivalent (boe) of proved reserves, approximately 2.8 billion boe of probable reserves and approximately 600 million boe of possible reserves. These proved reserves give us a reserve to production ratio (R/P ratio) of 8.5 years. Adding the probable reserves increases the R/P ratio to 26.7 years.

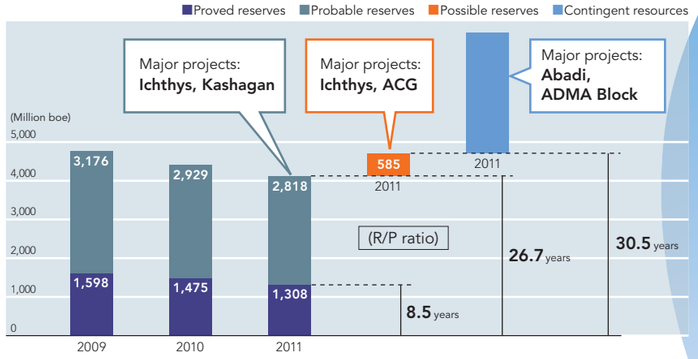
We also have an abundance of contingent resources. We also expect to continue increasing proved and probable reserves over the medium to long term through new projects and by raising the recoverability rate on existing oil and gas fields.

Proved reserves by region



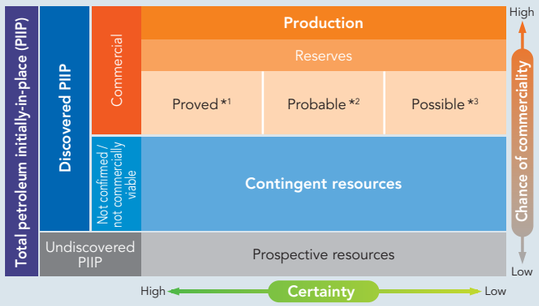
	(Million boe)	(%)
Japan	117	9
Asia & Oceania	367	28
Eurasia	210	16
Middle East & Africa	583	45
Americas	30	2

Our Reserves



Years ended March 31

Classification of reserves (image)



*1 **Proved reserves:** The amount of oil from known reservoirs for which commercial recovery from a certain date forward is judged as being possible with reasonable certainty. When probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will meet or exceed the estimated amount of proved reserves.
*2 **Probable reserves:** Additional reserves which have a lower certainty than proved reserves and a higher possibility of recovery than possible reserves. When probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will meet or exceed the sum of estimated proved reserves and probable reserves.
*3 **Possible reserves:** Additional reserves which have a lower certainty than probable reserves. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will meet or exceed the total sum of estimated proved reserves, probable reserves and possible reserves.
Note: Prepared by INPEX based on material provided the by Japan Oil, Gas and Metals National Corporation (JOGMEC)

Expansion of reserves

Reserves are a source of corporate value. The probable/possible reserves and contingent resources will be upgraded to proved reserves through development. Through production activities, these proved reserves will become the earnings source of our company.

Expansion of production volume

Production volume is directly linked to sales that result in income for our company. That income serves as an investment resource for subsequent development.

Expansion of investment for exploration and development

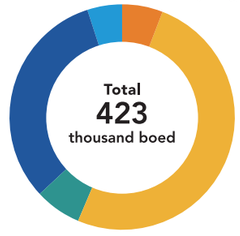
We continuously invest in exploration and development to maintain and expand reserves.

Production Volume

Our net production volume for the year ended March 31, 2011, was 239 thousand barrels per day of crude oil and 1,102 million cubic feet per day of natural gas. Combining crude oil and natural gas gives us production of 423 thousand barrels of oil equivalent per day (boed).

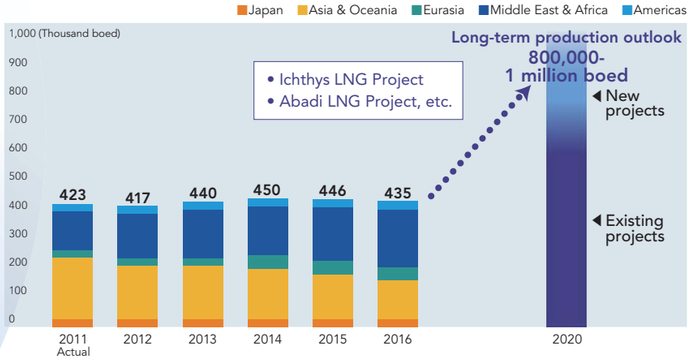
Regarding medium- to long-term forecasts for our net production volume, the existing projects, including Ichthys and Abadi, will support the production volume of our assets contributing to a rise in production to approximately 700 thousand boed. Furthermore, we expect our production to increase to 800,000–1 million boed by 2020 through aggressive exploration together with acquisitions of new oil and gas fields.

Net production volume by region



	(Thousand boed)	(%)
Japan	25	6
Asia & Oceania	214	50
Eurasia	28	7
Middle East & Africa	135	32
Americas	21	5

Long-term production outlook



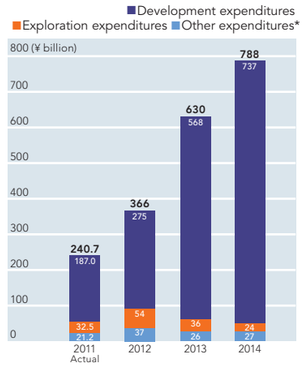
(Years to March 31)

Notes: The forecasts for net production for the years ending March 31, 2012 to 2016, are premised on the same oil price (Brent crude at $95 / barrel) as that used in forecasting the results for that year.
The production volume of crude oil and natural gas under the production sharing contracts entered into by the INPEX Group corresponds to the net economic take of our group.

Investment Plan

To maintain and expand our reserves, we are actively conducting exploration investment, as well as investment in development to produce crude oil and natural gas from reserves in our possession. We have invested more than ¥800 billion during the past three years. Based on our investment plan of approximately ¥4 trillion over seven years period from the year ended March 31, 2011 to the year ending March 31, 2017, we will continue to actively invest in exploration and development. The investment amount over the next three years will be approximately ¥1.8 trillion or less. In particular, we predict increased investment for development of the Ichthys Project and other projects that will contribute to the dramatic growth of our company.

Investment (Results and plan)



(Years to March 31)

* Mainly for the Naoetsu LNG Receiving Terminal and domestic pipeline and related facilities

Project Overview

We seek to achieve a well-balanced portfolio through a combination of different projects, by resource (crude oil and natural gas), by stage (exploration, development and production), by contract, etc.

71 Projects

26 Countries (As of June 30, 2011)

Eurasia

Number of countries	4
Number of projects	5
Producing	2
Development	1
Exploration	1
Other	1

P. 51

Middle East & Africa

Number of countries	7
Number of projects	13
Producing	8
Undeveloped	1
Exploration	4

P. 54

Japan

P. 60

Asia & Oceania

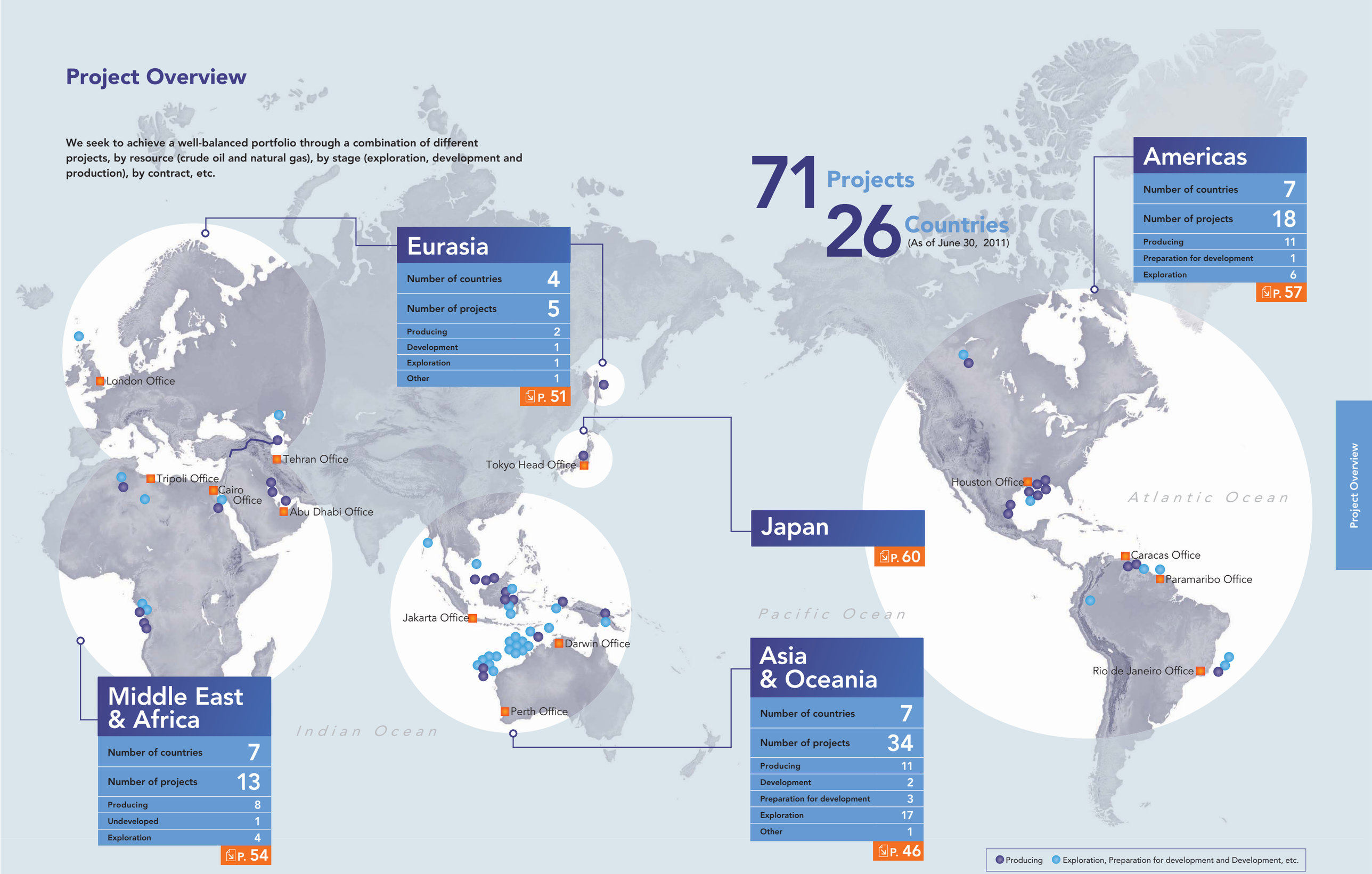
Number of countries	7
Number of projects	34
Producing	11
Development	2
Preparation for development	3
Exploration	17
Other	1

P. 46

Americas

Number of countries	7
Number of projects	18
Producing	11
Preparation for development	1
Exploration	6

P. 57



Special Report 1: Ichthys LNG Project

Ichthys LNG Project

The Ichthys LNG Project is the first large-scale LNG project undertaken by a Japanese company as an operator. The target for FID is Q4 2011, and the production start target is Q4 2016.

One of two large-scale LNG projects in which INPEX is currently engaged, Ichthys is an enormous gas and condensate field discovered in 2000 by us about 200 km offshore from Western Australia. We will build offshore production facilities, an 889-km subsea gas export pipeline and an onshore LNG plant, with production targeted for Q4 2016.

Production volume (expected):	LNG 8.4 million tons/year LPG 1.6 million tons/year Condensate approx. 100,000 bbl/d (peak rate)
FID target:	Q4 2011
Production start target:	Q4 2016
Interest owned:	INPEX 76%, TOTAL 24%
Project status:	Preparation for development

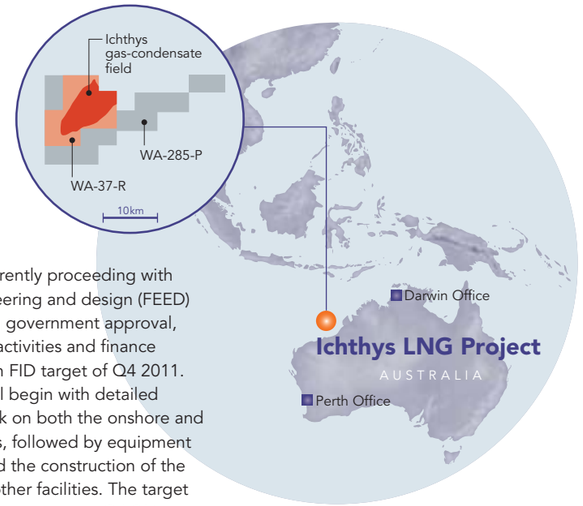
At the offshore rig

Project History

INPEX participated in an open bid conducted by the Australian Federal Government for the WA- 285-P block, which is located off the coast of Western Australia about 200 km from the Kimberley region. In August 1998 we acquired the exploration permit for this block. In the first drilling campaign, three exploratory wells were drilled and discovered the presence of gas and condensate from March 2000. We then conducted a 3-D seismic survey. A second drilling campaign began in 2003, and three exploratory wells were drilled that resulted in confirmation of the extent of gas and condensate. Further wells were drilled beginning in 2007. Through these endeavors, we confirmed sufficient recoverable reserves of gas and condensate for commercial development.

We are currently proceeding with front-end engineering and design (FEED) activity, securing government approval, LNG marketing activities and finance activities, with an FID target of Q4 2011. After FID, we will begin with detailed engineering work on both the onshore and offshore facilities, followed by equipment procurement and the construction of the LNG plant and other facilities. The target date for production startup is Q4 2016.

In August 2006, INPEX was granted Major Project Facilitation status for the Ichthys Project by the Federal Minister for Industry, Tourism and Resources. This status recognizes the fact that this project would contribute to the long-term economic development of Australia.



Ichthys PROJECT

The name "Ichthys," which means "fish" in ancient Greek, is derived from the many fossilized fish that were discovered in onshore areas in close proximity to the block.

Environmental Impact Survey and Contribution to Regional Communities

INPEX is working closely with the Australian Federal and Northern Territory Governments and other Australian stakeholders, as well as people associated with the project, to ensure that the Ichthys Project proceeds as planned.

About the Environmental Impact Survey

INPEX is conducting an environmental impact survey in accordance with guidelines established by the Australian Federal and Northern Territory Governments to assess the impact of aspects of the Ichthys Project. These included the environmental impacts of the offshore processing and production facilities, the subsea pipeline and the planned LNG plant (near Darwin in Australia's Northern Territory). We submitted a draft Environmental Impact Statement (EIS) summarizing these activities to both governments in April 2010. This report was submitted for public review during the period July–September 2010, and the opinions of a variety of stakeholders were taken, focusing on those in the Darwin area where the LNG plant will be built. By June 2011, INPEX had been granted environmental approval for the Ichthys Project from the ministers of the Australian Federal and Northern Territory environmental agencies based on the EIS.

Support for Local Communities

In proceeding with the Ichthys Project, INPEX places great importance on communications with local communities and building a relationship of mutual understanding with the indigenous people of the project area. INPEX seeks to be considered as a trusted corporate citizen, and therefore we do our utmost to deepen communications with people in local communities.

In the case of the Ichthys Project, our efforts include providing vocational training opportunities for young people, such as local indigenous peoples, through the donation of approximately AUD2 million for the construction of the Larrakia Trade Training Centre. The goal of the school, which opened in April 2011, is to enable students to earn qualifications that will help them develop their careers, and currently 300 students are enrolled to learn professional skills. In addition, INPEX donated to those affected by the Queensland floods.

Environmental Assessment Report
Please refer details on : http://www.inpex.com.au/

Larrakia Trade Training Centre

Students and INPEX Chairman Kuroda at the Larrakia Trade Training Centre

Special Report 1: Ichthys LNG Project

Project Development Concept

Offshore Production Facilities

These are composed of a central processing facility (CPF) for the separation of natural gas and condensate and a floating production storage and offloading (FPSO) vessel for the storage and offloading of condensate.

■**Condensate: 85 thousand bbl/d** (peak rate)

FPSO
The FPSO receives condensate from the CPF and handles storage (storage capacity 1.2 million barrels) and shipments (85,000 bbl/d peak). Some of the natural gas is re-pressurized and sent back to the CPF.

CPF
Processes the product received via the flexible risers from the development wells, separating it into gas and condensate.

Natural gas (re-pressurized and sent back to the CPF)

Condensate

Product

Natural gas

Flexible Risers
These are pipes for transporting product from the seabed to the CPF.

Water depth: approx. 250m

Product

Development Well

Flowline

Drill Center
This equipment is placed on the seabed for direct connection to a number of development wells.

Gas Export Pipeline

This is a 42" wide pipeline connecting the CPF with the onshore LNG plant. The pipeline route takes it as deep as 250 m, and to a length of approximately 889 km.

Onshore Facilities

These are composed of the LNG plant and onshore storage facilities. The planned site for these facilities is Blaydin Point, which is across the harbour from Darwin.

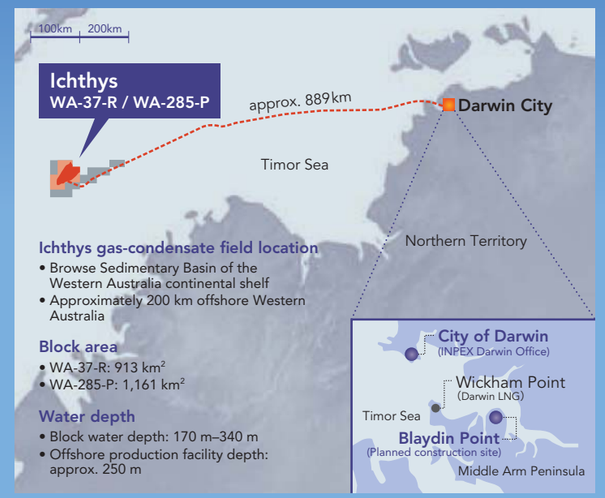
■**LNG: 8.4 million tons/year**
■**LPG: 1.6 million tons/year**
■**Condensate: 15 thousand bbl/d** (peak rate)

Gas Liquefaction Plant

The gas liquefaction plant will extract condensate and LPG from the natural gas pumped via the pipeline. Using two trains, the liquefaction plant will then cool the remaining natural gas to –162°C to form LNG. It will handle shipments of approximately 8.4 million tons/year of LNG, 1.6 million tons/year of LPG and 15,000 bpd of condensate.

Outline of Development Concept

Production volume:	LNG: 8.4 million tons/year	
	Condensate: 100 thousand bbl/d (peak rate)	
	LPG: 1.6 million tons/year	
Subsea development wells:	30 wells at Brewster, 20 wells at Plover	
Reservoir depth:	Approx. 3,900 m - 4,600 m	
Subsea production facility:	Flowline, flexible riser, etc.	
Offshore production facility:	CPF + FPSO	
Gas export pipeline:	42" subsea pipeline (approx. 889 km)	
Darwin onshore facilities:	Produce, store and ship LNG, LPG and condensate	
Onshore storage tank capacity:	LNG Tank	: 2 × 165,000 m³
	C3 Tank	: 1 × 85,000 m³
	C4 Tank	: 1 × 60,000 m³
	Condensate Tank	: 2 × 60,000 m³



Project History

1998
Participated in an open bid, permit acquired
- Submitted a bid for WA-285-P in an open bid process conducted by the Australian Federal Government; a permit was acquired

2000–2001
First drilling campaign
- Confirmed the presence of gas and condensate in all three exploratory wells
- Acquired, processed and interpreted 3-D seismic data

2003–2004
Second drilling campaign
- Drilled three exploratory wells to verify reserves; confirmed the areal extension of the reservoir and the presence of gas and condensate

2007–2008
Appraisal of recoverable reserves
- Confirmed the extension of the Ichthys gas-condensate pool through further drilling of two wells

2009-2011
Preparation for development
- Started FEED activities for the onshore LNG plant, the offshore production facilities and the pipeline in 2009
- Invitation to tender (ITT) for the CPF issued in November 2010
- Preparatory work for the EPC procurement phase of the onshore LNG plant began in December 2010
- Engineering work for the LNG plant completed in March 2011 / Preparatory work underway / Major engineering work in process at off-shore facilities

Government approvals
- Public review of EIS during the period July–September 2010
- EIS supplement taking public review into consideration submitted to government in April 2011
- Environmental approval received from the government of the Northern Territories in May 2011 and from the Australian Federal Government in June 2011
- Field development plan and production license application submitted to the government in April 2011

Future Milestone
- Q4 2011: Final investment decision (FID)
- Q4 2016: Production start

Abadi production test

Abadi LNG Project

LNG project employing the world's first floating LNG technology Full-scale progress through a strategic partnership

The Abadi gas field is located in the Arafura Sea in Indonesian territorial waters, approximately 2,600 km east of Jakarta, the capital of Indonesia. The field is classified as a giant gas field with an area of more than 1,000 km^2. Development based on the "floating LNG" concept is being studied, and we are currently preparing for Front-End Engineering and Design (FEED) and related preparatory development work.

Production volume (expected):	LNG 2.5 million tons/year (First phase development) Condensate approx. 8,400 bbl/d
Interest owned*:	INPEX 60% Shell 30% PT Energi Mega Persada 10%
Project status:	Preparation for development

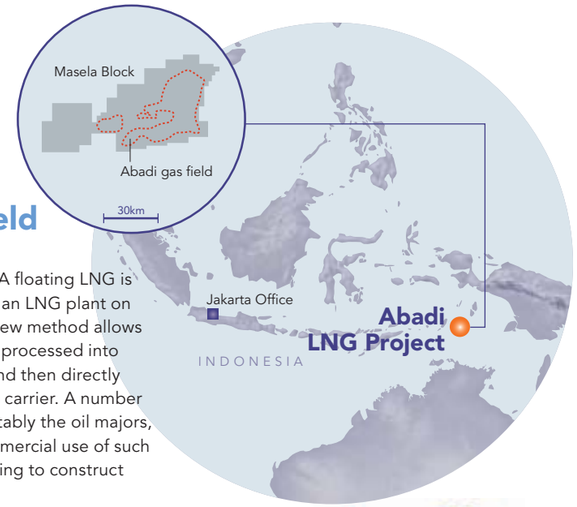
*In July 2011, INPEX signed an agreement with Shell for transfer of a 30% participating interest. The transaction is subject to the satisfaction of certain conditions such as the approval of the Indonesian Government.

Project History

INPEX acquired a 100% participating interest in the Masela block in November 1998 through a public tender conducted by the Indonesian Government. INPEX proceeded with the exploratory activity as the operator, and an exploratory well drilled in 2000 discovered the Abadi gas field. This marked the first discovery of oil and natural gas in the Arafura Sea, Indonesia. Subsequently, six appraisal wells were drilled (two in 2002 and four more in 2007-2008) so as to gain a more accurate estimate of the reserves. All of the wells confirmed the presence of a sufficient gas and condensate column.

In parallel with these activities, concept selection studies of development options were carried out. We submitted a plan of development (POD) based on our studies in September 2008, and subsequently received approval in principle for it from the Indonesian Government. Afterward, taking into consideration a third-party evaluation of the POD implemented by the Government, it was determined that phased development of the Abadi gas field would be appropriate, with the first phase consisting of development as a "floating LNG" with a capacity of 2.5 million tons/year of LNG. The Indonesian Government granted its approval to the plan of development (POD-1) in December 2010. INPEX is currently conducting preparations for FEED and Environmental and Social Impact Assessment (AMDAL) procedures, and we are continuing to make preparations for development.

In the course of moving toward full-scale development, we had been looking into forming a strategic partnership with a company with experience and proven results in the LNG business and large-scale offshore development, which could contribute to the success of this project. As a result, INPEX chose to invite Royal Dutch Shell onboard as our strategic partner in the Abadi Project, and signed an agreement with the subsidiary of Shell to transfer part of our participating interest (30%) in July 2011.



Development of the Abadi Gas Field

Production of the Abadi Project

Planned production at Abadi is 2.5 million tons/year of LNG and 8,400 bbl/d of condensate.

This scale of production was approved for Phase 1 development by the Indonesian Government in December 2010. Phase 1 development is planned for the Northern area of the block where reserves are concentrated. A feasibility study for further development is continuously being conducted based on gas reserves.

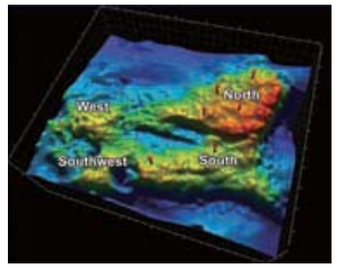
Floating LNG Technology

The plan of development for the Abadi Project is based on the "floating LNG" (a floating offshore facility where natural gas is processed, liquefied, stored and offloaded) concept. A floating LNG is created by installing an LNG plant on a large vessel. This new method allows for natural gas to be processed into liquid at that plant and then directly offloaded to an LNG carrier. A number of oil companies, notably the oil majors, are looking into commercial use of such FLNGs or are preparing to construct them.

A floating LNG eliminates the need for some conventional equipment, such as pipelines, and therefore requires less initial investment and minimizes environmental impact.

"Abadi" means "eternal" in Bahasa Indonesia. The name was assigned in the hopes of "burning forever."

Image of Abadi FLNG



Structure of the Abadi gas field

Contribution to Regional Community

As part of our efforts to contribute to local communities, INPEX donated 2,000 books, etc., to a local library in Saumlaki city in Maluku, one of the candidate locations for the Abadi Project logistics base, in 2010, at the local community's request. From April 2011, INPEX and Pattimura University are carrying out an empowerment program for the seaweed farmers in Selaru Island in Maluku.

Our other activities in Indonesia include donations to relief efforts after the West Sumatra Earthquake and our ongoing support of exchange students through the INPEX Scholarship Foundation. In addition, we work to improve the understanding of the contributions of the Abadi Project to Indonesia by participating in conferences and exhibitions throughout the country.

Donation to local library in Saumlaki City

Project History

1997–2000

Participated in an open bid, permit acquired

- Submitted a bid for the Masela block at a public tender conducted by the Indonesian Government; A production-sharing contract (PSC) for the block was concluded
- Conducted a seismic survey; Confirmed the presence of gas and condensate by drilling an exploratory well

2001–2002

Drilled appraisal wells

- Drilled the Abadi-2 and Abadi-3 appraisal wells over a period of about seven months beginning in March 2002 to appraise the extent of the structure

2003–2007

Reserves confirmation

- Conducted a reserves evaluation and concept selection studies of development options
- Drilled four additional appraisal wells from May 2007. Confirmed the extension of gas and condensate pools

2007–2008

Studies of floating LNG

- Conducted pre-FEED work for a floating LNG
- Submitted a POD to the Indonesian Government in September 2008

2010

Government approval of the POD-1

- Transfer of a 10% participating interest to PT Energi Mega Persada
- Approval of POD-1 was granted by the Indonesian Government

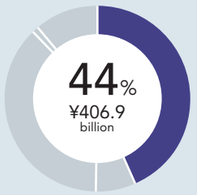
Future Milestone

- FEED
- AMDAL (Environmental and Social Impact Assessment)
- FID
- Production start

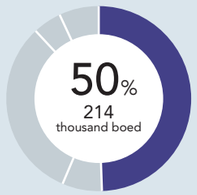
Asia & Oceania

Net sales increased 15.5% to ¥406.9 billion, and operating income increased 23.4% to ¥235.8 billion, due to increases in sales prices of crude oil and gas, and a rise in the sales volume of crude oil, despite yen appreciation.

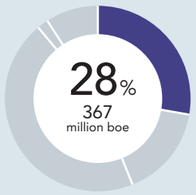
Net sales by region



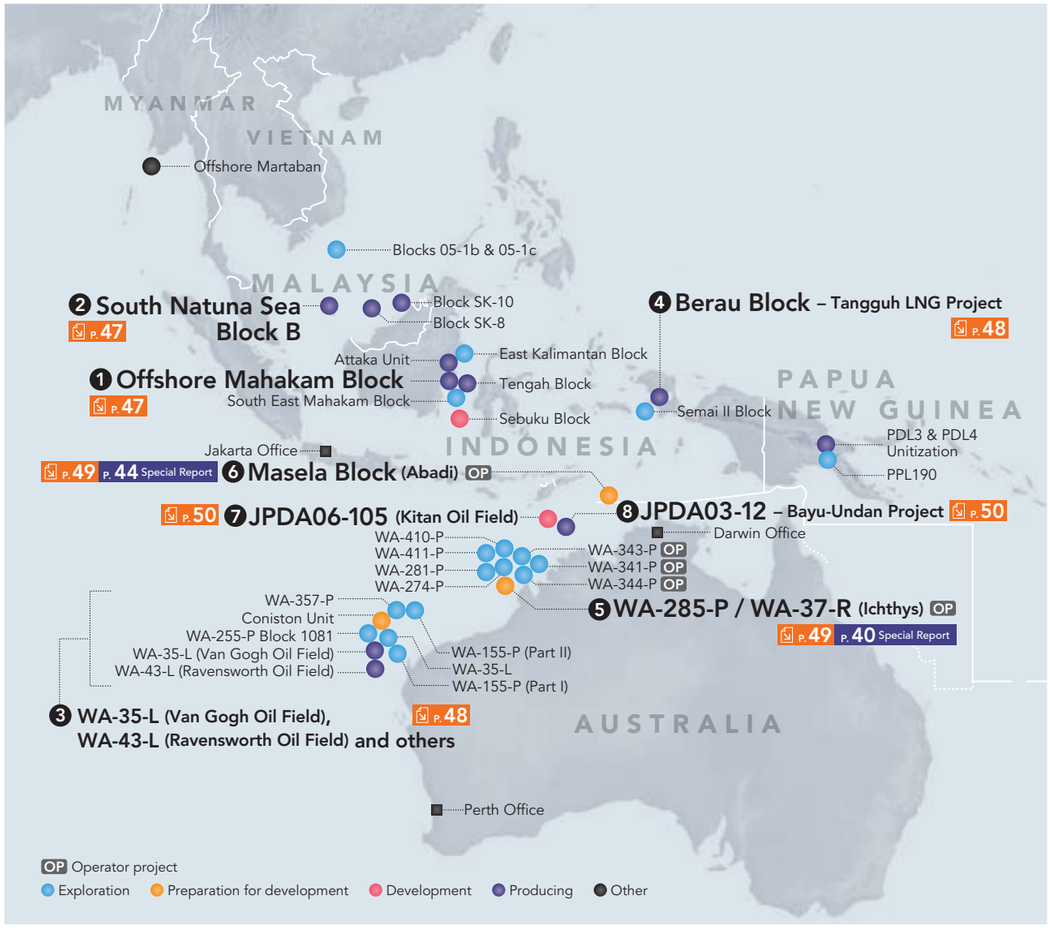
Net production by region



Proved reserves by region



Number of countries	7
Number of projects	34
Producing	11
Development	2
Preparation for development	3
Exploration	17
Other	1



Mahakam, Indonesia

Geological survey (in Indonesia)

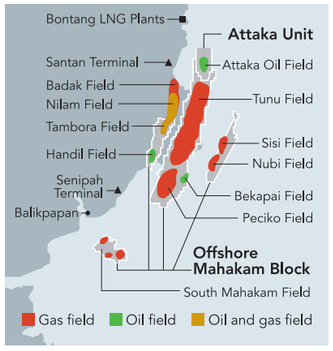
Mahakam Delta

1. Offshore Mahakam Block and Attaka Unit

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2010)	Venture company (established)	Interest owned (*operator)
Offshore Mahakam Attaka Unit	Producing (Crude oil: 91 thousand bbl/d Natural gas: 2,026 million cf/d)	INPEX CORPORATION (February 21, 1966)	INPEX 50% TOTAL* 50% INPEX 50% Chevron* 50%

INPEX entered into a production sharing contract (PSC) with the Indonesian Government in October 1966, at that time acquiring a 100% working interest in the Offshore Mahakam Block. The Attaka Unit was established in April 1970 through the unitization of part of the adjacent blocks owned by INPEX and Unocal (now Chevron), with each company taking a 50% interest. The Attaka field was subsequently discovered, and production of crude oil and natural gas began in 1972. INPEX farmed out a 50% working interest in the Offshore Mahakam Block to CFP (now TOTAL) in July 1970. This venture subsequently made a series of discoveries in the Bekapai (oil), Handil (oil), Tambora (oil and gas), Tunu (gas), Peciko (gas), Sisi and Nubi (gas) fields, all of which have continued to produce crude oil and natural gas. The crude oil and condensate produced from these fields are shipped mainly to oil refineries and power companies in Japan by tanker from the Santan and Senipah terminals. Most of the natural gas is supplied to Bontang, one of the largest liquefaction plants in the world before being shipped as LNG to Japan and elsewhere.

An extension through the end of 2017 for each of these two blocks underpins the overall Mahakam block's role as a key profit center for INPEX. In addition, negotiations are under way with the Indonesian authorities to secure a contract extension beyond 2018 with respect to the Offshore Mahakam Block.



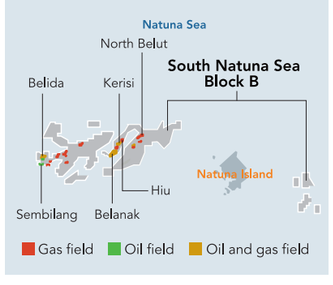
2. South Natuna Sea Block B

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2010)	Venture company (established)	Interest owned (*operator)
South Natuna Sea B	Producing (Crude oil: 56 thousand bbl/d Natural gas: 376 million cf/d LPG: 12 thousand bbl/d)	INPEX Natuna, Ltd. (September 1, 1978)	INPEX Natuna 35% ConocoPhillips* 40% Chevron 25%

In July 1977, INPEX acquired a 17.5% working interest in the South Natuna Sea Block B. Later, in January 1994, INPEX increased its total working interest in the block to 35% with the purchase of an additional 17.5% interest. The following fields were subsequently discovered within the block: Belanak (oil and gas), Hiu (gas), North Belut (gas), Belida (oil), Sembilang (oil) and Kerisi (oil and gas).

Crude oil production has continued since 1979. A sales agreement to deliver natural gas to Singapore via Indonesia's first international pipeline was concluded in January 1999. The pipeline started supplying gas from the block, as well as the two adjacent blocks of Natuna Sea Block A and Kakap Block, in 2001. Additional deliveries of natural gas from this pipeline to Malaysia started in 2002. These supply milestones have contributed to the extension of the PSC covering the block until 2028.

Production operations in the Belanak field utilize a world-class FPSO system. Production of crude oil and condensate began in December 2004 and of LPG in April 2007. The Hiu and Kerisi fields came on stream in 2006 and 2007, respectively. Gas production commenced at the North Belut field in November 2009.



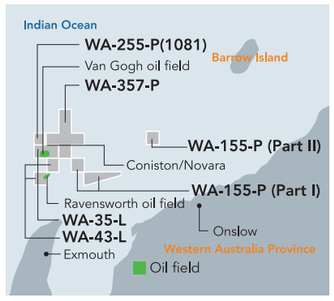
3. WA-35-L (Van Gogh Oil Field), WA-43-L (Ravensworth Oil Field) and others

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2010)	Venture company (established)	Interest owned (*operator)
WA-35-L (Van Gogh oil field)	Producing (Crude oil: 30 thousand bbl/d)	INPEX Alpha, Ltd. (February 17, 1989)	INPEX Alpha 47.499% Apache* 52.501%
WA-43-L (Ravensworth oil field)	Producing (Crude oil: 16 thousand bbl/d)		INPEX Alpha 28.5% BHPBP* 39.999% Apache 31.501%
Coniston Unit (WA-35-L, WA-255-P unitization area)	Preparation for development		INPEX Alpha 41.32913% Apache* 45.67587% Woodside 13.0000%
WA-255-P Block 1081	Exploration		INPEX Alpha 23.7495% Apache* 26.2505% Woodside 50.0000%
WA-35-L (excluding Van Gogh oil field)			INPEX Alpha 47.499% Apache* 52.501%
WA-357-P			INPEX Alpha 35% Apache* 65%
WA-155-P (Part II)			INPEX Alpha 18.67% Apache* 81.33%
WA-155-P (Part I)			INPEX Alpha 28.5% BHPBP* 39.999% Apache 31.50%

INPEX has acquired working interests in offshore Western Australia, such as WA-155-P (Part II) and WA-12-L (deep) in July 1994, WA-155--P (Part I) in July 1999, WA-357-P in July 2006, and one block in WA-255-P in March 2009.

The Van Gogh and Ravensworth oil fields were discovered in WA-155-P (Part I). Production licenses were then obtained for WA-35-L and WA-43-L, and oil production commenced in February and August 2010, respectively.

Preparation for development work is also under way at the Coniston/Novara, which spans WA-35-L and WA-255-P.

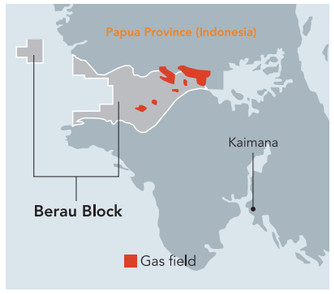


4. Berau Block, Tangguh LNG Project

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2010)	Venture company (established)	Interest owned (*operator)
Berau	Producing (Crude oil: 5 thousand bbl/d, Natural gas: 799 million cf/d)	MI Berau B.V. (August 14, 2001)	MI Berau 22.856% BP* 48.0% Nippon Oil Exploration (Berau) 17.144% KG Breau 12.0%
Tangguh Unit			MI Berau 16.3% BP* 37.16% CNOOC 13.9% Nippon Oil Exploration (Berau) 12.23% KG Berau, KG Wiriagar 10.0% LNG Japan 7.35% Talisman 3.06%

MI Berau B.V., a joint venture established by INPEX (44%) and Mitsubishi Corporation (56%), acquired an interest of around 22.9% in the Berau Block, a hub within the Tangguh LNG Project, in October 2001. MI Berau owns a 16.3% working interest (including an actual interest held by INPEX of about 7.17%) in the Tangguh Unit, which is a unitized area spanning the Berau Block and the adjoining Wiriagar and Muturi blocks. MI Berau Japan Ltd., a second joint venture between INPEX (44%) and Mitsubishi Corporation (56%), also acquired 16.5% of the issued and outstanding shares of KG Berau Petroleum Ltd. in October 2007, bringing INPEX's total interest in the project to 7.79%.

In March 2005, the Indonesian Government approved a development plan for the Tangguh LNG Project and an extension of the PSC until 2035. Subsequently, development work such as the drilling of production wells and construction of an LNG plant was conducted over a period of four years. The first cargo of LNG was shipped in July 2009.



5. WA-37-R (Ichthys) and its Surrounding Blocks

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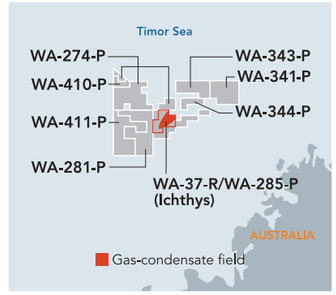
Contract area (block)	Project status	Venture company (established)	Interest owned (*operator)
WA-37-R	Preparation for development	INPEX Ichthys Pty Ltd (April 5, 2011)	INPEX Ichthys Pty Ltd* 76% TOTAL 24%
WA-285-P	Exploration	INPEX Browse, Ltd. (September 1, 1998)	INPEX Browse* 76% TOTAL 24%
WA-274-P			INPEX Browse 20% Chevron 50% Santos* 30%
WA-281-P			INPEX Browse 20.0000% Santos* 47.8306% Chevron 24.8300% Beach 7.3394%
WA-341-P			INPEX Browse* 60% TOTAL 40%
WA-343-P			
WA-344-P			
WA-410-P			INPEX Browse 20% Santos* 30% Chevron 50%
WA-411-P			INPEX Browse 26.6064% Santos* 63.6299% Beach 9.7637%

INPEX acquired a working interest in WA-285-P offshore Western Australia after winning an open bid in August 1998. In 2000, after pursuing exploration activities as an operator, INPEX discovered the Ichthys gas-condensate field.

Eight exploratory wells drilled by INPEX confirmed the presence of sufficient reserves for a large-scale project in the Ichthys gas-condensate field. Later, in September 2008, a site in Darwin was selected for construction of an LNG plant. FEED work on this plant began in January 2009. In April of the same year, an office was established in Darwin and FEED work also commenced on offshore production facilities at that time. The EPC tender for the CPF was issued in November 2010, with preparatory work for the procurement phase of the LNG plant beginning in December of the same year. In addition, work concerning production licenses and financing is ongoing with the target for FID scheduled in Q4 2011, and for commercial production in Q4 2016.

INPEX also retains interests in eight blocks surrounding Ichthys. Exploration activities are ongoing. Any discoveries of major oil or gas reserves in these blocks could considerably increase the potential of the Ichthys field benefitting from synergistic effects.



6. Masela Block (Abadi)

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Contract area (block)	Project status	Venture company (established)	Interest owned (*operator)**
Masela	Preparation for development	INPEX Masela, Ltd. (December 2, 1998)	INPEX Masela* 60% Shell 30% PT Energi Mega Persada 10% *In July 2011, INPEX signed an agreement with Shell for transfer of a 30% participating interest. The transaction is subject to the satisfaction of certain conditions such as the approval of the Indonesian Government.

INPEX acquired a 100% participating interest in the Masela Block in November 1998 through a public tender conducted by the Indonesian Government. The Abadi-1 exploratory well was drilled in 2000 and confirmed the presence of gas and condensate. This marked the first discovery of crude oil and natural gas in the Arafura Sea, Indonesia. Subsequently six appraisal wells were drilled by 2008 (two in 2002 and four more in 2007-2008), and gas and condensate were successfully confirmed in all of the wells. In September 2008, based on the results of Pre-FEED of a floating LNG, a development plan was submitted to the Indonesian Government and approval in principle was granted. After a third-party evaluation, approval for the plan of development (POD-1) was granted in December 2010 for commencement of LNG production of 2.5 million tons/year. Currently, various preparatory measures, including Front-End Engineering and Design (FEED) and Environmental and Social Impact Assessment (AMDAL), are underway in the lead-up to development of the Abadi gas field.

Ichthys LNG Project, Australia

Blaydin Point in Northern Territory, Australia

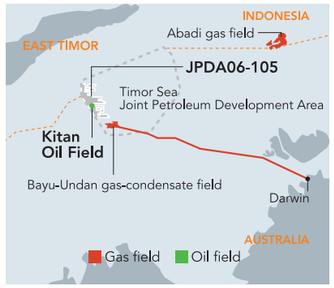
JPDA (Kitan Oil Field)

7. JPDA06-105 (Kitan Oil Field)

Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned** (*operator)
JPDA06-105	Development	INPEX Timor Sea, Ltd. (November 25, 1991)	INPEX Timor Sea 35% Eni* 40% Talisman 25%

INPEX acquired an interest in JPDA06-105 in January 1992, a contract area located within the Timor Sea Joint Petroleum Development Area (JPDA). Oil in the Jahal structure and the Kuda Tasi structure was discovered in 1996 and 2001, respectively, through exploration works.

Oil was found in March 2008 by the Kitan-1 exploratory well, and the presence of a commercial oil accumulation was confirmed by the Kitan-2 appraisal well drilled subsequently. In line with the provisions of the PSC, INPEX made a declaration in April 2008 to the authorities that an oil field of commercial scale had been found at Kitan. Thereafter, INPEX acquired approval for the final development plan from the relevant authority in April 2010. Currently, development work is under way at the Kitan Oil Field with a target production startup in the second half of 2011.

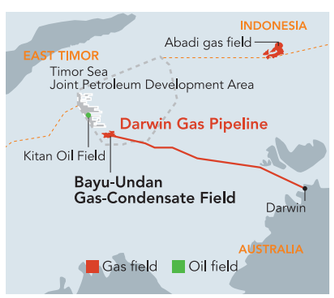


8. JPDA03-12 – Bayu-Undan Project

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned** (*operator)
JPDA03-12	Producing (Crude oil: 54 thousand bbl/d LPG: 32 thousand bbl/d Natural gas: 502 million cf/d)	INPEX Sahul, Ltd. (March 30, 1993)	INPEX Sahul 19.2458049% ConocoPhillips* 61.3114766% Santos 19.4427185%
Bayu-Undan Unit			INPEX Sahul 11.378120% ConocoPhillips* 56.943372% Eni 10.985973% Santos 11.494535% Tokyo Timor Sea Resources (TEPCO/Tokyo Gas) 9.198000%

In April 1993, INPEX acquired a working interest in JPDA03-12, a contract area located in the Timor Sea JPDA. Exploration within this contract area resulted in the discovery of oil and gas in the Elang, Kakatua, Kakatua North and Undan structures.

Oil production in the Elang, Kakatua and Kakatua North oil fields began in 1998 but ceased in 2007 due to natural depletion. Geological studies revealed that the Undan structure and the Bayu structure in the adjacent JPDA03-13 contract area were a single body. Final agreement on unitization was reached in 1999 between interest holders of both contract areas, allowing joint development of the Bayu-Undan gas and condensate field to proceed. The commercial production of condensate and LPG from the project commenced in 2004. An LNG sales agreement was concluded with Tokyo Electric Power Co., Inc., and Tokyo Gas Co., Ltd., in August 2005 stipulating a total annual supply of 3 million tons. The gas is transported through a 500-km undersea pipeline to an LNG plant built in Darwin in Australia's Northern Territory. LNG shipments from the plant commenced in February 2006.

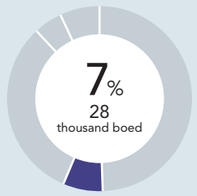


Eurasia

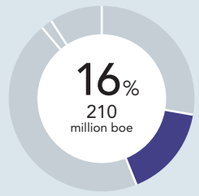
Net sales decreased 7.1% to ¥68.3 billion, and operating income fell 8.3% to ¥36.4 billion, due to a decrease in the sales volume of crude oil and yen appreciation, despite an increase in the sales price of crude oil.

Net sales by region

Net production by region



Proved reserves by region



Number of countries	**4**
Number of projects	**5**
Producing	2
Development	1
Exploration	1
Other	1

Kashagan Oil Field
(onshore production facility)

Kashagan Oil Field (site crew)

Kashagan Oil Field (offshore facility)

1. Offshore North Caspian Sea Contract Area (Kashagan Oil Field and others)

Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned**
Offshore North Caspian Sea	Development	INPEX North Caspian Sea, Ltd. (August 6, 1998)	INPEX North Caspian Sea 7.56% Eni 16.81% ExxonMobil 16.81% KMG 16.81% Shell 16.81% TOTAL 16.81% ConocoPhillips 8.40%

The Offshore North Caspian Sea Contract Area consists of two blocks, the eastern block (4,300 km²) and the western block (around 1,275 km²), with a combined total area of around 5,575 km². Of these, the Kashagan Oil Field lies in the eastern block, approximately 75 km southeast of the Kazakhstan city of Atyrau, at 3–5 meters deep in the Caspian Sea.

In September 1998, INPEX acquired a working interest in the Offshore North Caspian Sea Contract Area inside Kazakhstan's territorial waters. Today, INPEX holds a 7.56% interest.

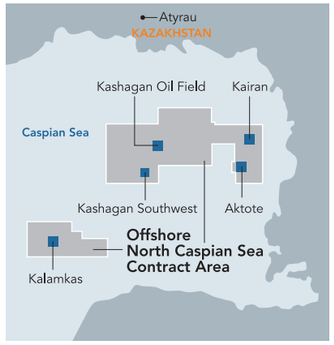
The Kashagan Oil Field was discovered during the first exploratory drillings in the block in September 1999. The first discovery in the Kazakhstan-controlled part of the Caspian Sea, the Kashagan field is among the largest finds in the history of oil exploration.

A phased development of this field is planned, with the Phase 1 experimental program now under way.

The co-ventures agreed in October 2008 with the Kazakhstan authority to develop the Kashagan field, upon which the co-ventures established a new joint operating company, North Caspian Operating Company, which assumed the role of the former operator, Agip KCO, in January 2009. The production start is targeted for the end of 2012, with development under way currently.

Besides the Kashagan field, hydrocarbon reserves have also been confirmed in the four other structures of Kalamkas, Kashagan Southwest, Aktote and Kairan. Appraisal of these structures is continuing in parallel with the development of the main Kashagan field with a view to expanding the total production of the Contract Area.

Development of the Kashagan field is subject to strict environmental conditions. The international consortium of developers represents the highest level of technology and know-how, and work is being carried out with close consideration of the surrounding environment, and it is hoped that the development will lead to increased oil export revenues for Kazakhstan, the creation of employment opportunities in that country and the improvement of the economic situation for its people.



ACG Oil Field

BTC Pipeline (Ceyhan Terminal)

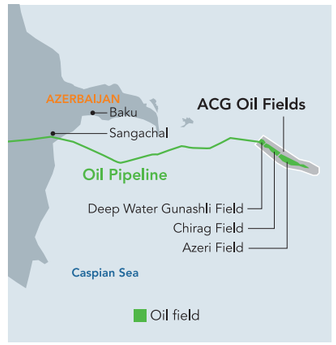
2. ACG Oil Fields

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned** (*operator)
ACG (Azeri, Chirag, Gunashli)	Producing (Crude oil: 821 thousand bbl/d)	INPEX Southwest Caspian Sea, Ltd. (January 29, 1999)	INPEX Southwest Caspian Sea 10.96% BP* 37.43% Chevron 11.27% SOCAR 10.00% Statoil 8.56% ExxonMobil 8.00% TPAO 6.75% Itochu 4.30% Hess 2.72%

INPEX acquired a 10% working interest in the Azeri-Chirag-Gunashli (ACG) oil fields in April 2003. The fields are located in a region of the South Caspian Sea controlled by the Republic of Azerbaijan. In August 2010, INPEX purchased an additional interest (0.9644%) that increased its working interest to 10.9644%.

Oil production started in the Chirag field and has since expanded to include the Central Azeri field (February 2005), the West Azeri field (December 2005) and the East Azeri field (October 2006). The Deep Water Gunashli field came on-stream in April 2008. The New Chirag Oil Project (COP) was sanctioned in March 2010. The COP is the additional investment for the development of Chirag and the deep-water portion, including the shallow layer, of the Gunashli fields. Operations are under way so as to increase oil output from the ACG fields.

Most of the crude oil produced by the ACG fields is being transported from Baku, Azerbaijan, to Ceyhan, Turkey via Georgia for shipment from the Mediterranean coast using the BTC pipeline, a major oil transportation system that began full-scale operations in June 2006.

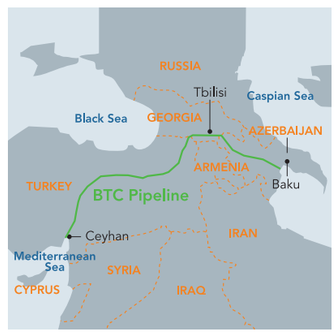


3. BTC Pipeline

Contract area (block)	**Venture company** (established)	**Interest owned** (*operator)
BTC Pipeline	INPEX BTC Pipeline, Ltd. (October 16, 2002)	INPEX BTC Pipeline 2.5% BP* 30.1% SOCAR 25% Chevron 8.9% Statoil 8.71% TPAO 6.53% Eni 5% TOTAL 5% Itochu 3.4% ConocoPhillips 2.5% Hess 2.36%

INPEX acquired a 2.5% interest in the BTC pipeline project in October 2002.

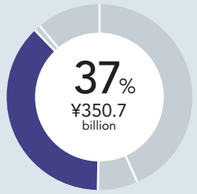
The 1,770-km BTC pipeline stretches from the Baku, Azerbaijan to Ceyhan on Turkey's Mediterranean coast through Tbilisi, Georgia. Commencing full-scale operation in June 2006, the pipeline was originally built to transport crude oil produced in the ACG oil fields in Azerbaijan. The pipeline's capacity was expanded up to 1.2 million bbl/d so that it can also accommodate future oil output from the Kashagan Oil Field in Kazakhstan.



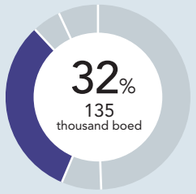
Middle East & Africa

Net sales increased 15.4% to ¥350.7 billion, and operating income rose 18.3% to ¥243.1 billion, due to an increase in sales volume and the sales price of crude oil, despite yen appreciation.

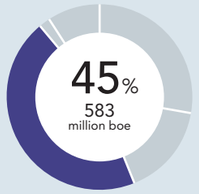
Net sales by region



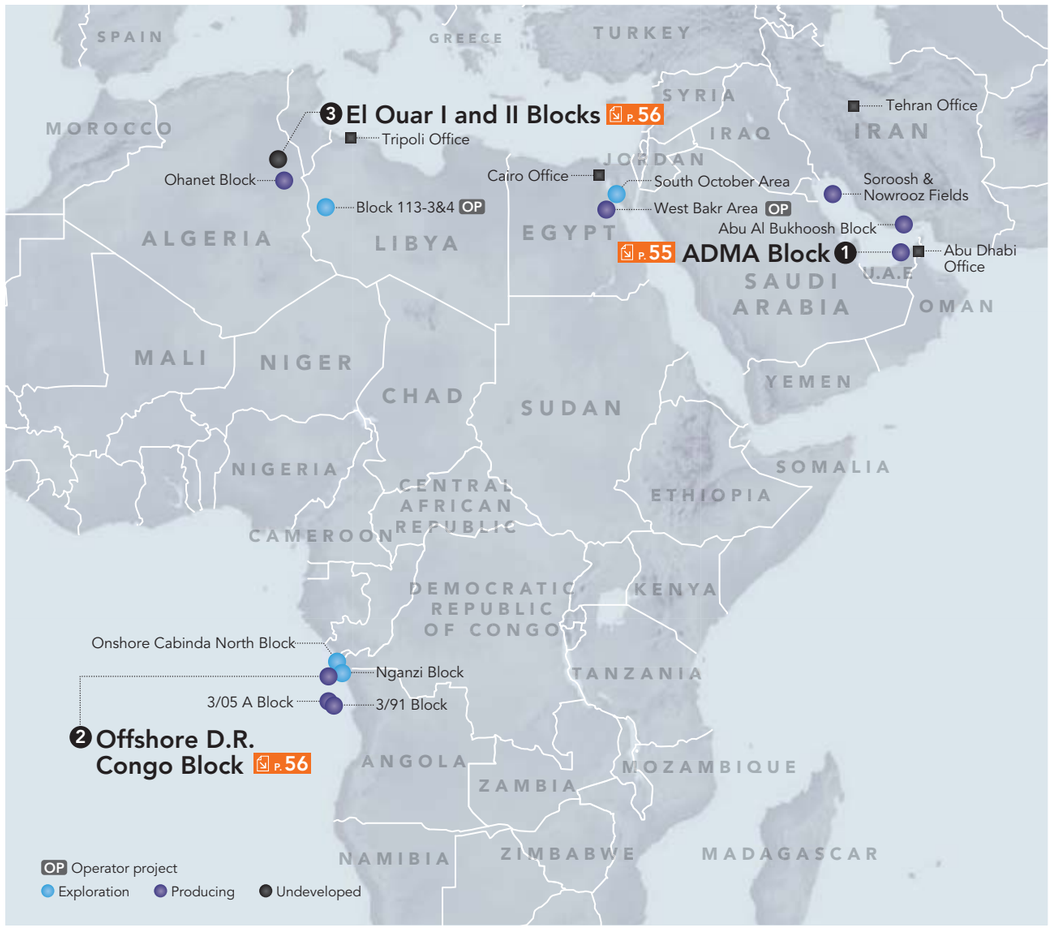
Net production by region



Proved reserves by region



Number of countries	7
Number of projects	13
Producing	8
Preparation for development	1
Exploration	4



ADMA Block, Zirku Island, UAE

ADMA Block, Upper Zakum Field

Tea ceremony in Abu Dhabi

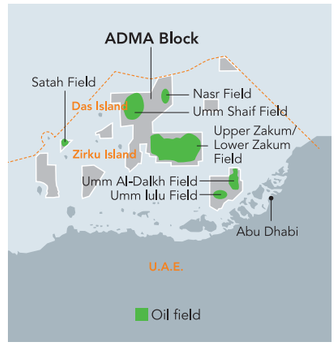
1. ADMA Block

Contract area (block)	Project status	Venture company (established)	Interest owned
Umm Shaif, Lower Zakum Field	Producing	Japan Oil Development Co., Ltd. (JODCO) (February 22, 1973)	JODCO 12% ADNOC 60% BP 14.67% TOTAL 13.33%
Upper Zakum Field			JODCO 12% ADNOC 60% ExxonMobil 28%
Umm Al-Dalkh Field			JODCO 12% ADNOC 88%
Satah Field			JODCO 40% ADNOC 60%
Nasr Field	Preparation for development		JODCO 12% ADNOC 60% BP 14.67% TOTAL 13.33%
Umm lulu Field			

In May 2004, INPEX made Japan Oil Development Co., Ltd. (JODCO), a wholly owned subsidiary by acquiring all of the JODCO shares held by Japan National Oil Corporation through a share exchange. Established in 1973, JODCO owns an interest in the ADMA Block located offshore Abu Dhabi in the United Arab Emirates. Oil production currently spans five fields in the block. Production started from the Upper Zakum (UZ) Oil Field (the largest in the block) in 1982, followed by the Umm Al-Dalkh (UA) Oil Field in 1985 and the Satah (ST) Oil Field in 1987. JODCO has been involved in the development of these fields. The Umm Shaif (US) and the Lower Zakum (LZ) oil fields have also been producing crude oil steadily since 1962 and 1967, respectively. The oil produced from these fields is transported by subsea pipelines to the islands of Das (from US and LZ) and Zirku (from UZ, UA and ST) for shipment.

A number of development projects are currently under way to maintain and expand oil output from the ADMA Block, including plans to develop promising untapped structures in the block, the construction of new gas injection facilities for the Umm Shaif field and redevelopment plans for the Upper Zakum field that involve the use of artificial islands.

The operation and development of these fields is undertaken by ADMA-OPCO and ZADCO, the two local operating companies for which the shares are owned by JODCO, Abu Dhabi National Oil Company (ADNOC) and other participating oil companies. Through JODCO, INPEX continues to dispatch engineers and other personnel to both of these operating companies.



Offshore Congo Block

Offshore Congo Block

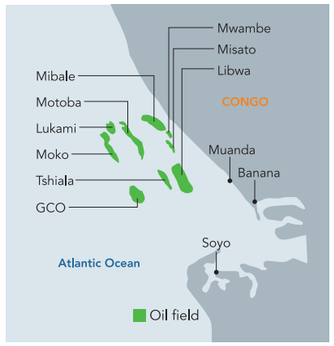
Offshore Congo Block

2. Offshore D.R. Congo Block

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned** (*operator)
Offshore D.R. Congo Block	Producing (Crude oil: 14 thousand bbl/d)	Teikoku Oil (D.R. Congo) Co., Ltd. (August 1, 1970)	Teikoku Oil (D.R. Congo) 32.28% Perenco* 50% Chevron 17.72%

INPEX acquired a 17.03% working interest in July 1970 in an offshore area in the country now known as the Democratic Republic of the Congo (DRC) and has been participating in oil exploration and development in this region. An additional interest was acquired in July 1972, increasing its participating interest to the current share of 32.28%.

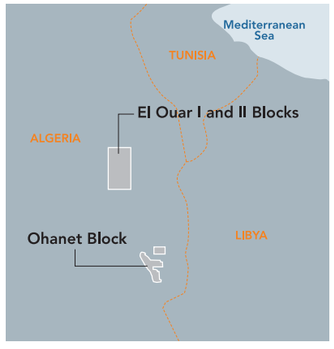
Oil production commenced in 1975 from the GCO Oil Field, which was discovered in 1971. Including GCO, 11 oil fields have been discovered in the Offshore DRC Block. The contract covering this block was extended until 2023 in May 1995, and production levels from existing fields remain stable.



3. El Ouar I/II Blocks

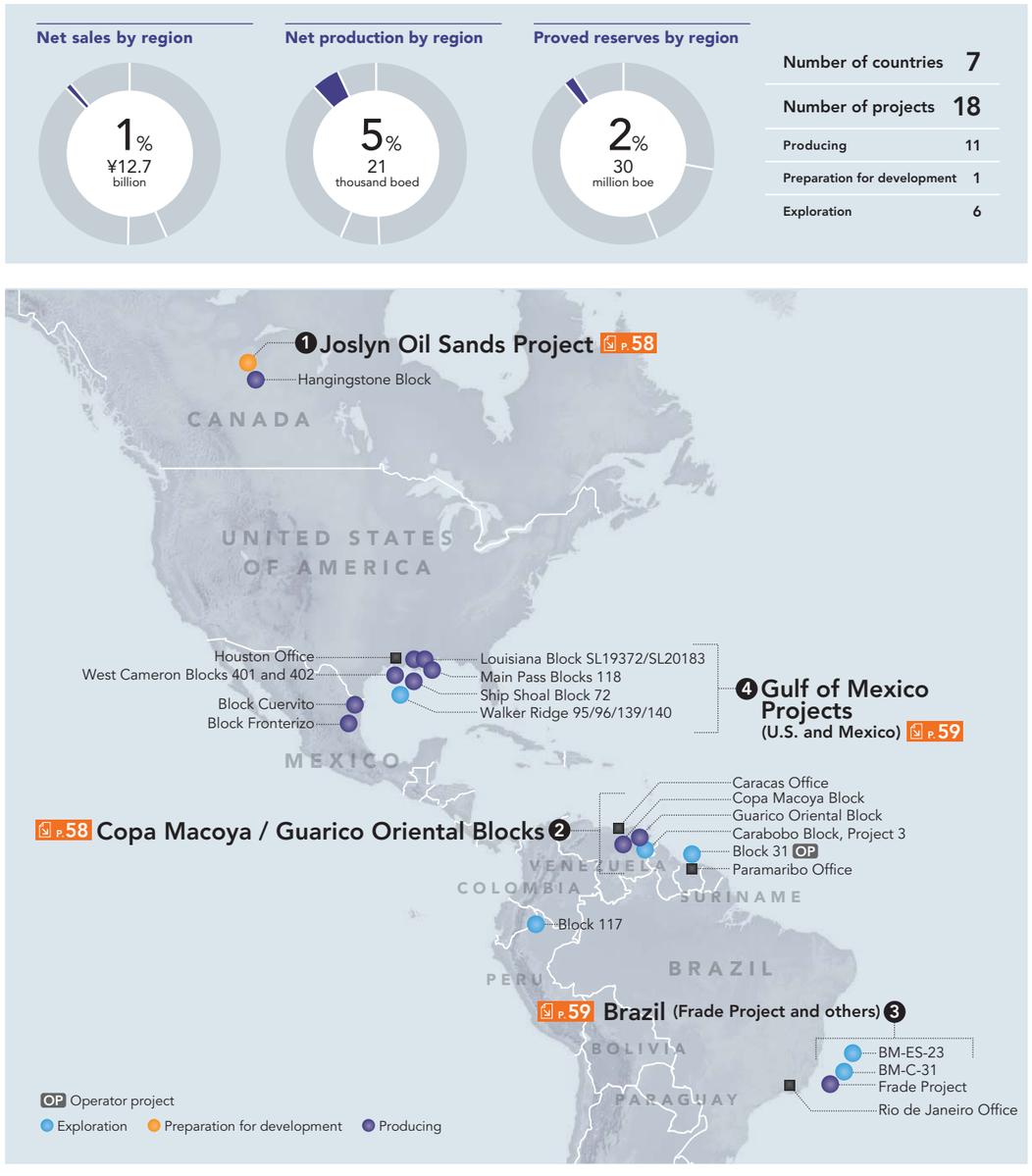
Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned** (*operator)
El Ouar I and II Blocks	Undeveloped	Teikoku Oil Algeria Co., Ltd. (December 21, 2001)	Teikoku Oil Algeria 10.29% Sonatrach 67.33% Eni* 22.38%

In November 2001, INPEX acquired a 10.29% working interest in the El Ouar I and II onshore blocks located in eastern Algeria. Exploratory drilling in 1997 and the subsequent drilling of appraisal wells confirmed the presence of natural gas, condensate and crude oil in the El Ouar I Block. Natural gas and condensate were also found in the El Ouar II Block in exploratory drilling in 2001. Joint development studies of these blocks and surrounding fields are currently ongoing.



Americas

Net sales decreased 24.1% to ¥12.7 billion, due to a decrease in the sales volume of crude oil, and the operating loss was ¥3.0 billion (compared with operating income of ¥1.0 billion in the previous year), due to higher exploration expenses.



Joslyn Block, Canada

Copa Macoya Block, Venezuela

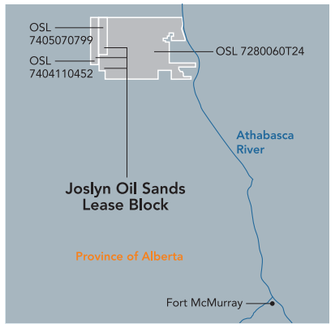
Copa Macoya Block, Venezuela

1. Joslyn Oil Sands Project

Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned** (*operator)
OSL 7280060T24	Preparation for development	INPEX Canada, Ltd. (November 28, 2006)	INPEX Canada 10% TOTAL* 38.25% Occidental 15% Suncor 36.75%
OSL 7405070799			
OSL 7404110452			

In November 2007, INPEX acquired a 10% interest in the Joslyn Oil Sands Upstream Project in Alberta, Canada. The Joslyn project plans to conduct a multiphase mining development, with a production plan of 100,000 bbl/d by the second half of 2010 as Phase 1 development. The development framework is currently under investigation.

In regard to the oil sand upgrader (synthetic crude oil manufacturing) project in which we participate, alternatives to the plant planned by TOTAL in Edmonton are under consideration.

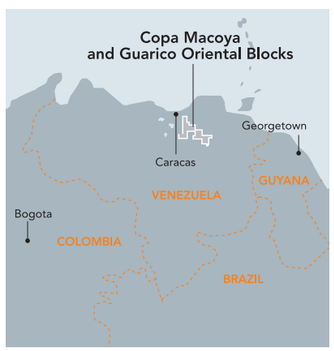


2. Copa Macoya and Guarico Oriental Blocks

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned**
Copa Macoya	Producing (Crude oil: 1 thousand bbl/d, Natural gas: 78 million cf/d)	Teikoku Oil and Gas Venezuela, C.A. (June 7, 2006)	Teikoku Oil and Gas Venezuela 70% PDVSA 30%
Guarico Oriental			Teikoku Oil and Gas Venezuela 30% PDVSA 70%

INPEX was awarded a 100% working interest in a central onshore area, the East Guarico Block in Venezuela in July 1992. INPEX participated in oil and natural gas field rehabilitation and exploration and development activities as an operator under the operating service agreement (OSA) terms.

The existing OSAs were changed to joint venture agreements in 2006 after a change of policy by the Venezuelan Government. Based on the new policy, INPEX established gas and crude oil venture companies jointly with Petroleos de Venezuela, S.A. (PDVSA), the Venezuelan national petroleum company, and from April 2006 continued the gas business in the Copa Macoya Block and the crude oil business in the Guarico Oriental Block. The new joint venture agreement also features contract extensions until 2026 for both blocks.



Brazil (Frade Block)

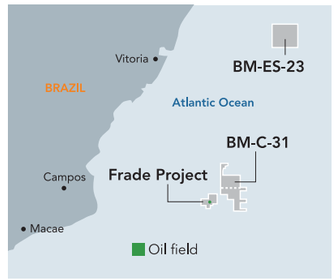
Mexico (Cuervito)

3. Brazil (Frade Block and others)

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned** (*operator)
Frade Project	Producing (Crude oil: 62 thousand bbl/d, Natural gas: 12 million cf/d)	Frade Japão Petróleo Limitada (FJPL) (July 5, 1999)	Frade Japão Petróleo 18.2609% Chevron* 51.7391% Petrobras 30%
BM-C-31	Exploration	INPEX Petróleo Santos Ltda. (January 19, 2007)	INPEX Petróleo Santos 20% Petrobras* 60% Shell 20%
BM-ES-23			INPEX Petróleo Santos 15% Petrobras* 65% Shell 20%

Frade Japão Petróleo Limitada (FJPL), a joint venture established by INPEX and Sojitz Corporation, acquired a 12.75% working interest in the Frade Block in Brazil's offshore Northern Campos basin in July 1999, and acquired an additional 2.25% in July 2001. As a result of the change in interest ownership due to arrangements determined under contract, FJPL's working interest amounted to 18.3% in June 2006.

After its initial discovery in 1986, the reserves of the Frade Oil Field were first estimated in 2001 with the drilling of two appraisal wells after FJPL acquired a participating interest in the block. A final investment decision to develop Frade was made in June 2006 after subsequent feasibility studies. Commercial production started in June 2009, marking the first crude oil to be produced in Brazil by an enterprise with a significant Japanese equity interest.



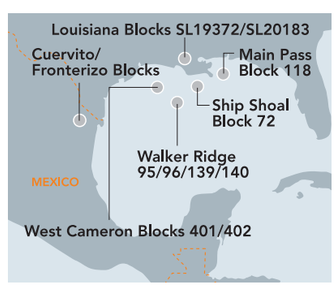
4. Gulf of Mexico Projects (U.S. and Mexico)

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2010)	**Venture company** (established)	**Interest owned** (*operator)
Ship Shoal Block 72	Producing (Crude oil: 1 thousand bbl/d, Natural gas: 19 million cf/d)	Teikoku Oil (North America) Co., Ltd. (May 30, 2003)	Teikoku Oil (North America) 25% PetroQuest* 42.5% Other 32.5%
West Cameron Blocks 401/402			Teikoku Oil (North America) 25% PetroQuest* 38% Other 37%
Main Pass Block 118			Teikoku Oil (North America) 16.66667% XTO* 50% Other 33.33333%
Louisiana Block SL19372			Teikoku Oil (North America) 17.5% PetroQuest* 38.5% Other 44%
Louisiana Block SL20183			Teikoku Oil (North America) 25% PetroQuest* 55% Other 20%
Walker Ridge 95/96/139/140	Exploration	INPEX Gulf of Mexico Co., Ltd. (April 28, 2010)	INPEX Gulf of Mexico 15% Shell* 70% Other 15%

INPEX has participated in oil and gas development projects in the shallow waters of the U.S. Gulf of Mexico since April 2006. Following production startup from Ship Shoal 72 in July 2006, Main Pass 118, West Cameron 401/402, Louisiana SL19372 and SL20183 started production.

We participated in deepwater exploration blocks of Walker Ridge 95/96/139/140 in the Gulf of Mexico in February 2011.

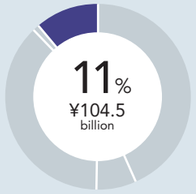
INPEX's affiliate, Teikoku Oil de Burgos S.A. de C.V., has participated in gas development and production operations in the Cuervito and Fronterizo blocks located in the Burgos basin of Mexico since 2004. This project has been conducted under the multiple service contract with PEMEX, and INPEX's affiliate holds a 40% working share of this project.



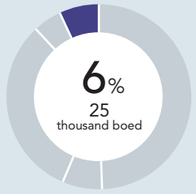
Japan

Net income increased 11.2% to ¥104.5 billion, due to higher sales volume and a rise in the sales price of natural gas. Operating income fell 20.3% to ¥26.0 billion, due to higher net purchases of natural gas.

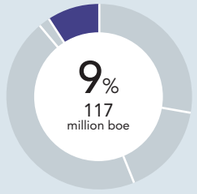
Net sales by region

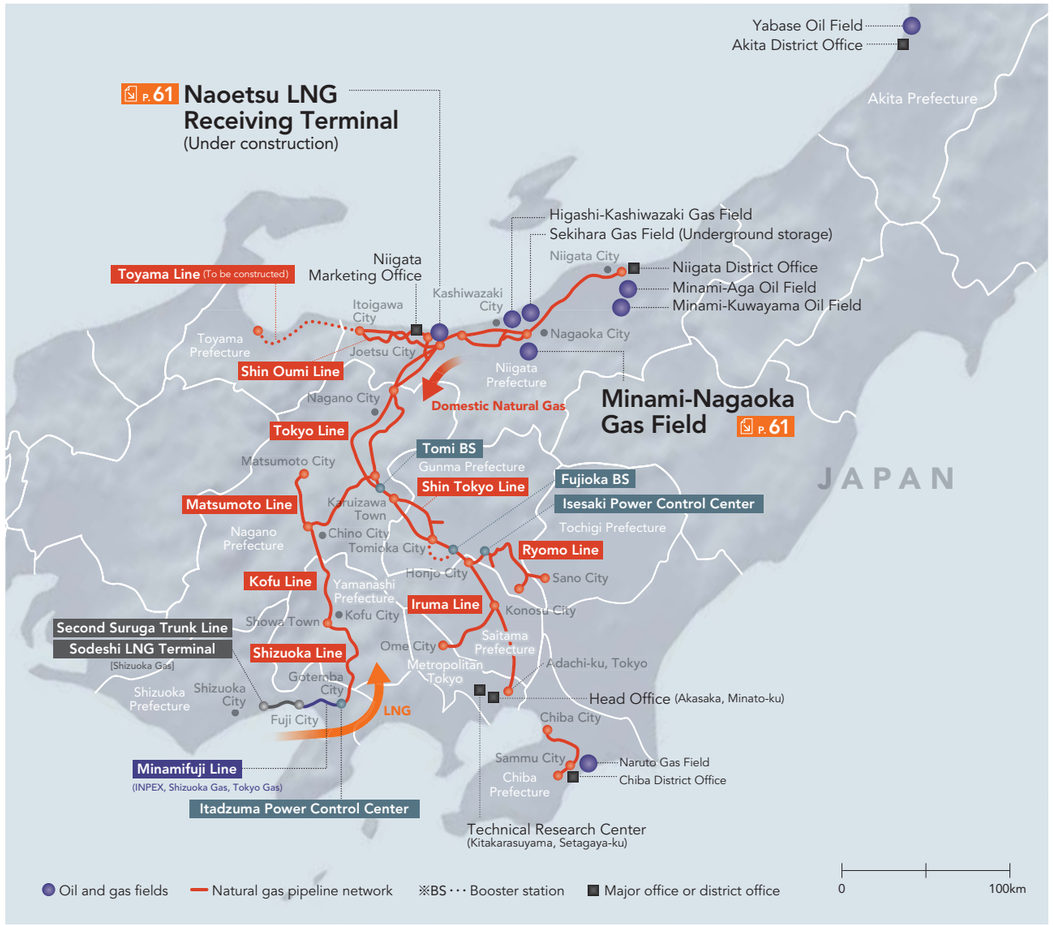


Net production by region



Proved reserves by region





Natural gas test in Japan

Oyazawa Plant (Nagaoka City, Niigata Prefecture)

Drilling crew in Japan

Yabase Oil Field in Akita Prefecture

Minami-Nagaoka Gas Field and the Domestic Natural Gas Business

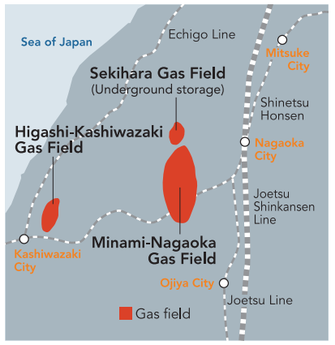
Domestic Natural Gas Overview	
Producing: Total oil and gas fields (FY 2010 average)	Natural gas: Approx. 3.4 million m^3/d Crude oil and condensate: Approx. 4 thousand bbl/d
Natural gas sales (FY 2010)	Approx. 1.72 billion m^3

Discovered in 1979 and in production since 1984, Minami-Nagaoka is one of the largest gas fields in Japan. Even after more than 25 years of continuous output, Minami-Nagaoka still accounts for approximately 40% of Japan's total natural gas production. After being processed, the natural gas is transported through a 1,400-km trunk pipeline network stretching across the Kanto and Koshinetsu regions that surround the greater Tokyo metropolitan area, and delivered to city gas companies and industrial customers along this network.

INPEX has experienced substantial sales growth over recent years, due to sharp rises in the prices of competing fuels as well as the highly environmentally friendly attributes of natural gas. The medium- to long-term projection is in annual demand to the 2.5 to 3.0 billion m^3 range, reflecting further active expansion of the supply network into new regions such as Toyama region where we decided to construct Toyama Line (extending from Itoigawa City, Niigata Prefecture to Toyama City, Toyama Prefecture) in May 2011.

Supply capacity and reliability have been dramatically enhanced through dynamic reinforcement of production facilities, pipeline network expansion and the introduction of LNG from Shizuoka Gas Co., Ltd. in 2010. To boost the overall scale of this business, INPEX has decided to build an LNG receiving terminal at Naoetsu, Joetsu City in Niigata Prefecture on the Japan Sea coast. The operational start target is in 2014.

INPEX also produces natural gas dissolved in water at the Naruto Gas Field in Chiba Prefecture. Natural gas dissolved in water is contained in underground "brine water." We pump up the brine water, extract natural gas and supply the gas to surrounding areas. The brine water also contains high levels of iodine. We refine and export the iodine to Europe, the U.S. and elsewhere.

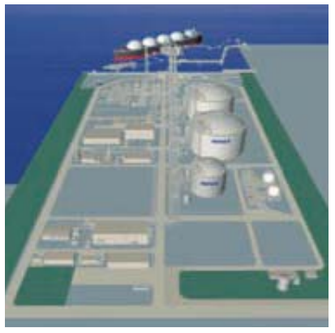


Minami-Nagaoka and nearby gas fields

Construction of Naoetsu LNG Receiving Terminal

Naoetsu LNG Receiving Terminal Overview	
Location:	12 Yachiho, Joetsu City, Niigata Prefecture
Lot area:	Approx. 25 ha
Gas production capacity:	750 million m^3/day (LNG 240 tons/hour)
LNG tank:	180 thousand kl × 2 (upgrade possible)
Operational start target:	in 2014

We expect domestic demand for natural gas to rise steadily and continue to be firm due to factors such as the switch to natural gas from oil as consciousness about the environment and energy conservation increases, higher oil prices. To ensure stable supply to the domestic natural gas market over the medium to long term, INPEX has been engaged in constructing an LNG receiving terminal in Joetsu City (the port of Naoetsu) in Niigata Prefecture on the Japan Sea coast since 2009. The target operational start-up date is in 2014. Afterwards, we plan to receive LNG from our overseas projects at the Naoetsu terminal, and by combining that supply with existing domestic supplies from Minami-Nagaoka and other fields we will be able to enhance the capacity and stability of our supply structure.



Naoetsu LNG Receiving Terminal (Artist's rendering)

Construction at the Naoetsu LNG Receiving Terminal

Inspecting for leaks at a valve station

Gas Supply Chain

We will establish a gas supply chain by organically connecting the overseas LNG with the domestic natural gas infrastructure, so as to meet natural gas demand in Japan, which is expected to continue to be firm. What this means is that we will receive supplies of LNG from overseas sources, such as Ichthys and Abadi, at our Naoetsu LNG Receiving Terminal, and employ the pipeline network to supply natural gas to all of our customers. This will enable us to flexibly combine three supply sources– 1) domestic natural gas, 2) regasified LNG from Shizuoka Gas Co., Ltd. (which we began receiving in January 2010), and 3) regasified LNG received at Naoetsu. We believe that this will result in improved supply capacity and enhanced supply stability, allowing us to meet future demand increases.

Until now, there had been no company in Japan equipped with a complete natural gas infrastructure, from development and production through liquefaction, transport and regasification, and supply. Building a total gas supply chain covering upstream and downstream processes is one of the benefits of business integration, and it will be our base of support in developing an energy business suitable to the coming era of natural gas use.

Three natural gas supply sources

1. Domestic natural gas
2. Regasified LNG from Shizuoka Gas Co., Ltd.
3. Regasified LNG from the Naoetsu LNG Receiving Terminal

Market Status

Domestic natural gas sales (FY2010)
Approx. **1.72** billion m³
(1.2 million tons/year for LNG equivalents)

Medium-to long-term expected demand:
Approx. **2.5–3.0** billion m³
(1.8-2.2 million tons/year for LNG equivalents)