

September 10, 2002

INPEX Expands Business Operations in Australia.

1. In April 2001, the Australian government announced the release of offshore petroleum exploration areas and began accepting public bids for oil exploration. In response, INPEX CORPORATION (INPEX), through its wholly-owned subsidiary INPEX Alpha, Ltd., conducted a study in conjunction with Santos Limited (which has extensive operating experience in Australia) and the American company Unocal Corporation (which possesses superior offshore deep excavation technology). The three companies then selected promising permit areas and submitted joint bids for those areas in April 2002. The Australian government subsequently awarded the three companies with exploration rights for three permit areas: VIC/P51 and VIC/P52, both off the coast of Portland, Victoria; and T33 off the northwestern coast of Tasmania.

In addition, INPEX (also through INPEX Alpha) reached a basic agreement with Magellan Petroleum Australia Limited to acquire a 65% interest in two promising exploration areas located on Australia's northwestern continental shelf: WA-288-P and WA-311-P.

Through the addition of these five new exploration areas, INPEX has further expanded its business operations in Australia.

- i. The three areas of VIC/P51, VIC/P52, and T/33 offer good prospects for the discovery of offshore oil and natural gas at a depth ranging from 300 to 1,500 meters. Multiple extractions of structures that promise to be commercially viable have been made in each of the three areas.
- ii. WA-288-P and WA-311-P involve offshore depths of 50 to 150 meters and have a high potential for oil discovery.

2. INPEX considers Australia, along with Indonesia, to be a core area of operation. It is therefore developing the following businesses through its subsidiaries.

- i. Through INPEX Alpha, INPEX began producing crude oil at the Griffin oil field off the coast of Western Australia in 1994 (as of July 2002, it has produced a total of 142

million barrels at a rate of 33,000 barrels per day). Building on this stable base and working to further expand its Australian operations, it acquired a 28.5% interest in the WA-155-P permit area in 1999, and acquired the VIC/P42 and VIC/P45 areas, off the coast of Victoria, in the latter half of 2001. With these holdings already in place, INPEX made the strategic decision to participate in the five new permit areas cited above.

ii. Through its wholly-owned subsidiary INPEX Sahul, Ltd., INPEX acquired a 21% interest in the offshore Elang and Kakatua oil fields in the Zone of Cooperation jointly controlled by Australia and East Timor. Initiating production of crude oil in 1998, it has produced a total of 25 million barrels as of July 2002, at a rate of 7,000 barrels per day. Similarly, it acquired an approximately 12% interest in the Bayu-Undan gas-condensate field (with an estimated reserve of about 400 million barrels of LPG and condensate, and about 3.4 trillion cubic feet [about 100 billion cubic meters] of natural gas). Production of LPG and condensate from this field is scheduled to begin in 2004 (primarily for the Japanese market). Meanwhile, the natural gas will be processed into LNG at a gas liquefaction plant to be built outside Darwin, Australia, and a basic agreement has been reached with Tokyo Electric Power Company and Tokyo Gas Co. Ltd. on the sale of the LNG over the course of 17 years beginning in 2006 at a rate of 3 million tons per year.

iii. INPEX is also active as an operator in Australia through INPEX Browse, Ltd., a wholly-owned subsidiary of the INPEX Group. It already has a 100% interest in the WA-285-P permit area on Australia's northwest continental shelf off the coast of Western Australia, where it has successfully drilled three exploration wells and discovered promising gas-condensate fields. Beginning in the second quarter of 2003, two appraisal wells will be drilled for the purpose of developing a scenario for economic development, and an additional exploration well will be drilled to evaluate reserves in the permit area.