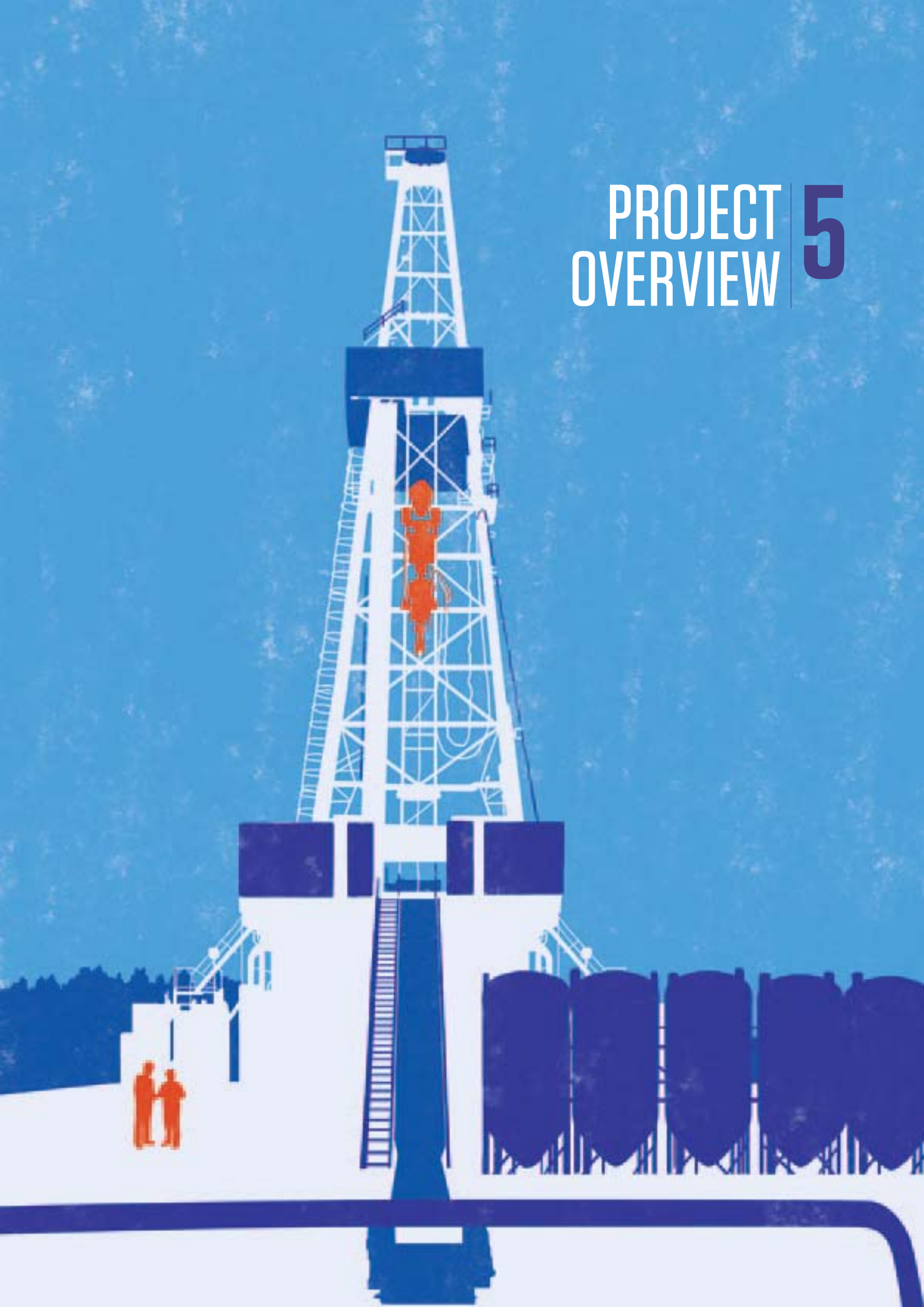


PROJECT OVERVIEW | 5



Project (Segment) Overview

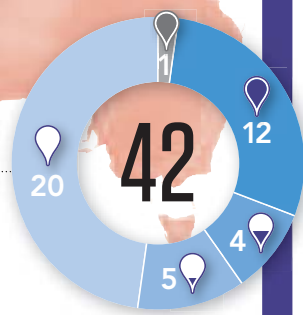
Asia & Oceania

► p.60

Number of countries



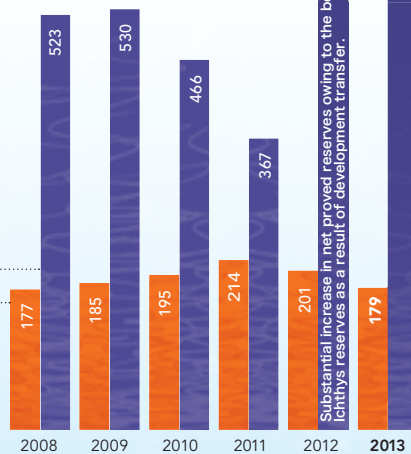
Number of projects



- In production
- Under development
- Discovered / Preparation for development
- Under exploration
- Other project

Production / Reserves

■ Proved reserves (million boe)
■ Net production (thousand boed)



Substantial increase in net proved reserves owing to the booking of Ichthys reserves as a result of development transfer.

Project Summary

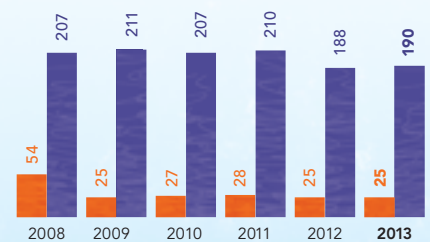
In the core Asia and Oceania region, INPEX is engaged in activities in the **Offshore Mahakam Block**, which is contributing significantly to earnings, and the large-scale **Ichthys and Abadi LNG projects**, where development as well as preparation for development are ongoing. At the same time, the Company is actively advancing multiple small and medium-sized production projects.

Upside Potential

Exploration prospects number up to a maximum of 20 in this region. Of this total, 10 projects are in close proximity to the **Ichthys gas and condensate fields**. In addition, interests are maintained in exploration blocks near the **Offshore Mahakam Block and in the frontier areas of the Bay of Bengal in India**.

Eurasia

► p.64



The Company's activities in this region revolve mainly around the **ACG Projects** in Azerbaijan and the **Kashagan Project** in Kazakhstan, a large-scale oil project. With the commencement of production at the Kashagan Project, production volumes in the Eurasia region are expected to increase going forward.

Two exploration potentials were added to the portfolio during the year ended March 31, 2013. INPEX was awarded **offshore exploration blocks located northwest of Shetland Island in the United Kingdom** in October 2012. The Company also concluded a Cooperation Agreement with Rosneft regarding the **exploration blocks in the Sea of Okhotsk, Russia** in May 2013.

Middle East & Africa

▶ p.66

8



Americas

▶ p.68

8



Japan

▶ p.70

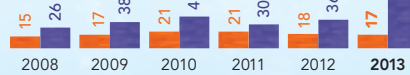
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Minami-Nagaoka Gas Field
Naoetsu LNG Terminal
Natural gas pipeline (Approx. 1,400 km) etc.



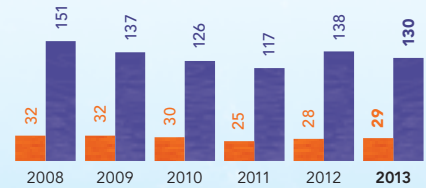
The Middle East and Africa region accounts for more than 60% of INPEX's net oil production volume. From both the Company's reserves and net production volume perspectives, the mainstay **ADMA Block in Abu Dhabi in the United Arab Emirates** contributes substantially. In Africa, the acquisition of a project in **Angola Block 14** during the year ended March 31, 2013 is also expected to bolster reserves and production volumes.

Building its portfolio in the Middle East, INPEX was awarded an **onshore exploration block in Iraq** in May 2012. Plans are in place to commence exploration activities going forward. In April 2013, the Company took steps to participate in an **exploration block in offshore Mozambique, East Africa**. Moreover, exploration potential exists within **Angola Block 14**.



The Company's track record as a development operator in **Venezuela** spans more than 20 years. In addition to its development and preparation for development activities in **the Joslyn oil sands and shale gas projects in Canada**, INPEX participates in such projects as **the Lucius oil field in the deepwater Gulf of Mexico** in August 2012.

Additional exploration and development projects with potential include the shale gas project in **Canada and the offshore exploration project in the frontier area of Uruguay, South America**. Moreover, considerable interest is being directed toward the **succession of pre-salt (deepwater oil fields) discoveries in offshore locations in Brazil**.



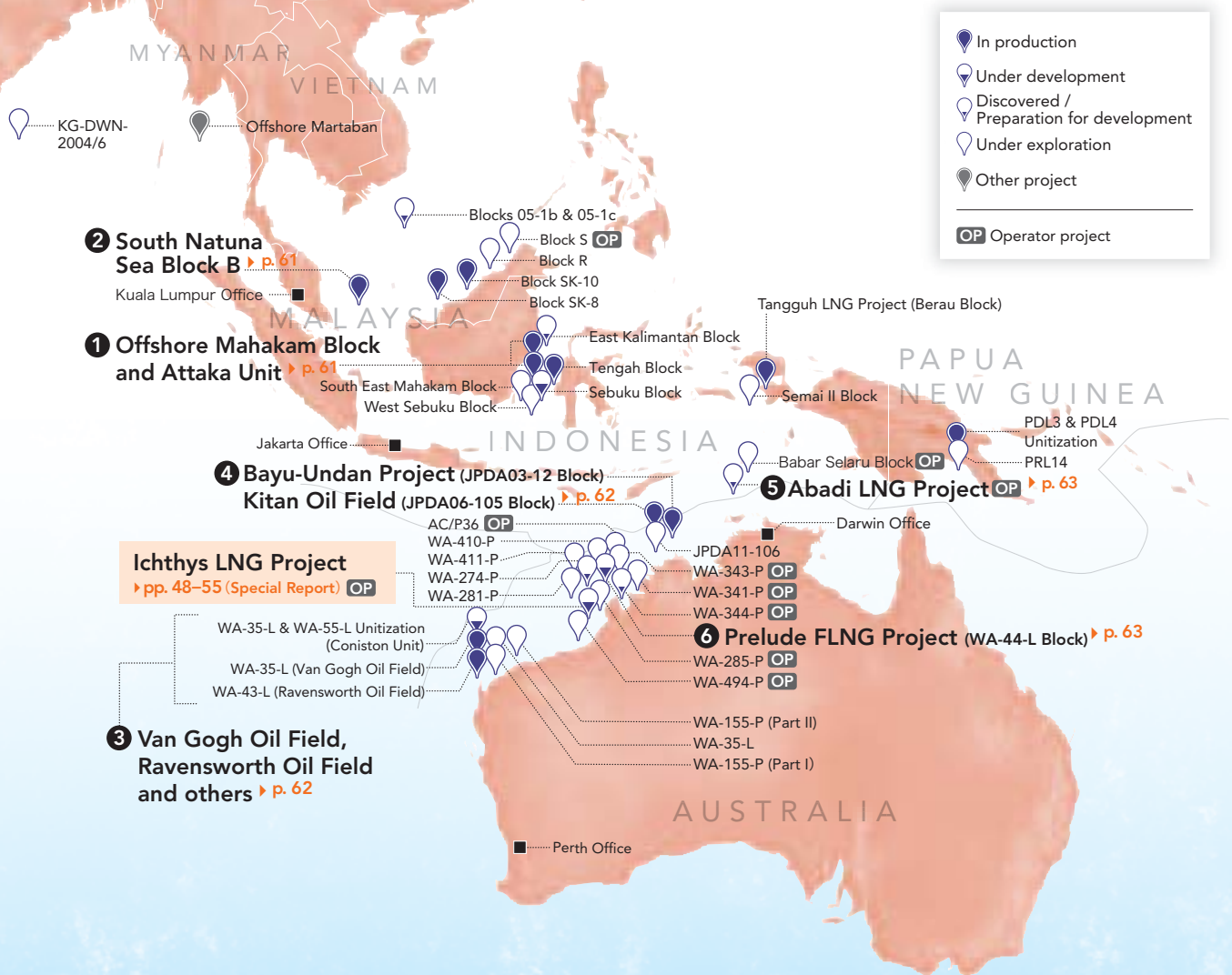
INPEX is active in the **Minami-Nagaoka Gas Field in Niigata Prefecture**, one of the largest of its kind in Japan. At the same time, the Company operates a **domestic trunk pipeline of approximately 1,400 km**. With the **Naoetsu LNG Terminal** scheduled to come online from 2014, INPEX is positioned to put in place a comprehensive gas supply chain.

INPEX has placed considerable weight on **surveying new oil and natural gas resources** both on- and offshore Japan for many years. The Company has conducted comprehensive evaluation work over the past two years. In addition to identifying promising areas, INPEX has also established an exploration policy going forward. Looking ahead, the Company will engage in specific exploration work based on its past findings and policy.

Project (Segment) Overview by Region

Asia & Oceania

Regarding the performance in Asia and Oceania for the year ended March 31, 2013, net sales increased by 0.4% to ¥485.3 billion. Despite decreases in sales volume and prices of natural gas, this result was largely attributable to an increase in crude oil sales volume and yen depreciation. From a profit perspective, operating income decreased by 6.0% to ¥281.6 billion owing mainly to an increase in depreciation.



Q. Please tell us about production trends at the Offshore Mahakam Block.

A. In addition to the natural decline in production, volumes contracted due to production impediments caused by such factors as sand at production wells. In response, steps were taken to drill new production wells and to implement various initiatives including measures to counteract sand problems. Thanks to these countermeasures the drop in production bottomed out around autumn 2012 and is currently showing signs of recovery.



Offshore Mahakam Block production facility

Asia & Oceania Q & A

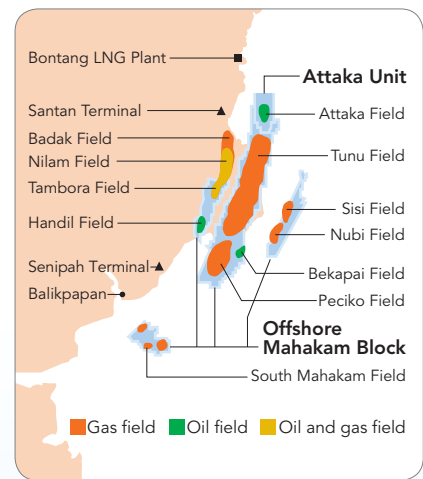
1. Offshore Mahakam Block and Attaka Unit

INPEX entered into a production sharing contract (PSC) with the Indonesian Government in October 1966, at that time acquiring a 100% participating 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. Production of crude oil and natural gas began in 1972. INPEX farmed out a 50% participating 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), as well as the South Mahakam (gas) fields, each of which has 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 the Bontang LNG Plant, then shipped as LNG to Japan and elsewhere.

The Offshore Mahakam Block will continue to be a key profit center for INPEX. In addition, together with TOTAL (the operator), we have been engaged in negotiations with the Indonesian authorities to secure a contract extension beyond 2018 with respect to the Offshore Mahakam Block.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
Offshore Mahakam	In production (Crude oil: 72 Mbbl/d Natural gas: 1,393 MMcf/d LPG: 12 Mbbl/d)	INPEX CORPORATION (February 21, 1966)	INPEX 50% TOTAL* 50%
Attaka Unit			INPEX 50% Chevron* 50%

2. South Natuna Sea Block B

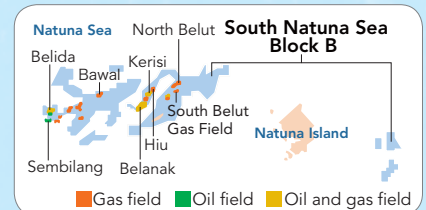
In July 1977, INPEX acquired a 17.5% participating interest in the South Natuna Sea Block B. Later, in January 1994, INPEX increased its total participating interest in the block to 35% with the purchase of an additional 17.5% interest. Crude oil production began in 1979,

and supplies of natural gas to Singapore via Indonesia's first international pipeline commenced in 2001. Additional deliveries of natural gas from this pipeline to Malaysia started in 2002. These supply milestones contributed to the extension of the PSC covering the block until 2028.

Production operations in the Belanak oil and gas field, which is part of South Natuna, utilize a world-class floating production, storage and offloading (FPSO) system. Production of crude oil and condensate began in December 2004, with LPG production commencing in April 2007. At this same block, production began at the Hiu Gas, Kerisi Oil and Gas, and North Belut Gas fields from 2006 as well as the Bawal Gas Field in July 2012. In addition, a number of development projects are currently under way to maintain and expand output. This includes preparation for development at the South Belut Gas Field.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
South Natuna Sea B	In production (Crude oil: 40 Mbbl/d Natural gas: 374 MMcf/d LPG: 15 Mbbl/d)	INPEX Natuna, Ltd. (September 1, 1978)	INPEX Natuna 35% ConocoPhillips* 40% Chevron 25%

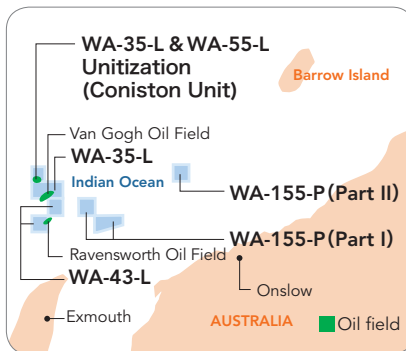


3. Van Gogh Oil Field, Ravensworth Oil Field and others

INPEX acquired participating interests in WA-155-P (Part I) in July 1999, after which the Van Gogh and Ravensworth oil fields were discovered. The Australian Government granted production licenses (WA-35-L and WA-43-L) for those two blocks, in which oil production commenced in February and August of 2010, respectively.

The decision to develop the Coniston Unit, which saddles WA-35-L and WA-55-L, was made in December 2011, and work targeting the commencement of production in 2014 is under way. Average crude oil production for the first year of

operation of the Coniston Unit is expected to be 21.5 thousand barrels per day.



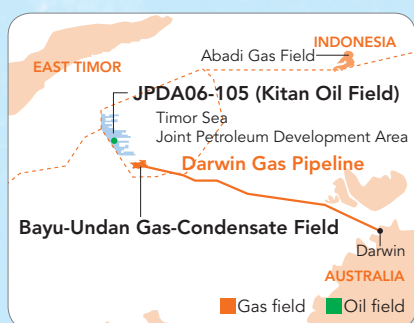
Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
WA-35-L (Van Gogh Oil Field)	In production (Crude oil: 16 Mbbl/d)	INPEX Alpha, Ltd. (February 17, 1989)	INPEX Alpha 47.499% Apache* 52.501%
WA-43-L (Ravensworth Oil Field)	In production (Crude oil: 16 Mbbl/d)		INPEX Alpha 28.5% BHPBP* 39.999% Apache 31.501%
WA-35-L & WA-55-L Unitization area (Coniston Unit)	Under development		INPEX Alpha 47.499% Apache* 52.501%
WA-35-L (excluding Van Gogh Oil Field)	Under exploration		INPEX Alpha 47.499% Apache* 52.501%
WA-155-P (Part II)			INPEX Alpha 18.670% Apache* 40.665% OMV 27.110% Tap 13.555%
WA-155-P (Part I)		INPEX Alpha 28.5% BHPBP* 39.999% Apache 31.501%	

4. Bayu-Undan Project (JPDA03-12 Block) and Kitan Oil Field (JPDA06-105 Block)

In April 1993, INPEX acquired a participating 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 fields. Of these, studies revealed that the Undan structure and the Bayu structure in the adjacent JPDA03-13 contract area were a single structure. The interest holders unitized both contract areas in 1999, allowing joint development of the Bayu-Undan Gas-Condensate Field to proceed. The commercial production and shipment of condensate and LPG started in 2004, and LNG in February 2006.

The presence of oil was confirmed through exploration drilling of the Kitan-1 and Kitan-2 wells in March 2008 in the JPDA06-105 contract area, which INPEX acquired in January 1992. Thereafter, we

obtained approval for the final development plan from the Timor Sea JPDA authorities in April 2010. After development works, the production at the Kitan Oil Field commenced in October 2011.



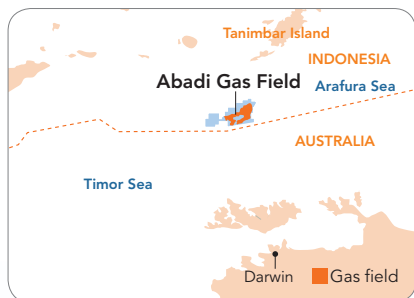
Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
JPDA03-12	In production (Crude oil: 48 Mbbl/d Natural gas: 501 MMcf/d LPG: 29 Mbbl/d)	INPEX Sahul, Ltd. (March 30, 1993)	INPEX Sahul 19.2458049% 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%
JPDA06-105 (Kitan Oil Field)	In production (Crude oil: 32 Mbbl/d)	INPEX Timor Sea, Ltd. (November 25, 1991)	INPEX Timor Sea 35% Eni* 40% Talisman 25%

5. Abadi LNG Project

INPEX acquired a 100% participating interest in the Masela Block in November 1998 through an open bid conducted by the Indonesian Government. INPEX proceeded with exploratory activity as the operator, and an exploratory well drilled in 2000 discovered the Abadi Gas Field. Subsequently, six appraisal wells were drilled (two in 2002 and four in 2007–2008), all of which confirmed the presence of gas and condensate column. The Indonesian Government granted its approval to the plan of development for Stage-I (POD-1) for a “floating LNG” with a capacity of 2.5 million tons per

year of LNG in December 2010. INPEX is currently conducting FEED works. We are studying the possibilities for further development exploiting its reserves and

are currently undertaking the continuous drilling of three appraisal wells and one exploration well.



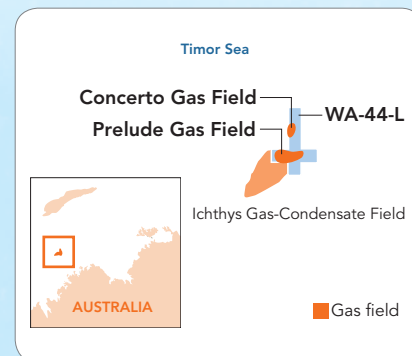
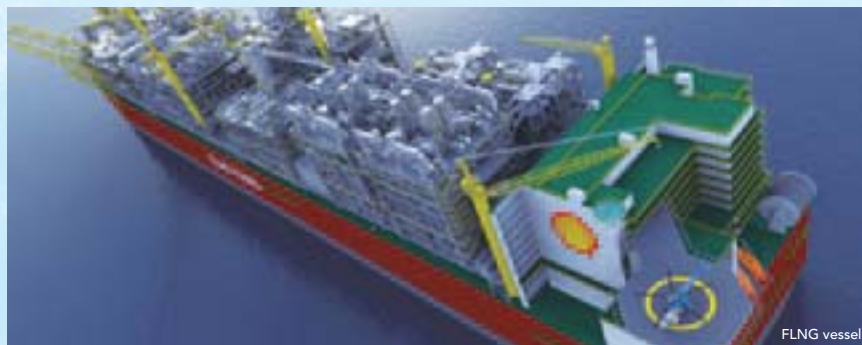
Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Masela	Preparation for development	INPEX Masela, Ltd. (December 2, 1998)	INPEX Masela* 65% Shell 35%

6. Prelude FLNG Project (WA-44-L Block)

In June 2012, we acquired from Shell a 17.5% participating interest in the Prelude FLNG Project, which is under development in offshore Western Australia. The Prelude FLNG Project consists of the Prelude and Concerto gas fields and

will produce 3.6 million tons per year of LNG, 400 thousand tons per year of LPG at peak and approximately 36 Mbbl/d of condensate at peak. Shell made the FID on the Prelude FLNG Project, which will be the world's first FLNG project, in May

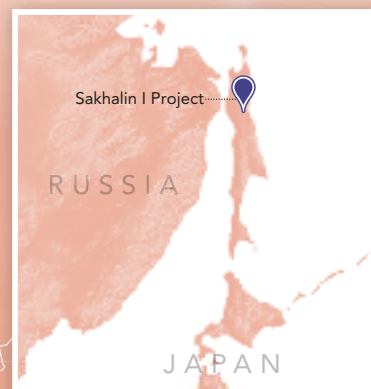
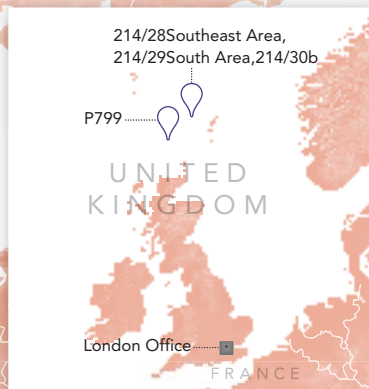
2011. Development of the Prelude FLNG Project is currently under way, with the start of production targeted at around 10 years from when the Prelude Gas Field was first discovered in early 2007.



Contract area(block)	Project status	Venture company (established)	Interest owned (*Operator)
WA-44-L	Under development	INPEX Oil & Gas Australia Pty Ltd (February 28, 2012)	INPEX Oil & Gas Australia 17.5% Shell* 67.5% KOGAS 10.0% CPC 5.0%

Eurasia

Regarding the performance in Eurasia for the year ended March 31, 2013, net sales increased by 1.4% to ¥85.5 billion due to yen depreciation despite a decrease in the sales price of crude oil. Operating income decreased by 11.3% to ¥41.8 billion mainly due to an increase in administrative expenses.



- In production
- Under development
- Under exploration
- Other project

- 1 Offshore North Caspian Sea Contract Area**
(Kashagan Oil Field and others) ▶ p.65
- 2 ACG Oil Fields** ▶ p.65
- 3 BTC Pipeline Project** ▶ p.65

Q. What do you see as the potential for new oil and gas fields in Russia?

A. In May 2013, INPEX signed a Cooperation Agreement with Rosneft in connection with the exploration and development of blocks in a frontier area to the north of the Okhotsk Sea. INPEX has accordingly secured the exclusive right to negotiate final agreements with regard to exploration and development activities in the blocks. Recognizing the vast reserves of oil and gas in and around Russia, this initiative is expected to help develop the Company's business over the medium to long term.



Agreement signing ceremony

Eurasia Q&A

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

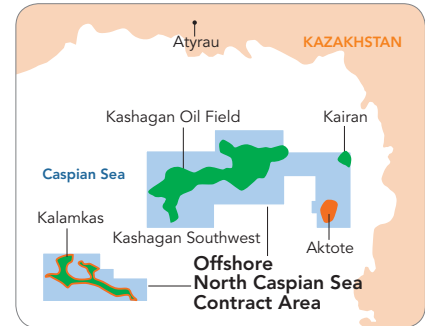
In September 1998, INPEX acquired a participating interest in the Offshore North Caspian Sea Contract Area in Kazakhstan's territorial waters and now holds a 7.56% interest.

Phased development of the Kashagan Oil Field is planned, with the

Phase 1 experimental program currently under way. Production is scheduled to commence in the third quarter of 2013 (as of June 30, 2013).

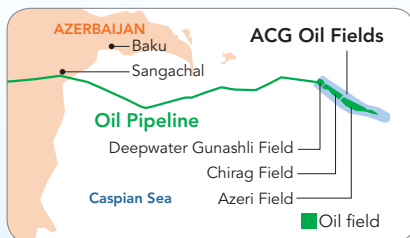
Besides the Kashagan field, hydrocarbon reserves were also confirmed in four other structures: Kalamkas, Aktote,

Kairan, Kashagan Southwest. 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.



Contract area (block)	Project status	Venture company (established)	Interest owned
Offshore North Caspian Sea	Under 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%

2. ACG Oil Fields



INPEX acquired a participating interest of the Azeri-Chirag-Gunashli (ACG) Oil Fields in a region of the south Caspian Sea in Azerbaijan in April 2003. The Company's current participating interest has increased to 10.9644%.

At the ACG Oil Fields, oil is being produced at the Chirag Field, the Central

Azeri Field, the West Azeri Field, the East Azeri Field, and the Deepwater Gunashli Field. In March 2010, the decision was made to transition the Chirag Oil Project to a development phase. Operations are currently in progress with the commencement of production planned at the end of 2013.

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
ACG (Azeri, Chirag, Gunashli)	In production (Crude oil: 652 Mbbl/d)	INPEX Southwest Caspian Sea, Ltd. (January 29, 1999)	INPEX Southwest Caspian Sea 10.96% BP* 35.78% Chevron 11.27% SOCAR 11.65% Statoil 8.56% ExxonMobil 8.00% TPAO 6.75% Itochu 4.30% ONGC 2.72%

3. BTC Pipeline Project

The 1,770-km BTC pipeline stretches from Baku in Azerbaijan to Ceyhan on Turkey's Mediterranean coast through Tbilisi, Georgia. Full-scale operation commenced in June 2006. Total transportation capacity stands at 1.2 million

barrels per day. While mainly transporting crude oil produced in the ACG Oil Fields in Azerbaijan, the pipeline also transports crude oil produced in other areas including Turkmenistan and Kazakhstan.



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% Azerbaijan (BTC) Limited 25% Chevron 8.9% Statoil 8.71% TPAO 6.53% Eni 5% TOTAL 5% Itochu 3.4% ConocoPhillips 2.5% ONGC 2.36%

Middle East & Africa

Regarding the performance in the Middle East and Africa for the year ended March 31, 2013, it was impacted by a decrease in the sales price of crude oil, an increase in the sales volume of crude oil, and yen depreciation. As a result, net sales increased by 4.2% to ¥520.8 billion and operating income increased by 0.9% to ¥357.3 billion.



Q. Which exploration project is attracting your attention in the Middle East and Africa region?

A. We are particularly excited by the potential of exploration projects in Iraq. In May 2012, INPEX put forward the successful bid for the onshore Exploration Block 10 in Iraq with a partner. In addition, we participated in an exploration project in an area in Mozambique in April 2013, where large-scale reserves of natural gas have been discovered.



A view of the Block 10 surface in Iraq

Middle East & Africa Q&A

1. ADMA Block

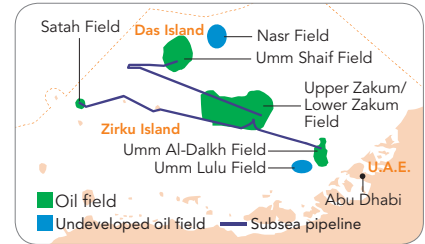


The ADMA Block (Upper Zakum Oil Field)

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. 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.

In addition, a number of development projects are currently under way to maintain and expand oil output, such as redevelopment of the Upper Zakum Field

involving the use of artificial islands, as well as phase 1 development and other work with the aim of engaging in early production at the Umm Lulu and Nasr fields.



Contract area (block)	Project status	Venture company (established)	Interest owned
Umm Shaif, Lower Zakum Field	In production	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	Under development		JODCO 12% ADNOC 60% BP 14.67% TOTAL 13.33%
Umm Lulu Field			

2. Offshore Angola Block 14



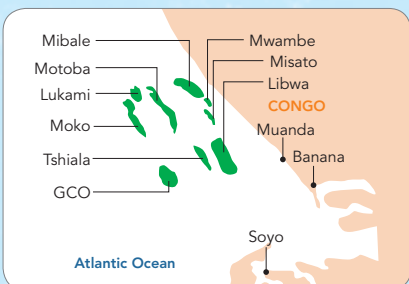
Participating through a joint venture company with TOTAL S.A., INPEX acquired a 9.99% indirect interest in the oil producing Angola Block 14 in February 2013. Block 14 is located approximately 100 km offshore from Cabinda, Angola. It is an oil-producing block that includes discovered undeveloped fields. Crude oil is currently being produced from three development areas. Through exploration activities as well as the development of discovered undeveloped fields, this block is expected to help boost overall value.



Production facility

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
Offshore Angola Block 14	In production (Crude oil: 148 Mbbl/d)	Angola Block 14 B.V. (April 19, 2012)	Angola Block 14 B.V. 20% (including 9.99% of INPEX's interest) Chevron* 31% Sonangol 20% Eni 20% Galp 9%

3. Offshore D.R. Congo Block



INPEX has participated in oil exploration and development projects offshore the Democratic Republic of the Congo (DRC) since July 1970. Oil production commenced in 1975 from the GCO Oil Field, which was

discovered in 1971. Including GCO, 11 oil fields have been discovered. The contract covering this block was extended until 2023 in May 1995, and production levels from existing fields remain stable.

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
Offshore D.R. Congo Block	In production (Crude oil: 14 Mbbl/d)	Teikoku Oil (D.R. Congo) Co., Ltd. (August 1, 1970)	Teikoku Oil (D.R. Congo) 32.28% Perenco* 50% Chevron 17.72%

Americas

Regarding the performance in the Americas for the year ended March 31, 2013, net sales increased by 7.6% to ¥5.9 billion due to an increase in the sales volume of natural gas. On the earnings front, however, INPEX recognized an operating loss of ¥6.1 billion (10.4% higher than the previous year).



Q. Please tell us about the Company's participation in the development project in the U.S. Gulf of Mexico in August 2012.

Americas Q&A

A. We acquired a 7.2% participating interest in the Lucius project in the deepwater of the U.S. Gulf of Mexico from Anadarko Petroleum Corporation. Currently, development operations are being undertaken with an eye toward commencing production of crude oil and natural gas from the latter half of 2014. The Lucius project is expected to contribute to the Company's net production volume prior to the commencement of production at the Ichthys Project. At the same time, we anticipate gaining considerable experience and knowledge in deepwater development through the participation.



Lucius Oil Field



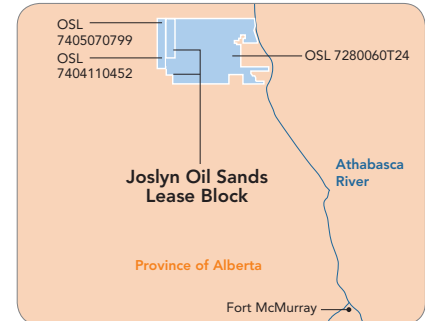
1. Joslyn Oil Sands Project

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 thousand barrels per day by the late 2010s as part of the Stage I develop-

ment. Currently, we are taking preliminary steps to consider a development plan.

Despite the decision by TOTAL to suspend the oil sand upgrader (synthetic crude oil manufacturing) project in which we are participating, measures going forward are currently under consideration.

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



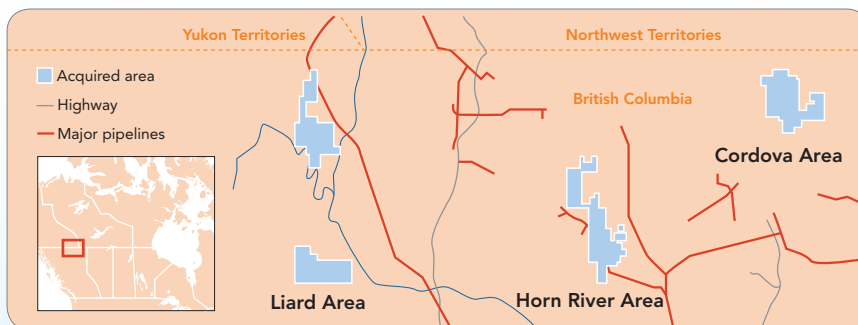
2. Shale Gas Project in Canada

In August 2012, INPEX acquired a 40% participating interest in the shale gas projects in the Horn River, Cordova and Liard basins from Nexen Inc.

The shale gas projects in the Horn River, Cordova and Liard basins contain discovered and undeveloped shale gas.

We will proceed with full-scale development and are aiming for combined production at the Horn River and Cordova projects of a maximum of 1,250 millions of cubic feet per day (approximately 200 thousand boed). The shale gas that is produced will be converted into LNG

with studies currently under way to consider commercialization through exports from the Canadian west coast.

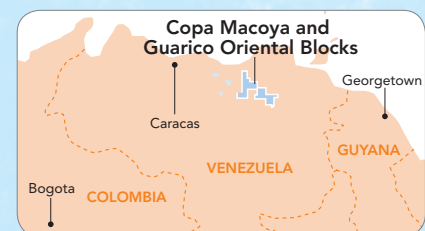


Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Horn River, Cordova and Liard areas	In production (partly)	INPEX Gas British Columbia Ltd. (November 28, 2011)	INPEX Gas British Columbia 40% NEXEN* 60%

3. Copa Macoya and Guarico Oriental Blocks

INPEX was awarded a 100% participating interest in a central onshore area, the East Guarico Block in Venezuela, in July 1992. INPEX participated in oil and natural gas field rehabilitation, exploration and development activities as an operator. Thereafter, the existing operational service agreements were changed to joint venture

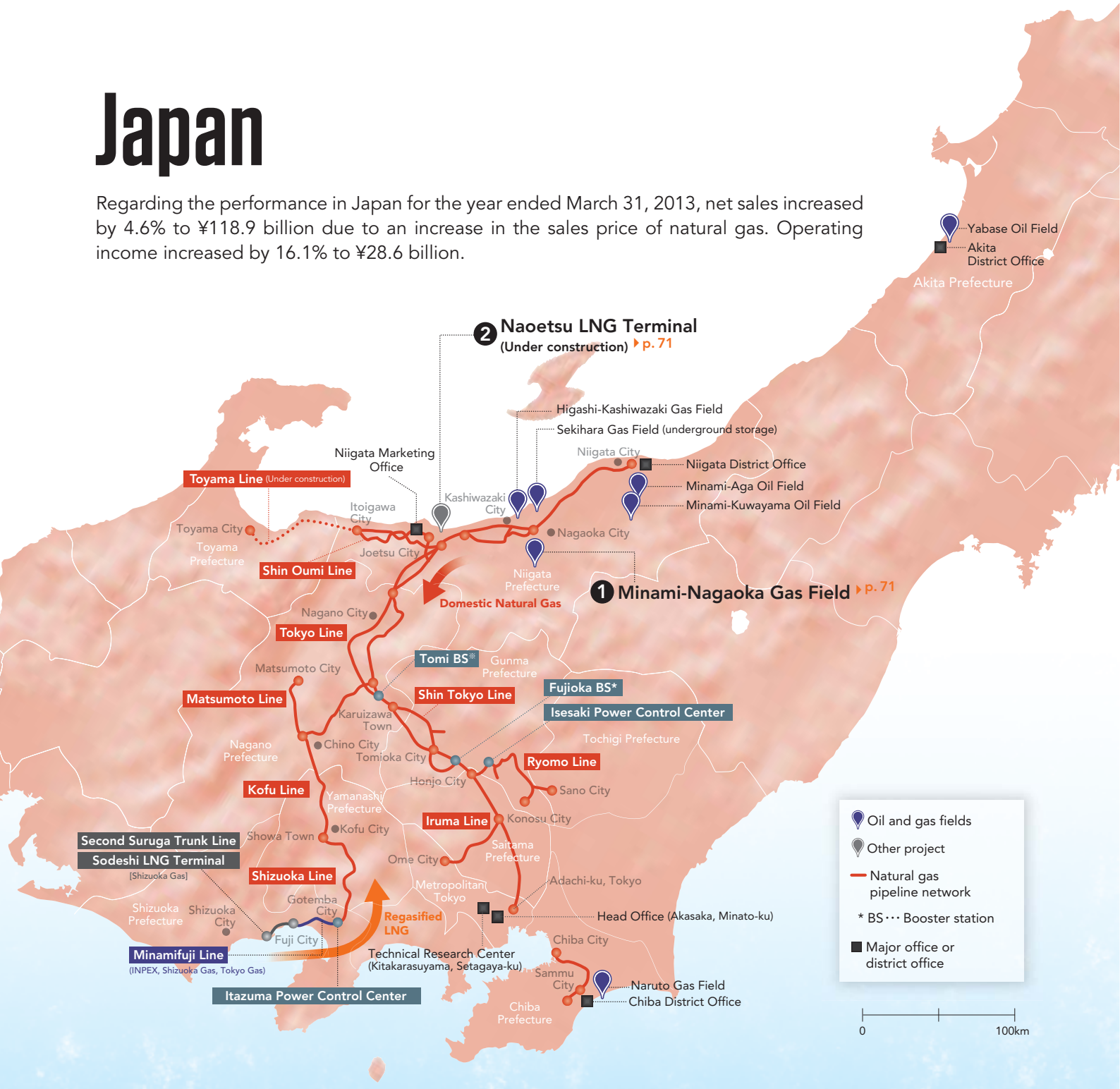
agreements in 2006. Around the same time, the East Guarico Block was newly reconfigured into a gas business in the Copa Macoya Block and a crude oil business in the Guarico Oriental Block. In addition, the agreement period of both agreements was extended to 2026 as a result of the change to joint venture agreements.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2012)	Venture company (established)	Interest owned (*Operator)
Copa Macoya	In production (Crude oil: 1 Mbbl/d Natural gas: 64 MMcf/d)	Teikoku Oil and Gas Venezuela, C.A. (June 7, 2006)	Teikoku Oil and Gas Venezuela* 70% PDVSA Gas 30%
Guarico Oriental			Teikoku Oil and Gas Venezuela 30% PDVSA CVP* 70%

Japan

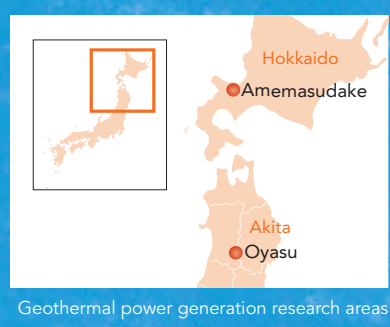
Regarding the performance in Japan for the year ended March 31, 2013, net sales increased by 4.6% to ¥118.9 billion due to an increase in the sales price of natural gas. Operating income increased by 16.1% to ¥28.6 billion.



Q. What progress have you made in your ongoing geothermal power development endeavors in Japan?

Japan Q&A

A. We continue to carry out joint studies for the development of geothermal power in Hokkaido and Akita prefectures, which began in 2011. Geological ground surveys have already been completed in both prefectures confirming the presence of underground temperatures of 200°C and above, a necessary requirement for geothermal power generation. Plans are in place to drill exploration wells during 2013 and to push forward studies in earnest.



1. Minami-Nagaoka Gas Field and the domestic natural gas business

Discovered in 1979 and in production since 1984, Minami-Nagaoka is one of the largest gas fields in Japan. After processing, 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 in recent years due to sharp rises in the prices of competing fuels, as well as the highly environmentally friendly attributes of natural gas. The target is for medium- to long-term annual sales of 2.5 billion m³ by the early 2020s and in the 3.0 billion m³ range over the long term, reflecting further capacity increases for our core Shin Tokyo Line and develop-

ment of the Toyama Line (extending from Itoigawa City, Niigata Prefecture, to Toyama City, Toyama Prefecture), construction of which began in April 2012.

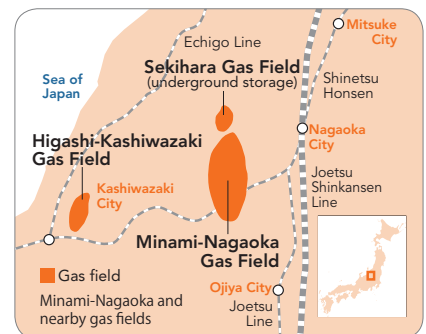
In order to support this growth, supply capacity and reliability have been enhanced through the introduction of LNG from Shizuoka Gas Co., Ltd., in 2010. INPEX decided to build an LNG terminal at Naoetsu, Joetsu City, in Niigata Prefecture, which is slated to start in the beginning of 2014.

At the Naruto Gas Field in Chiba Prefecture, natural gas dissolved in water is being produced. 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 export the iodine to Europe, the United States and elsewhere.



The natural gas pipeline that crosses Shibumi river in Niigata



Production and Sales of Domestic Natural Gas	
Producing: Total oil and gas fields (FY2012 average)	Natural gas: Approx. 134 MMcf Crude oil and condensate: Approx. 4 Mbbl/d
Natural gas sales (FY2012)	Approx. 1.75 billion m ³

2. Construction of the Naoetsu LNG Terminal

We expect domestic demand for natural gas to rise steadily and continue to be firm due to factors such as the shift to natural gas from oil as consciousness about the environment and energy conservation increases, as well as rising oil prices. To ensure stable supply to the domestic natural gas market over the long term, INPEX has been engaged in constructing an LNG terminal in Joetsu City (the port of Naoetsu) in Niigata Prefecture since 2009. The operational startup is planned for the beginning of 2014. Afterward, 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 Overview	
Location	12 Yachiho, Joetsu City, Niigata Prefecture
Lot area	Approx. 25 ha
Gas production capacity	7.5 MM m ³ /d (LNG 240 tons/hour)
LNG tank	180 thousand kl × 2 (upgrade possible)
LNG receiving capacity	Approx. 1.5 million tons/year
Operational start target	Beginning of 2014



The Naoetsu LNG Terminal currently under construction (April 2013)

Gas Supply Chain

We will establish a gas supply chain by organically connecting overseas LNG with the domestic natural gas infrastructure to meet the natural gas demand in Japan, which is expected to remain firm.

By flexibly combining the three gas supply chain sources of

- ① domestic natural gas,
- ② regasified LNG from Shizuoka Gas Co., Ltd., and
- ③ regasified LNG from Naoetsu,

we are confident in our ability to improve supply capacity and enhance supply stability, allowing us to meet future demand increases.

Building a total gas supply chain covering upstream and downstream processes will be our base of support in strengthening emergency backup measures for the supply of gas by enhancing cooperation with gas and electric power companies and expanding the pipeline

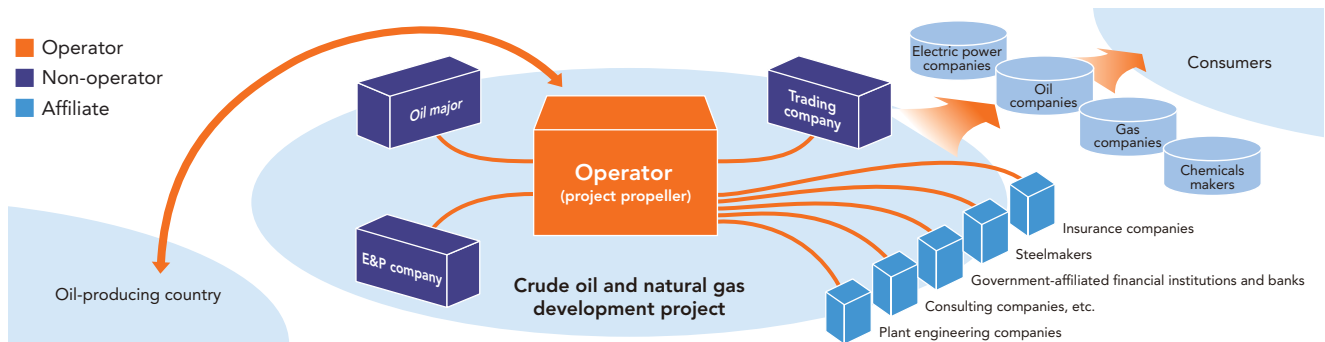
network, as well as building the global LNG portfolio. Through these activities, we will work toward developing an energy business that uses natural gas.

Column #3

What it means to take on the challenge of a project operator

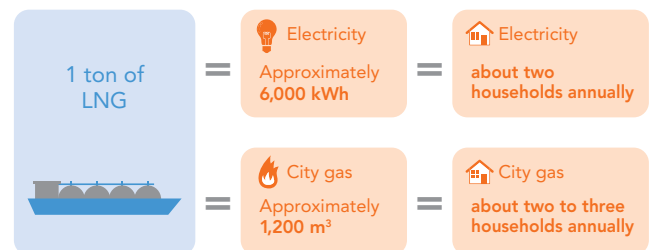
In the crude oil and natural gas business, it is common for several companies to form a partnership, instead of one company taking sole responsibility, for the purpose of splitting up the massive amount of operating capital required and distributing risk in the event no discoveries of crude oil or natural gas are made. Among the partner companies that form the coalition, the one company that acts as the lead representative of the project is called the operator. Being the operator entails leading the other partners, negotiating with the oil-producing country,

and closely managing contractors and other affiliates in order to successfully develop the crude oil and natural gas project into a business. For this reason, the operator is viewed as the true developer of the crude oil and natural gas project. Contrary to a non-operator, which mainly provides funding, an operator that leads a project to success is often presented with opportunities to participate in many other high-quality projects; in other words, it sees more opportunities to acquire new interests.



What is 1 ton of LNG?

In Japan, liquefied natural gas (LNG) is primarily used two ways: as a fuel to generate electricity and as city gas. The energy produced by one ton of LNG differs based on assumptions used, but as a fuel burned to generate electricity, one ton of LNG can produce 6,000 kWh in a conventional power generation turbine. This is equivalent to the amount of electricity used by about two households in one year. In terms of city gas, one ton of LNG can produce 1,200 cubic meters of city gas, which is enough to supply two to three households for a year.



What are the chances of finding crude oil and natural gas?

Generally speaking, the odds of discovering sufficient quantities of crude oil and natural gas after drilling a well are low. In the test wells it drilled between the fiscal years ended March 2011 and March 2013, INPEX's success rate was 45.0% (3-year average). However, this figure includes additionally drilled wells in geographical formations where crude oil and natural gas had already been discovered.

Accordingly, this figure tends to be higher than the success rate for wells drilled in so-called wildcat territory—unproven, unexplored geographical formations. Prior to drilling a well, a survey of geological features is conducted, as is a seismic survey for minerals, based upon which drilling sites are screened for the most promising geological structures to improve the odds of making a discovery.



Drill bit