Investor Briefing - Ichthys LNG Project

INPEX CORPORATION

January 24, 2012
Agenda

- Ichthys LNG Project and INPEX’s growth strategy
  Representative Director, President & CEO
  Toshiaki Kitamura

- Ichthys LNG Project Overview
  Director, Managing Executive Officer,
  Head of Ichthys Project Division
  Seiya Ito
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- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to exploration, development and production

The Company undertakes no obligation to publicly update or revise the disclosure of information in this presentation (including forward-looking information) after the date of this presentation.
Ichthys LNG Project and INPEX’s growth strategy

Representative Director, President & CEO
Toshiaki Kitamura
Project Highlight (1/2)

- January 13, 2012, Announced FID
- Production start target: by the end of 2016
- Production rate:
  - LNG: 8.4 million tonnes per year (equivalent to 10% or more of Japan’s current LNG annual import volume)
  - LPG: approx. 1.6 million tonnes per year
  - Condensate: approx. 100,000 barrels per day (at peak)
- Project share:
  - INPEX group: 72.805%
  - TOTAL: 24.000%
  - Tokyo Gas(※): 1.575%
  - Osaka Gas(※): 1.200%
  - Toho Gas(※): 0.420%

Ichthys LNG Project
- Upstream JV
- Downstream JV (Liquefaction and LNG Marketing, etc.)

(※) Subject to approval by the Australian Government
Project Highlight (2/2)

- Marketing: Secured the LNG Sales and Purchase Agreements for the entire LNG production (8.4 million t/y)

- Government approvals:
  - Environmental Approval, Pipeline licenses: obtained
  - Production Licenses: imminent

- CAPEX:
  - US$34.0 billion (100% project basis)
  - INPEX share (72.805%*): US$24.7 billion

*Out of the current INPEX's share (76%) the following participating interest will be transferred to Osaka Gas (1.2%), Toho Gas (0.42%) and Tokyo Gas (1.575%) subject to Australian Government approval of the transfer. After the transfer INPEX's project share will be 72.805% accordingly.

- Financing the Project
  - Combination of own funds and bank loans (incl. Project Financing)
  - Currently under negotiation for Project Financing with ECAs in Japan, Korea, Australia and France etc, and major commercial banks from Japan and Australia etc.
  - Bank loans are expected to total about 1 trillion yen and comprise mainly Project Financing
Key features of Ichthys LNG Project

Ichthys gas-condensate field
- Low Country Risk (Australia)
- High production capacity: in addition to LNG, substantial LPG and Condensate
- Exploration blocks around the Ichthys field have high potential

Project progress
- Major government approvals have been obtained. Secured reliable EPC contractors. Secured marketing for the entire LNG production. Sufficient confirmations of lenders’ intention have been obtained for financing.
- Schedule announced in May 2010 (delaying FID and production start-up by a year) has provided further accuracy and confidence in engineering and cost estimates. Our relationships with the local community much enhanced
- Lump sum contracts account for the majority of overall EPC contracts

Strength of the project
- INPEX’s experiences in the Asia-Oceania region
- Good coordination and relationship with joint venture participants (incl. TOTAL)
- Support from Australian and Northern Territory Governments
Ichthys LNG Project and INPEX’s growth strategy

- Significant contribution to our corporate growth
  - A core project for our medium- to long-term corporate growth (Sustainable growth of E&P activities and establishment of a gas supply chain)
  - Increase in proved reserves, improve RRR and F/D costs
  - Contribution our net production target of 800 thousand – 1 million boe/d
  - A stable profit expected for a long-term
  - Utilization of know-how of Ichthys to other existing/new projects such as the Abadi LNG Project

- Investment amount of 4 trillion yen over seven years*
  - Funding sources also remain unchanged

*Approx. 4 trillion yen for Ichthys and Abadi and other E&P projects etc. from Fiscal 2010 to Fiscal 2016
Ichthys LNG Project Overview

Director, Managing Executive Officer, Head of Ichthys Project Division
Seiya Ito
Ichthys LNG Project location

- **Ichthys Gas Field**
  - Location: Middle Arm Peninsula, Broome, Western Australia
  - Distance: Approx. 889 km from Darwin City, Northern Territory

**Gas Field**

- WA-274-P: SANTOS 30%, CHEVRON 50%, INPEX 20%
- WA-410-P: SANTOS 30%, CHEVRON 50%, INPEX 20%
- WA-411-P: SANTOS 63.6299%, INPEX 26.8064%, BEACH 9.7637%
- WA-281-P: SANTOS 47.83%, CHEVRON 24.83%, INPEX 20%
- WA-343-P: INPEX 60%, TOTAL 40%
- WA-341-P: INPEX 60%, TOTAL 40%
- WA-344-P: INPEX 60%, TOTAL 40%

**Key Locations**

- Darwin City
- City of Darwin
- Wickham Point (Darwin LNG)
- Blaydin Point (Planned Construction Area)
- Western Australia
- Northern Territory
- Broome

**Predicted Gas Production**

- SANTOS: 63.6299%
- INPEX: 26.8064%
- BEACH: 9.7637%

**Total**

- INPEX: 60%
- TOTAL: 40%
Reserves & Production

- Reserves:
  - 40-year project life
  - LNG production of 8.4 MM t/y for approx. 20 years (then gradually decline)
  - Substantial LPG and Condensate production
  - More than half of probable reserves are expected to be booked as proved reserves at the reserves evaluation as of the end of March 2012

- Production:
  - LNG: 8.4 million tonnes per year
  - LPG: approx. 1.6 million tonnes per year
  - Condensate: approx. 100,000 barrels per day (at peak)
Overall Development Image

- Central Processing Facility (CPF)
- Floating Production, Storage and Offloading (FPSO)
- Darwin Onshore LNG Plant
- Condensate
- Gas Export Pipeline
- LNG, LPG, Condensate
- Offtake Tanker
- Flowline
- Subsea Production System
- Flexible Riser
- Upstream
- Downstream
CAPEX & Economics

Development Cost (CAPEX)

- US$34.0 billion: INPEX share (72.805%*) for US$24.7 billion
- Estimated yearly investment (see graph)
- Lump sum contracts account for the majority of overall EPC contracts

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Economics

- Stable and massive free cash flow for a long period after production start-up
- Sufficient economics (IRR)
### Schedule

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#### Key Events:
- **FID** (Final Investment Decision) received in May/June 2011
- **Environmental Approval** received in May/June 2011
- **Production Licenses** Offered in November 2011
- **Pipeline Approvals** received in May 2011
- **Gas Marketing** LNG purchase commitment from buyers
- **Project Finance**: To sign loan agreements / First drawdown

#### Milestones:
- **Offshore FEED work**
  - Offshore EPC Preparation work
- **Onshore FEED work**
  - Onshore EPC Preparation work
- **Commencement of Offshore facilities construction works**
- **Start drilling of development wells**
- **Commencement of Onshore site works**

**Production start-up**
Marketing

- Secured LNG Sales and Purchase Agreements (SPAs) for all the expected production of LNG (8.4 MMt/y)
- Under the relevant SPAs, Ichthys LNG Pty Ltd will deliver LNG to the buyers for 15 years period commencing in 2017
- With approximately 70% of the LNG to be delivered to Japan
- LPG and Condensate are planned to be sold to the Asia-Pacific region on yearly term or spot base
EPC Contractors

- **Upstream**
  - ✓ Central Processing Facility (CPF): Samsung Heavy Industries
  - ✓ Subsea Production System (SPS): GE Oil & Gas
  - ✓ Umbilical, Riser and Flowline (URF): McDermott

- **Downstream**
  - ✓ Onshore LNG Plant: JGC Corporation, Chiyoda Corporation and KBR
  - ✓ Gas Export Pipeline (GEP): Saipem S.p.A, Mitsui Corporation, Sumitomo Corporation and Metal One Corporation
Environment & Local community

Environmental responses

✓ Environment and Safety is the paramount value. Safety is our top priority
✓ Environmental Approval granted by the Australian and Northern Territory Governments in May/June 2011 after submission of Environmental Impact Statement (EIS) and through public review
✓ Efforts to reduce GHG emissions by optimizing the energy efficiency of Offshore / Onshore facilities and by reducing flaring etc.
✓ Considering measures to offset GHG emissions through biosequestration, geosequestration and emissions permits.
✓ Biosequestration includes carrying out a reforestation assessment project (645ha) in Western Australia to accumulate know-how and to conduct risk analysis.

Contributing to local communities – to build trust with local community

✓ Contributing to the construction of Larrakia Trade Training Centre in Darwin, as part of our continued commitment to young people including indigenous and local communities.
✓ Job creation in Australia
Project Scheme

1. INPEX Holdings Australia Pty Ltd (Holding Company in Australia)
   - 100% owned by INPEX Holdings Australia Pty Ltd

2. INPEX Operations Australia Pty Ltd
   - Business: INPEX’s operating company in Australia, also responsible for operation of Ichthys Upstream and Downstream through delegation.
   - 100% owned by INPEX Holdings Australia Pty Ltd

3. INPEX Ichthys Pty Ltd
   - Business: Entity holding title to Ichthys Field and other facilities in Upstream, responsible for development and production of gas and condensate.
   - 100% owned by INPEX Holdings Australia Pty Ltd

4. Ichthys LNG Pty Ltd
   - Business: Entity holding Pipeline, Onshore LNG plant, storage and offloading facilities, responsible for transportation of gas, liquefaction and sales activities.
   - 76% owned by INPEX Ichthys Pty Ltd

Note: Share % as of Jan 24, 2012
Major EPC work locations

1: CPF Engineering
2: CPF Hull Construction
3: CPF Topside construction
4: GEP Engineering
5: GEP Manufacturing
6: GEP Coating
7: URF Engineering
8: URF Manufacturing
9: SPS Engineering/ Manufacturing
10: Onshore LNG plant
11: Ichthys field