

INPEX

INPEX CORPORATION

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INPEX Receives Approval of Revised Plan of Development for Abadi LNG Project, Masela Block, Indonesia

TOKYO, JAPAN - [INPEX CORPORATION](http://www.inpex.co.jp/english/news/pdf/2019/e20190620.pdf) (INPEX) today announced that through its subsidiary INPEX Masela, Ltd, it has received the official approval of Indonesian government authorities (the authorities) concerning the revised Plan of Development (POD) for the Abadi LNG Project (the Project) submitted on June 20, 2019^(*). The notice of approval was delivered to INPEX, as the operator of the Project on behalf of the Joint Venture (INPEX Masela and Shell Upstream Overseas) by Ignasius Jonan, Minister for Energy and Mineral Resources of the Republic of Indonesia, in the presence of Joko Widodo, President of the Republic of Indonesia.

(*) Announced on June 20, 2019

<https://www.inpex.co.jp/english/news/pdf/2019/e20190620.pdf>



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In addition to the revised POD, the authorities also approved the application for a seven-year additional time allocation and a 20-year extension to the Production Sharing Contract (PSC) for the Masela Block, extending the term of the PSC until 2055.

“The approval of the revised POD by the authorities is a significant milestone for the Abadi LNG Project. While the project’s development concept has been changed from a floating LNG scheme to an onshore LNG scheme, I am confident that the economics of the Project based on the revised POD are now sufficiently strong for INPEX and Shell given the PSC term until 2055 and sufficient financial conditions have been secured following a series of constructive discussions with the authorities. INPEX aims to make this Project competitive and will continue to work toward the production startup scheduled in the latter half of the 2020s.” said Takayuki Ueda, President & CEO of INPEX.

Moving forward, INPEX will continue to work closely with its partner Shell to begin the necessary preparations to commence FEED (Front End Engineering Design). Preparations will mainly consist of the mobilization of operational personnel and bidding-related work for the selection of contractors undertaking FEED work.

A final investment decision (FID) is subject to a series of subsequent evaluations including FEED work.

Commenting on the POD Approval, Clare Harris, Shell’s Executive Vice President Venture Development said, “Obtaining approval for the Plan of Development is an important achievement and Shell appreciates the constructive partnership of the authorities that has enabled progress on this major milestone. As the Joint Venture moves to the next phase of the Abadi project, we look forward to continuing our close collaboration with INPEX in delivering a globally competitive onshore LNG development that will benefit the country for decades to come.”

The Project is the first large-scale integrated LNG development project operated by INPEX in Indonesia and follows on from the INPEX-operated Ichthys LNG Project in Australia. The Abadi gas field features excellent reservoir productivity and has one of the world’s largest resources, raising expectations of efficient development and stable LNG production operations over the long-term.

The Project will provide significant contributions to the Republic of Indonesia and bring

multiplier effects to Indonesia particularly in the eastern region.

The impact of this matter on the company's consolidated financial results for the year ending December 2019 is nil.

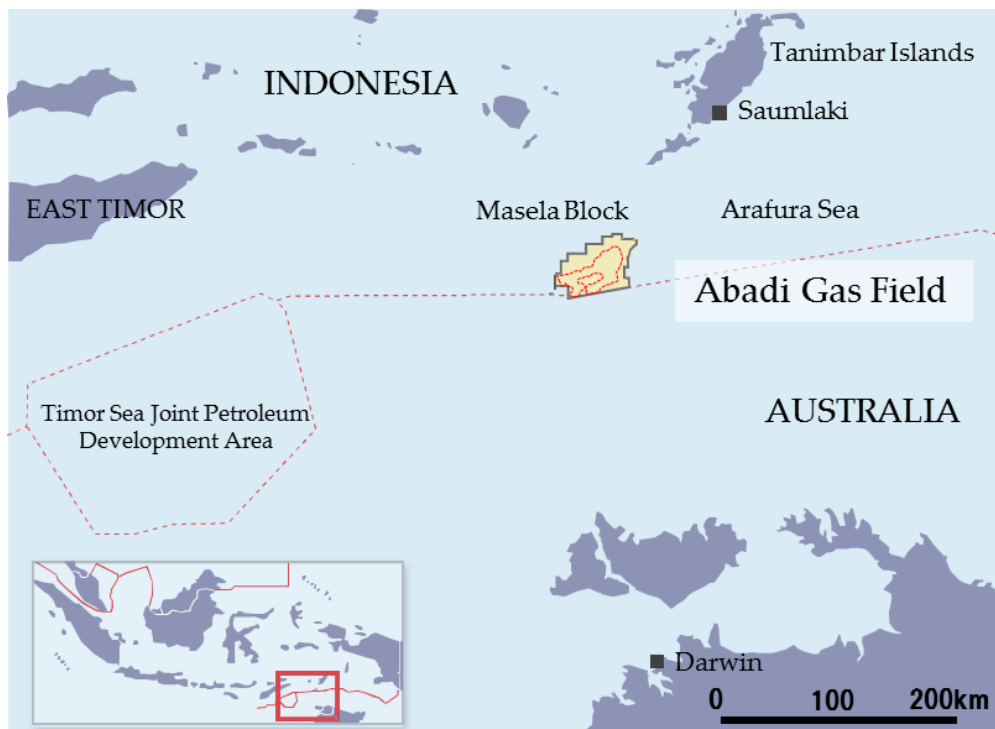
About INPEX

INPEX CORPORATION is Japan's largest exploration and production (E&P) company, and a mid-tier E&P player just behind the world's oil majors. INPEX is currently involved in approximately 70 projects across more than 20 countries, including the Ichthys LNG Project in Australia as Operator. Through sustainably growing its oil and gas development business, developing a global gas value chain business and reinforcing its renewable energy initiatives, INPEX aims to become a leading energy company and continue providing a stable and efficient supply of energy to its customers. For more information, visit www.inpex.co.jp/english/index.html.

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REFERENCE

<Location of the Masela Block>



<Details of the Abadi LNG Project>

Project	Abadi LNG Project
PSC term	Authorities approve seven-year additional time allocation and 20-year extension to PSC term expiring in 2028, extending term until November 15, 2055
Block location	150 kilometers offshore Saumlaki in Maluku Province
Contract area	Approximately 2,503 square kilometers
Water depth range	400~800 meters
Capacity	Total output of natural gas 10.5 million tons per year including <ul style="list-style-type: none"> - Approximately 9.5 million tons of LNG per year - Local gas supply via pipeline Up to approximately 35,000 barrels of condensate per day
Participating Interest	<ul style="list-style-type: none"> - INPEX (INPEX Masela, Ltd.*): 65% (Operator) - SHELL (Shell Upstream Overseas Ltd.): 35% *(INPEX holds 51.93% of shares in INPEX Masela, Ltd.)
Others	<ul style="list-style-type: none"> - The Project was listed by the Indonesian government as a national strategic project in June 2017 and as a priority infrastructure project in September 2017.