

INPEX CORPORATION



Tokyo · 18th May 2005

Agenda

- 1. Overview of FY2005 (April 1, 2004 - March 31, 2005) Consolidated Financial Results**
- 2. FY2006 (April 1, 2005 - March 31, 2006)
Consolidated Earnings Forecast**
Mutsuhisa Fujii
Executive Senior Managing Director
- 3. Corporate Strategy**
Kunihiko Matsuo
President

Cautionary Statement

This presentation includes forward-looking information that reflects the plan and expectations of INPEX CORPORATION (the “Company”). Such forward-looking information is based on the current assumptions and judgments of the Company in light of the information currently available to it, and involves known and unknown risk, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the Company’s performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation:

- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to the 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

Overview of FY2005 Consolidated Financial Results

Subsidiaries and Affiliates

26 consolidated subsidiaries

JODCO integrated through share exchanges,
Two exploration subsidiaries liquidated

Major subsidiaries	Country/region	Ownership	Stage
INPEX Natuna	Indonesia	100%	Production
INPEX Masela	Indonesia	50%	Under discussion for development
INPEX Sahul	Timor Sea Joint Petroleum Development Area	100%	Production
INPEX Browse	Australia	100%	Under discussion for development
JODCO	UAE	100%	Production
Azadegan Petroleum Development	Iran	100%	Development
INPEX Southwest Caspian Sea	Azerbaijan	51%	Production
INPEX North Caspian Sea	Kazakhstan	45%	Development

11 affiliates accounted for equity method

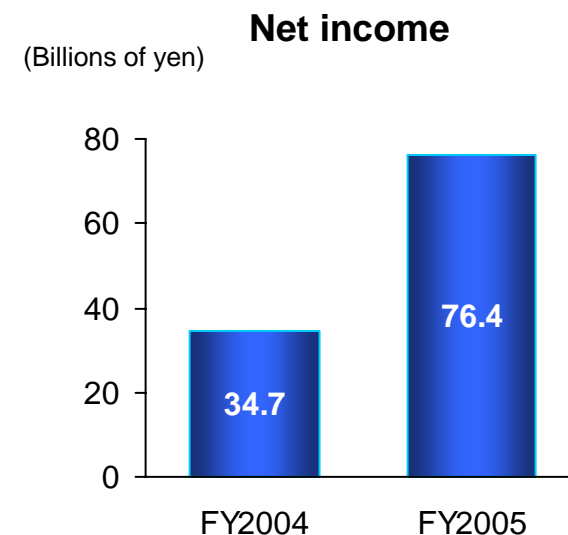
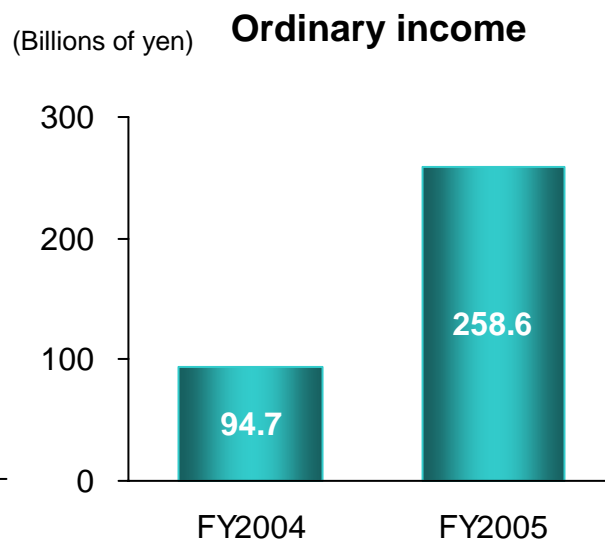
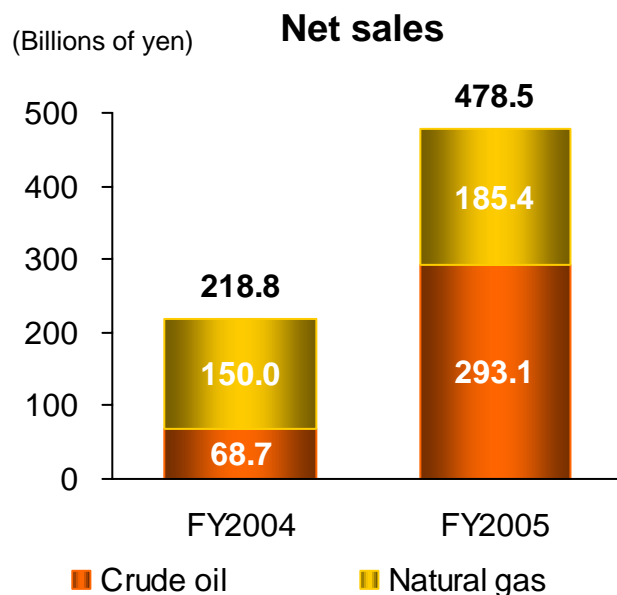
Stock acquisition in three companies including Angola Japan Oil and one affiliate of JODCO due to integration of JODCO,
One exploration affiliate liquidated

Major affiliates	Country/region	Ownership	Stage
MI Berau B.V.	Indonesia	44%	Development
Angola Japan Oil	Angola	19.6%	Production

Highlights of FY2005 Consolidated Financial Results

(Billions of yen)	FY2004	FY2005	Change	% change
Net sales	218.8	478.5	259.7	118.7%
Operating income	93.8	268.6	174.7	186.2%
Ordinary income	94.7	258.6	163.8	172.9%
Net income	34.7	76.4	41.7	119.9%
Net income per share (¥)	*19,612.92	40,255.92	20,643.00	105.3%

*Adjusted for a three for one stock split in May 2004



Crude Oil Sales

Background reasons for the sales increase in crude oil

- ✓ Sales volume increased 230.2% year-over-year from the consolidation of JODCO (ADMA Block), increase in sales volume for INPEX Southwest Caspian Sea (ACG oil field), and commencement of production at INPEX Sahul (Bayu-Undan gas-condensate Field) and INPEX Natuna (Belanak oil and gas Field)
- ✓ Average unit price rose sharply by 37.5% year-over-year
- ✓ The yen appreciated by 5.1% against the U.S. dollar on an annual average basis, but this was a smaller impact of change in sales than the increase in sales volume and average unit price

	FY2004	FY2005	Change	% change
Crude oil sales* (Billions of yen)	68.7	293.1	224.3	326.2%

Crude oil sales volume (Mbbbl)	20,560	67,880	47,320	230.2%
Average unit price (\$/bbbl)	29.03	39.93	10.90	37.5%
Average exchange rate (¥/\$)	113.14	107.40	5.74	5.1%

*Includes domestic supply obligations with Indonesia

Natural Gas Sales

Background reasons for the sales increase in natural gas

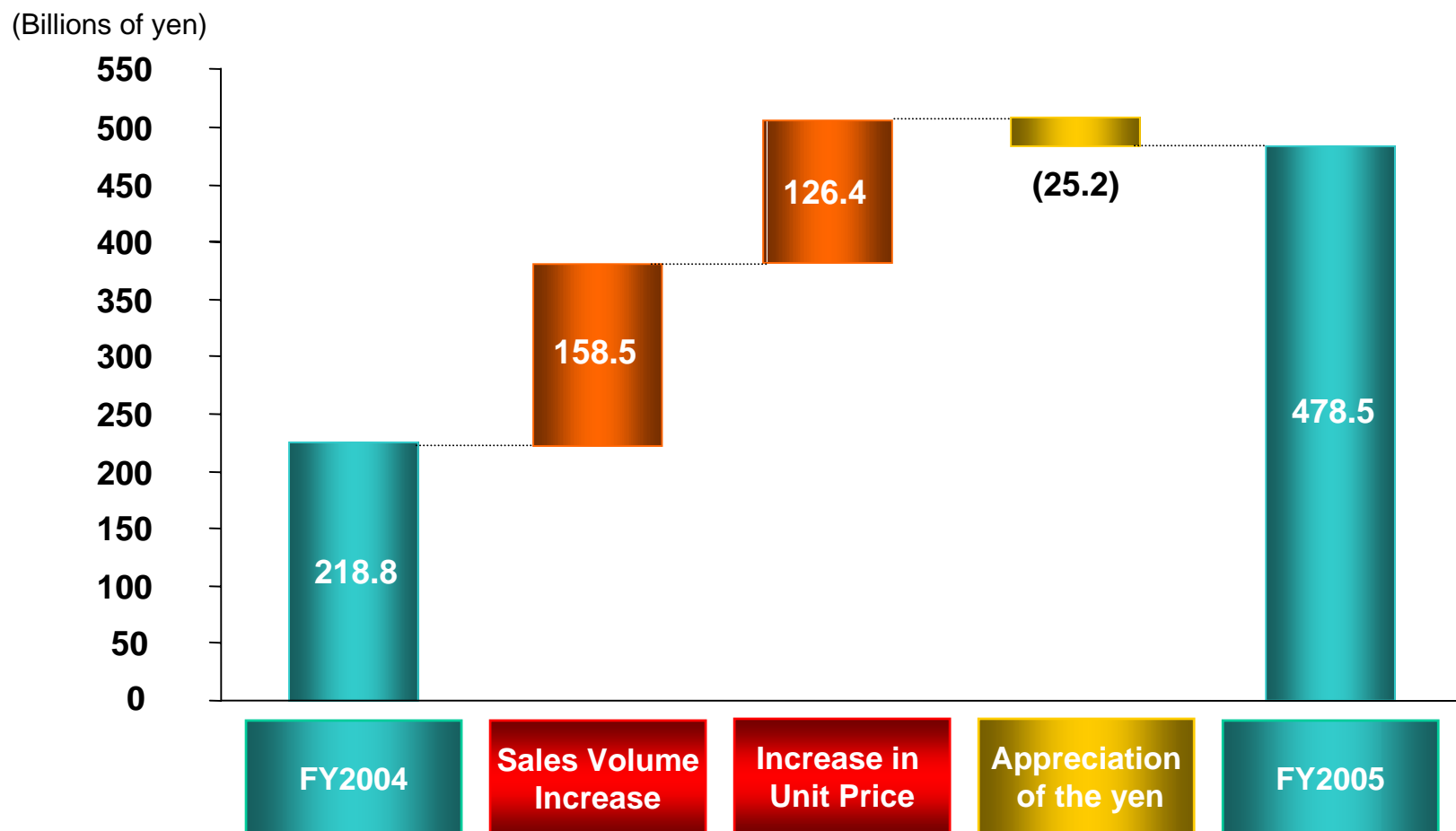
- ✓ Sales volume increased 1.7% year-over-year by increase in the production of INPEX Natuna (South Natuna Sea Block B)
- ✓ Average unit price rose sharply by 26.6% year-over-year along with higher oil prices
- ✓ The yen appreciated by 5.0% against the U.S. dollar on an annual average basis, but this was a smaller impact of change in sales than the increase in average unit price

	FY2004	FY2005	Change	% change
Natural gas sales * (Billions of yen)	150.0	185.4	35.3	23.6%

Natural gas sales volume(MMcf)	295,465	300,396	4,931	1.7%
Average unit price (\$/Mcf)	4.28	5.42	1.14	26.6%
Average exchange rate (¥/\$)	112.96	107.33	5.63	5.0%

*Includes LPG

Analysis of the Net Sales Increase



Statements of Income

(Billions of yen)	FY2004	FY2005	Change	% change
Net sales	218.8	478.5	259.7	118.7%
Cost of sales	105.7	197.0	91.3	86.4%
Exploration expenses	11.5	2.4	(9.0)	(78.6)%
Selling, general and administrative expenses	7.6	10.3	2.7	35.5%
Operating income	93.8	268.6	174.7	186.2%
Other income	15.5	4.7	(10.7)	(69.4)%
Other expenses	14.6	14.7	0.1	1.1%
Ordinary income	94.7	258.6	163.8	172.9%
Income taxes	60.3	182.6	122.2	202.7%
Minority interests	(0.3)	(0.4)	(0.1)	43.4%
Net income	34.7	76.4	41.7	119.9%

Other Income / Expenses

(Billions of yen)	FY2004	FY2005	Change	% change
Other income	15.5	4.7	(10.7)	(69.4)%
Interest income	1.5	4.0	2.4	157.8%
Foreign exchange gain	10.7	-	(10.7)	-
Gain on sales of mining rights	1.4	-	(1.4)	-
Other	1.6	0.6	(0.9)	(59.4)%
Other expenses	14.6	14.7	0.1	1.1%
Interest expenses	1.8	2.9	1.1	64.3%
Equity in losses of affiliates	-	1.5	1.5	-
Provision for allowance for recoverable accounts under production sharing	10.0	0.5	(9.5)	(94.8)%
Amortization of goodwill	-	2.7	2.7	-
Foreign exchange loss	-	2.8	2.8	-
Other	2.7	4.0	1.3	47.9%

Balance Sheets

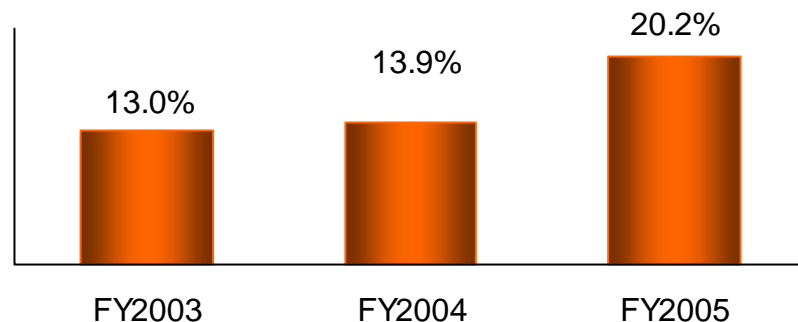
(Billions of yen)	FY2004	FY2005	Change	% change
Current assets	106.9	238.4	131.4	122.9%
Tangible fixed assets	35.1	68.2	33.1	94.2%
Intangible assets	137.9	138.6	0.7	0.5%
Recoverable accounts under production sharing	208.7	239.6	30.8	14.8%
Other investments	81.2	135.8	54.6	67.3%
Less allowance for recoverable accounts under production sharing	(44.6)	(41.5)	3.1	(7.1)%
Total assets	525.2	779.2	253.9	48.3%
Current liabilities	28.8	122.9	94.0	325.4%
Long-term liabilities	185.4	209.7	24.3	13.1%
Minority interests in consolidated subsidiaries	32.8	35.2	2.4	7.3%
Total shareholders' equity	278.1	411.2	133.1	47.9%
Total liabilities, minority interests and shareholders' equity	525.2	779.2	253.9	48.3%

Statements of Cash Flows

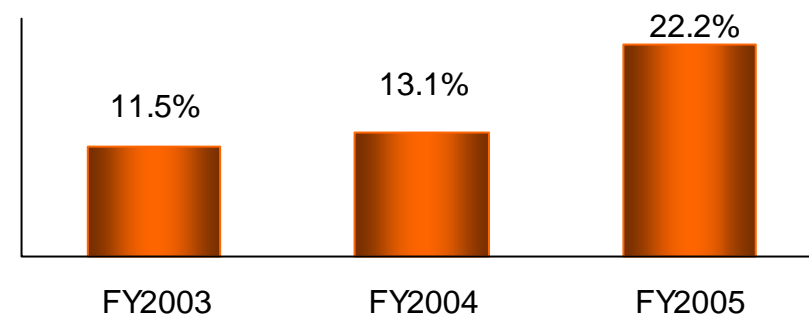
(Billions of yen)	FY2004	FY2005	Change	% change
Income before income taxes and minority interests	94.7	258.6	163.8	172.9%
Depreciation and amortization	4.0	12.9	8.9	220.0%
Recovery of recoverable accounts under production sharing (capital expenditures)	21.7	38.3	16.6	76.5%
Recoverable accounts under production sharing (operating expenditures)	(13.8)	(7.7)	6.1	(44.2)%
Income taxes paid	(55.0)	(167.8)	(112.7)	205.0%
Other	(7.2)	(3.2)	4.0	(55.7)%
Net cash provided by operating activities	44.4	131.2	86.7	195.1%
Purchases of tangible fixed assets	(8.9)	(11.1)	(2.1)	24.6%
Investment in recoverable accounts under production sharing (capital expenditures)	(58.9)	(65.2)	(6.2)	10.6%
Other	(150.2)	(43.6)	106.5	(71.0)%
Net cash used in investing activities	(218.1)	(119.9)	98.1	(45.0)%
Net cash provided by financing activities	151.1	9.7	(141.3)	(93.5)%
Cash and cash equivalents at end of year	54.5	128.3	73.7	135.2%

Financial Index

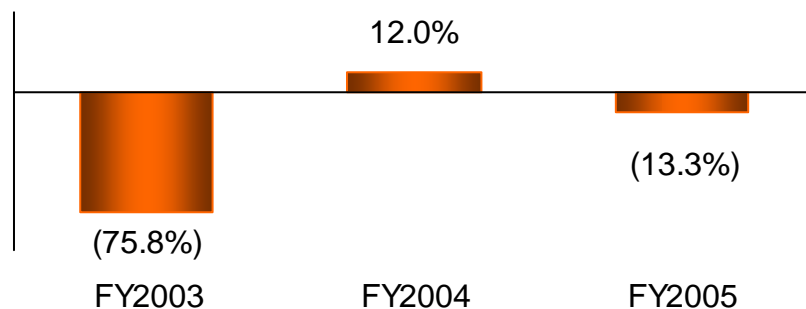
Net ROACE*



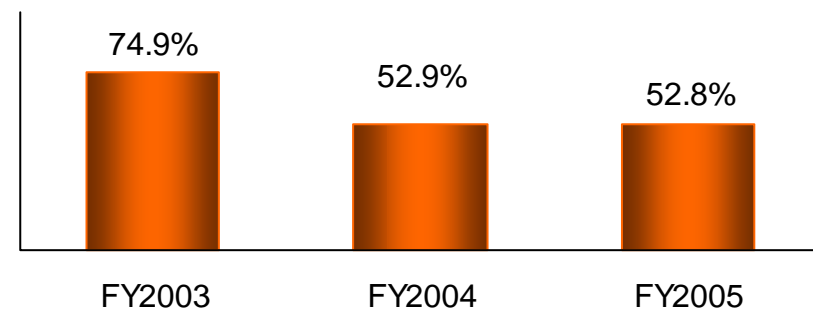
ROE**



Net Debt / Total Capital Employed***



Equity Ratio****



- Notes: *
- $$\text{Net ROACE} = \frac{\text{Net Income} + \text{Minority Interest} + (\text{Interest Expense} - \text{Interest Income}) \times (1 - \text{Tax Rate})}{\text{Average of Sum of Shareholders' Equity, Minority Interest, and Net Debt at the beginning and the end of the fiscal year}}$$
- **
- $$\text{ROE} = \frac{\text{Net Income}}{\text{Average of Shareholders' Equity at the beginning and end of the fiscal year}}$$
- ***
- $$\text{Net Debt/Total Capital Employed} = \frac{\text{Debt} - \text{Cash and Deposits} - \text{Government Bonds, Local government Bonds and Companies' Bonds (with determinable value)}}{\text{Capital} + \text{Minority Interest} + \text{Debt} - \text{Cash and Deposits} - \text{Government Bonds, Local Government Bonds and Companies' Bonds (with determinable value)}}$$
- ****
- $$\text{Equity Ratio} = \frac{\text{Shareholders' Equity}}{\text{Total Assets}}$$

FY2006 Consolidated Earnings Forecast

Assumption of Crude Oil Price and Exchange Rate

	1st Half	2nd Half	Full-year
Brent crude oil price (\$/bbl)	44.00	34.00	39.00
Exchange rate (¥/US\$)	100.00	100.00	100.00

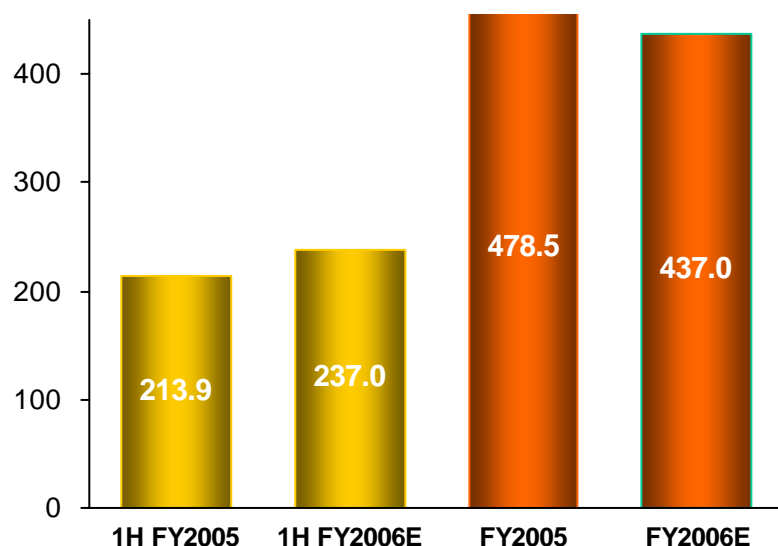
Summary of Consolidated Financial Projections

(Billions of yen)

	1H FY2005	1H FY2006E	Change (% change)	FY2005	FY2006E	Change (% change)
Net sales	213.9	237.0	23.1(10.8%)	478.5	437.0	(41.5)((8.7)%)
Operating income	116.5	133.0	16.5(14.2%)	268.6	233.0	(35.6)((13.3)%)
Ordinary income	110.3	129.0	18.7(17.0%)	258.6	219.0	(39.6)((15.3)%)
Net income	33.0	37.0	4.0(12.1%)	76.4	59.0	(17.4)((22.8)%)
Net income per share (¥)	17,596.54	19,272.00	1,675.46(9.5%)	40,255.92	30,731.00	(9,524.92)((23.7)%)

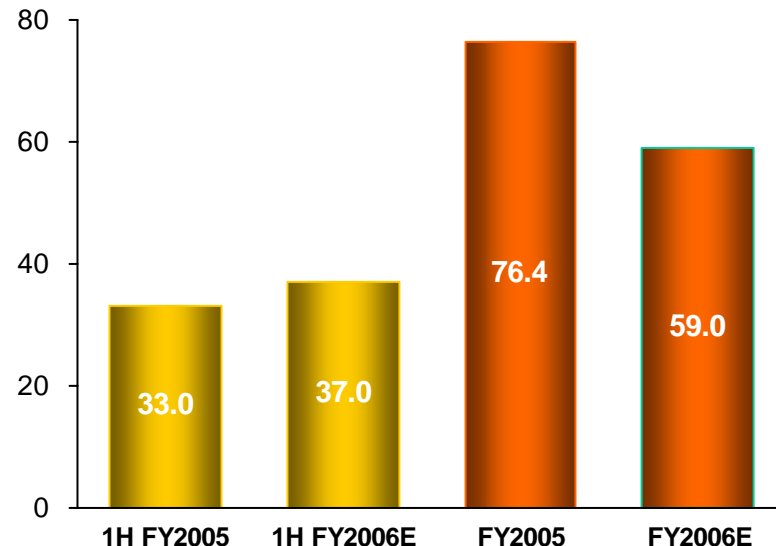
Net sales

(Billions of yen)



Net income

(Billions of yen)

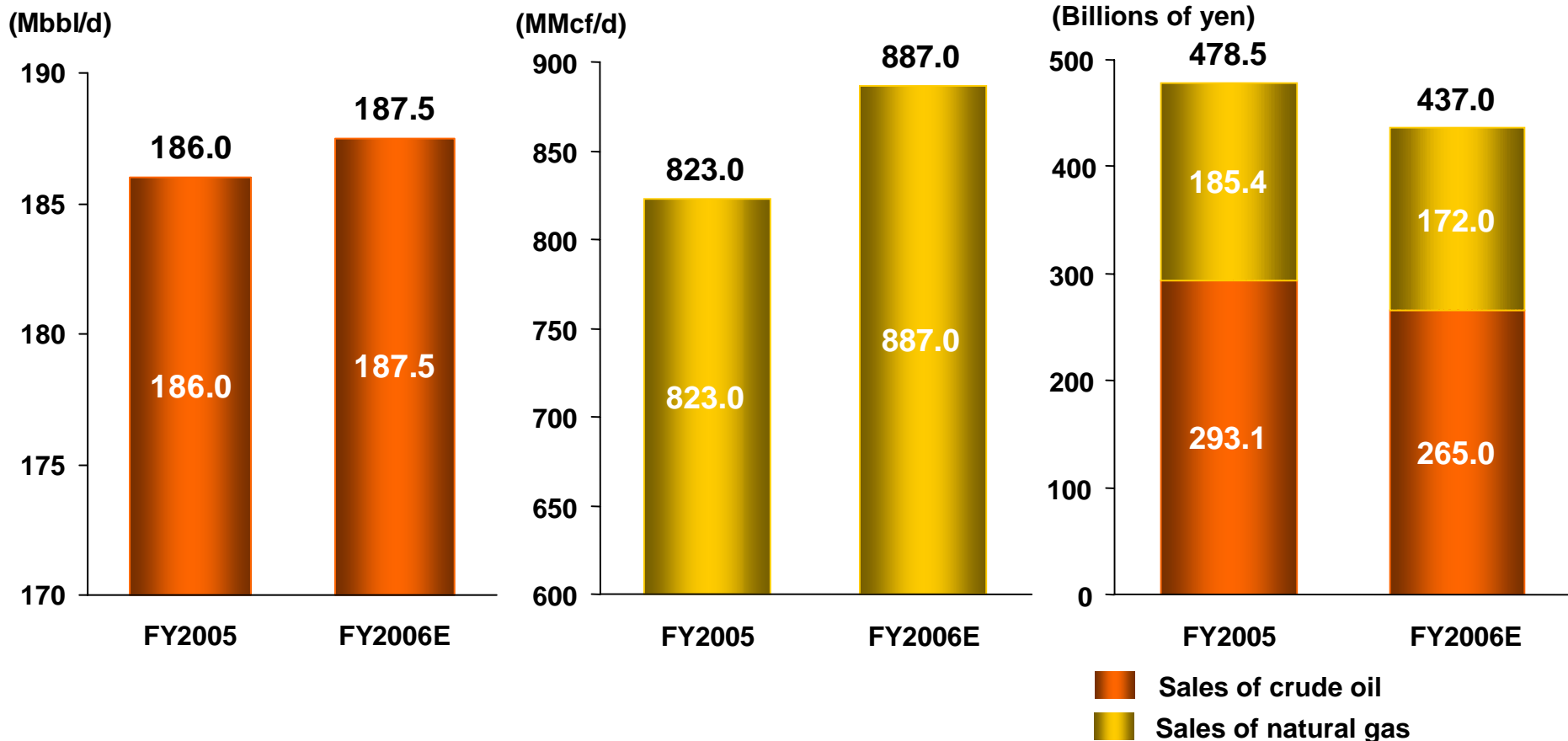


Sales Volume and Net Sales

Sales volume of crude oil

Sales volume of natural gas

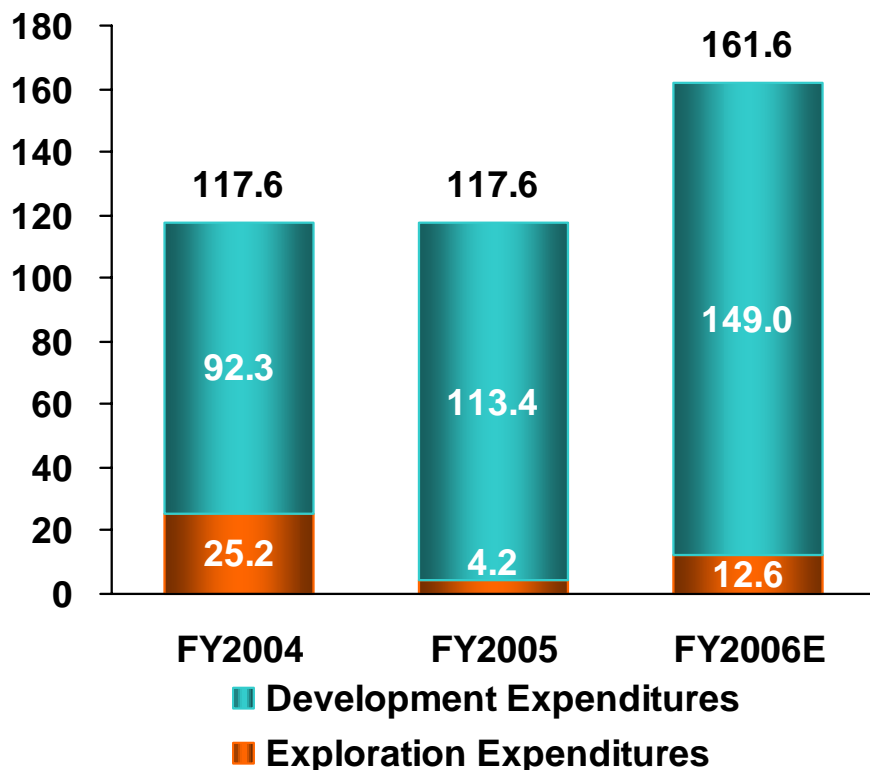
Net sales



Exploration and Development Investments

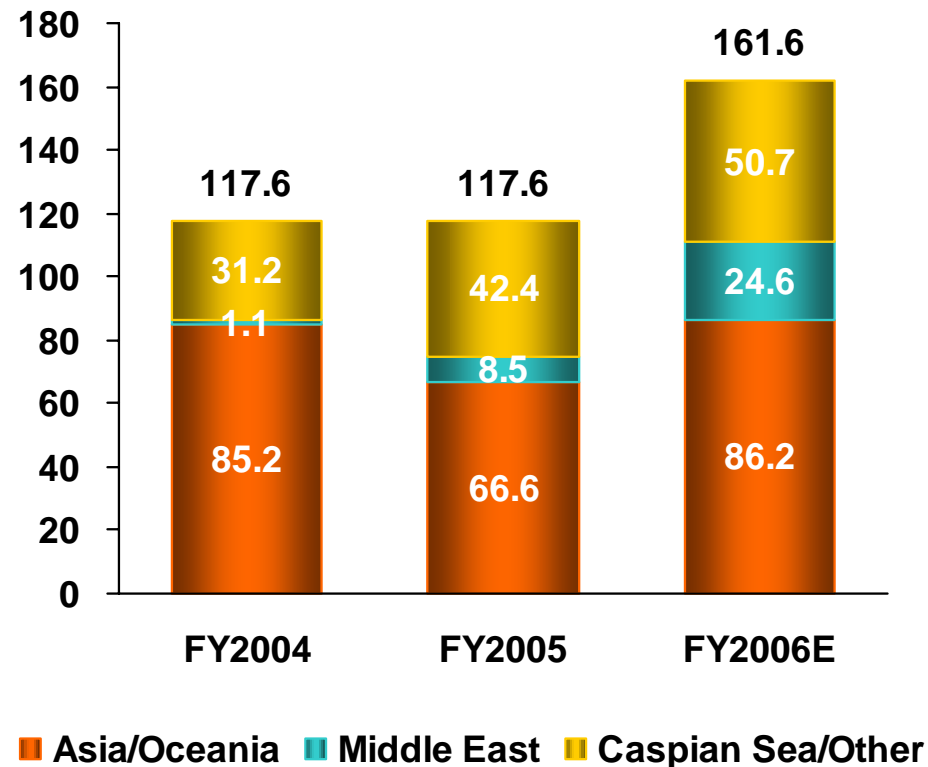
By Resource Type

(Billions of yen)



By Region

(Billions of yen)



Net Income Sensitivities

- Estimated Impact of crude oil price and foreign exchange fluctuation on FY2006(1/4/2005~31/3/2006) consolidated net income

(yen)

Brent Crude Oil Price \$1/bbl increase (decrease)	+ 2.2billion (2.2billion)
Exchange Rate ¥1 depreciation (appreciation) against the U.S. dollars	+ 0.8billion (0.8billion)

Note: The actual impact will depend on changes in production volumes, capital expenditure and the recovery of costs, and may not be constant depending on the absolute level of oil prices and the exchange rate

Corporate Strategy

Business Strategy

Active implementation of strategic and effective oil and gas exploration and development projects

Regional Diversification

- Core area
 - Indonesia, Australia
- Target area
 - The Caspian Sea
 - The Middle East
 - Others (Africa, South America, Russia, etc.)

Well-balanced Assets Portfolio

- ✓ Balance by stage (exploration, development and production)
- ✓ Balance by resource (crude oil and natural gas)
- ✓ Balance by contract (PSC, Concession and Service Contract)
- ✓ Balance as an operator and a non-operator

Diversification of Natural Gas Business

- Natural gas shipments via LNG and pipeline
- Supply of natural gas to the producing countries
- New technology (GTL, etc.)

- ◆ Maintain and expand natural gas production from offshore Mahakam block in Indonesia, the existing profit center
- ◆ Promote development of the two major oil field projects in the Caspian Sea (ACG, Kashagan)
- ◆ Progress three operator projects in Azadegan Iran, Ichthys Australia, and Abadi Indonesia
- ◆ Maintain and expand reserves by acquiring promising exploration blocks and purchasing high-grade oil and gas field assets
- ◆ Contribute to an efficient and stable supply of energy to Japan as the national flag company

Mid- and Long-term sustainable strategies to grow corporate value

Progress to FY2006

	FY2005	FY2006
Asia, Oceania	<ul style="list-style-type: none"> ■ Commencement of crude oil and condensate production from Belanak oil and gas field in South Natuna Sea Block B (Dec. 2004) ■ Execution of Gas Sale Agreement of the Offshore Southeast Sumatra Block (Dec. 2004) 	<ul style="list-style-type: none"> ■ Increase condensate production at Bayu Undan (JPDA 03-12) ■ Start-up of LNG production at Bayu Undan scheduled for Q1 2006 ■ Commencement of Tangguh LNG development
Middle East	<ul style="list-style-type: none"> ■ 100% acquisition of JODCO through share exchange (May 2004) 	<ul style="list-style-type: none"> ■ Development of Azadegan oil field
Caspian Sea	<ul style="list-style-type: none"> ■ Crude oil discovery in Kairan Structure of the Offshore North Caspian Sea Block in Kazakhstan (July 2004) ■ Crude oil production starts at the Central Azeri Field in Azerbaijan (Feb. 2005) 	<ul style="list-style-type: none"> ■ Completion of construction of BTC pipeline and commencement of shipment in 2005 to expand crude oil production in ACG oil fields ■ Oil production start of West Azeri Field in ACG oil fields (Q1 2006)

Existing Profit Center: Offshore Mahakam, Indonesia



Bontang LNG Plant

■ Plan for FY2006

- Continuous gas field development to support stable LNG supply from the Bontang LNG Plant (Maintaining existing amount of LNG shipped)
(Staged development at the Tunu and Peciko fields, further development of the Tambora field, development of phase 1 aiming for production to start in September 2007 at the Shishi/Nubi gas fields)

■ Mid-to Long-Term Targets

- Continuation of stable supply of natural gas to the Bontang LNG Plant
- Renewal of the LNG sales contracts to be expired in 2010 or late

New Profit Center: ACG, Kashagan in the Caspian Sea

■ ACG (Azeri-Chirag-Gunashili) Oil Fields, Azerbaijan

- Phase 1 (Central Azeri) start-up in February 2005,
- Phase 2 (West and East Azeri) are under development, and are planned to start-up in Q1 and Q4 of 2006
- Phase 3 (Gunashili Deepwater and West Chirag) are scheduled to start-up in Q1 2008
- The BTC pipeline is expected to begin shipment in 2005
- The level of production is expected to reach 1 million barrels per day in 2009

■ Kashagan Oil Field, Kazakhstan

- Kashagan Oil Field is the first discovery in the Kazakhstan territorial waters of the Caspian Sea and is the one of the largest oil field in the world. In addition to Kashagan, there are four other structures such as Kalamkas, Aktote, Kashagan Southwest and Kairan structures in the area and hydrocarbon reserves have been confirmed in all the structures
- Phase 1 and Phase 2 developments at Kashagan Oil Field are under way, and production is planned to start-up in 2008
- The level of production is expected to plateau at 1.2 million barrels per day in 2016 through the staged development

Projects Operated by INPEX: Ichthys / Abadi / Azadegan

■ Ichthys Gas-Condensate Field, Australia (WA-285-P Block)

- Proactively conducting feasibility studies to determine the development plan (LNG, GTL) and gas marketing
- Pursue commencement of gas production targeting at early period from 2010

■ Abadi Gas Field, Indonesia (Maseru Block)

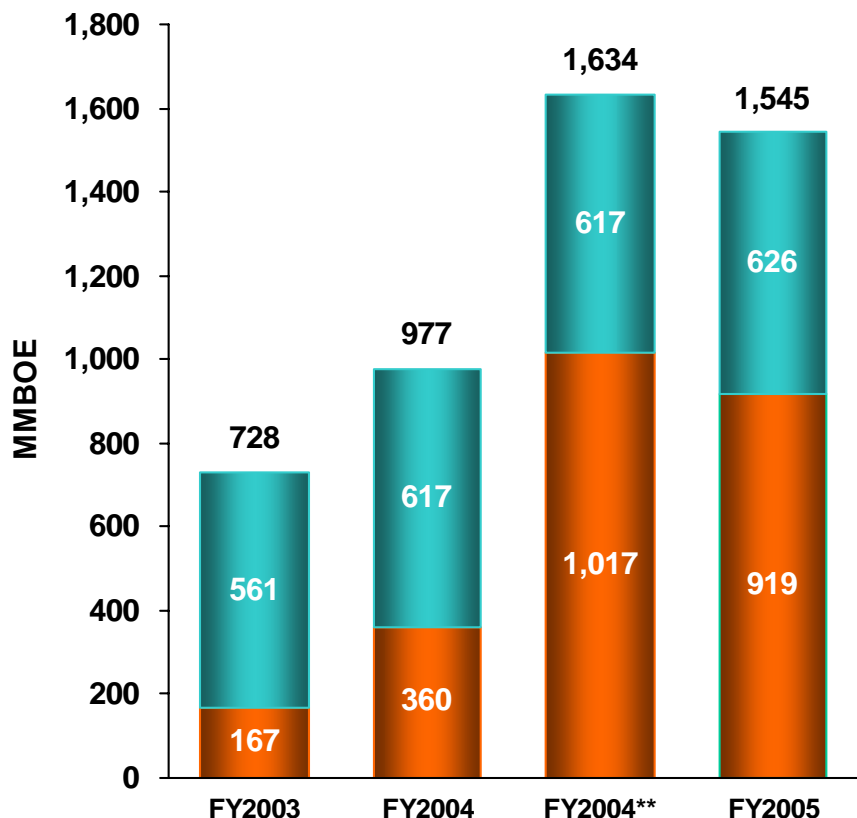
- Drilling of three to four appraisal wells are scheduled in order to evaluate reserves in late 2005
- After appraisal activities, we plan to conduct feasibility studies for development plan and gas marketing

■ Azadegan Oil Field, Iran

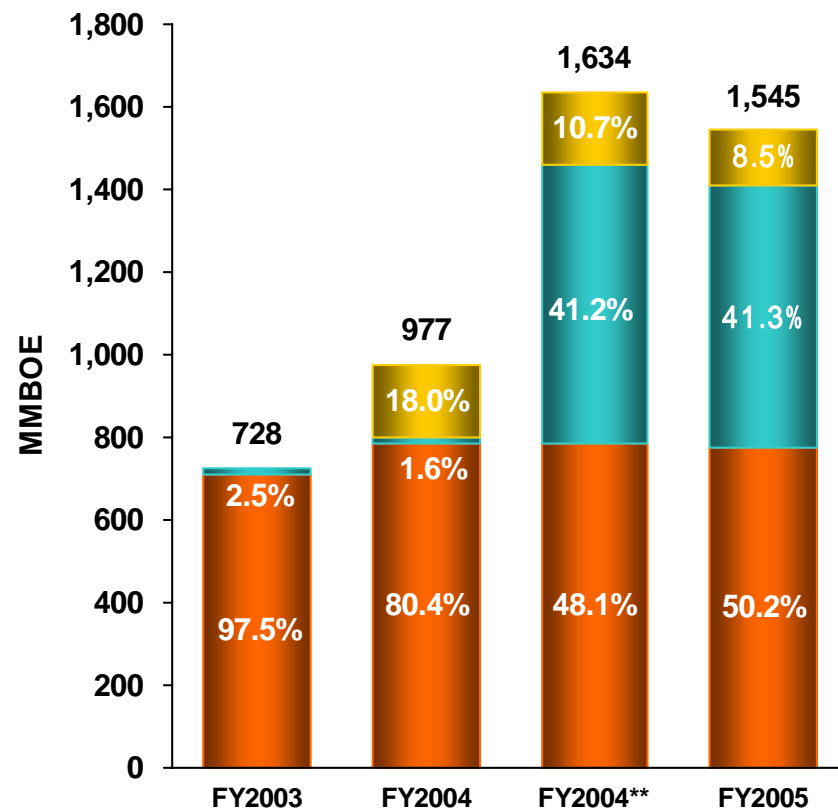
- Since March 2004, we have been establishing smooth and effective operating organization, have been implementing several bidding procedures necessary for the development of the field and have been conducting appraisal work for the reserve evaluation based on the appropriate working process along with contracted development schedule

Historical Proved Reserves*

By Resource Type



By Region



■ Oil/Condensate/LPG

■ Natural Gas

■ Asia/Oceania

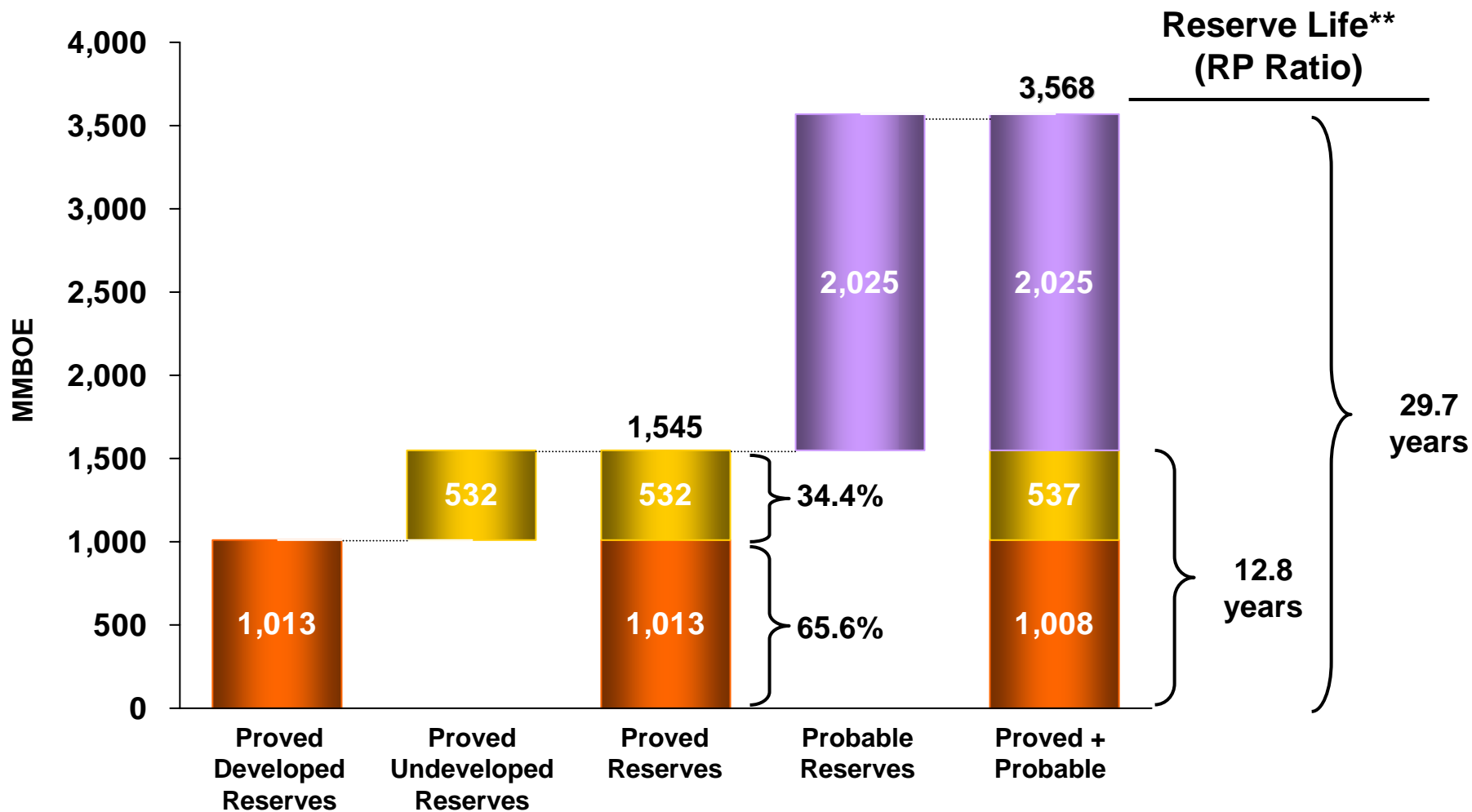
■ Middle East

■ Caspian Sea/Other

Note: * Proved reserve amounts as of the end of March 2003, 2004 and 2005 are based on the reserve reports by DeGolyer and MacNaughton in accordance with SEC regulation. Amounts attributable to the equity affiliates are included

** The sum of INPEX and JODCO assuming that JODCO became fully-owned subsidiary of INPEX at the beginning of April 2004.

Upside Potential through Probable Reserves*

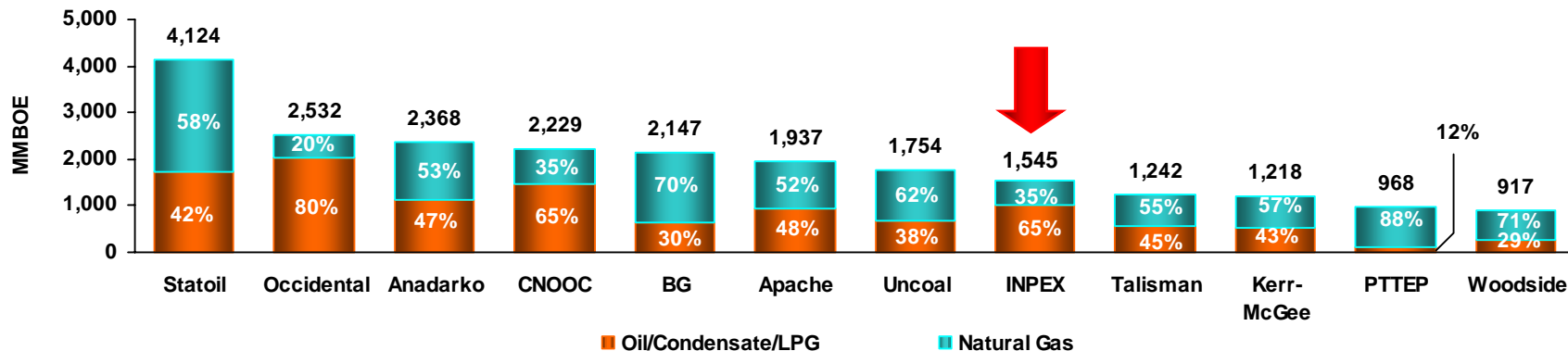


Note: * Probable reserve amount as of the end of March 2005 is based on the reserve report by DeGolyer and MacNaughton in accordance with SPE/WPC regulation. Amounts attributable to the equity affiliates are included.

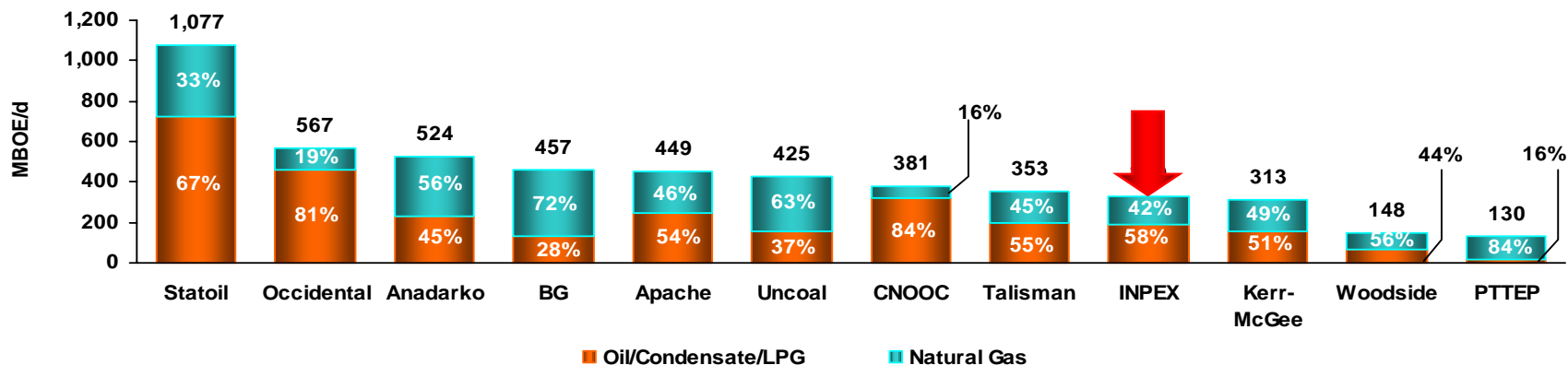
** Reserve Life = Proved (Probable) Reserves as of the end of March 2005/Production in FY2005 (RP Ratio: Reserve Production Ratio).

Proved Reserves and Production*

Proved Reserves as of the end of FY2005



Production for FY2005



Source:
Note: *

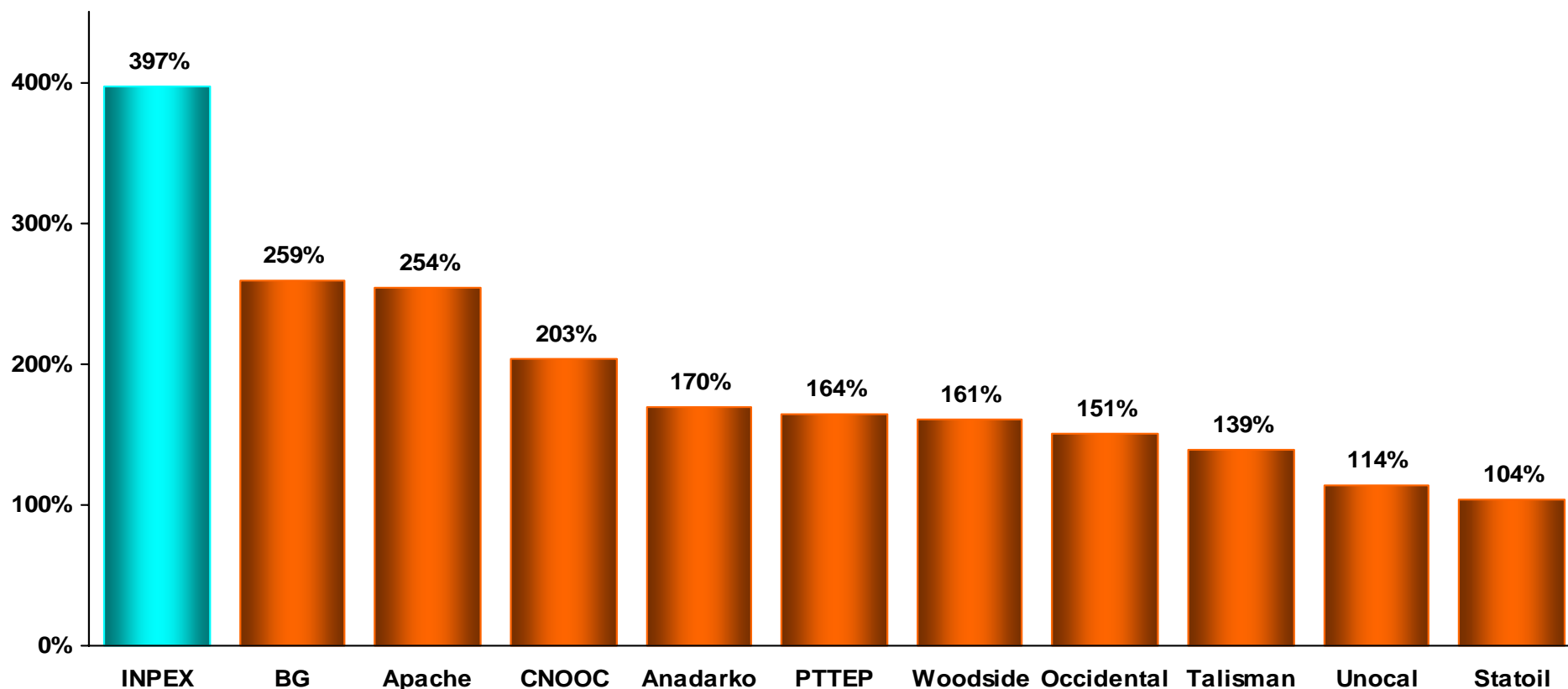
Latest financial disclosure by each company

Reserve and production amounts attributable to equity affiliates are included

INPEX's reserve is as of the end of March 2005, PTTEP's one is as of the end of December 2003 and the others are as of the end of December 2004.

INPEX's production is the average from April 2004 to March 2005, PTTEP's one is the average from January 2003 to December 2003 and the others are from January 2004 to December 2004.

Reserve Replacement Ratio* (RRR) (Average for FY2003-2005)



Source:

Latest financial disclosure by each company

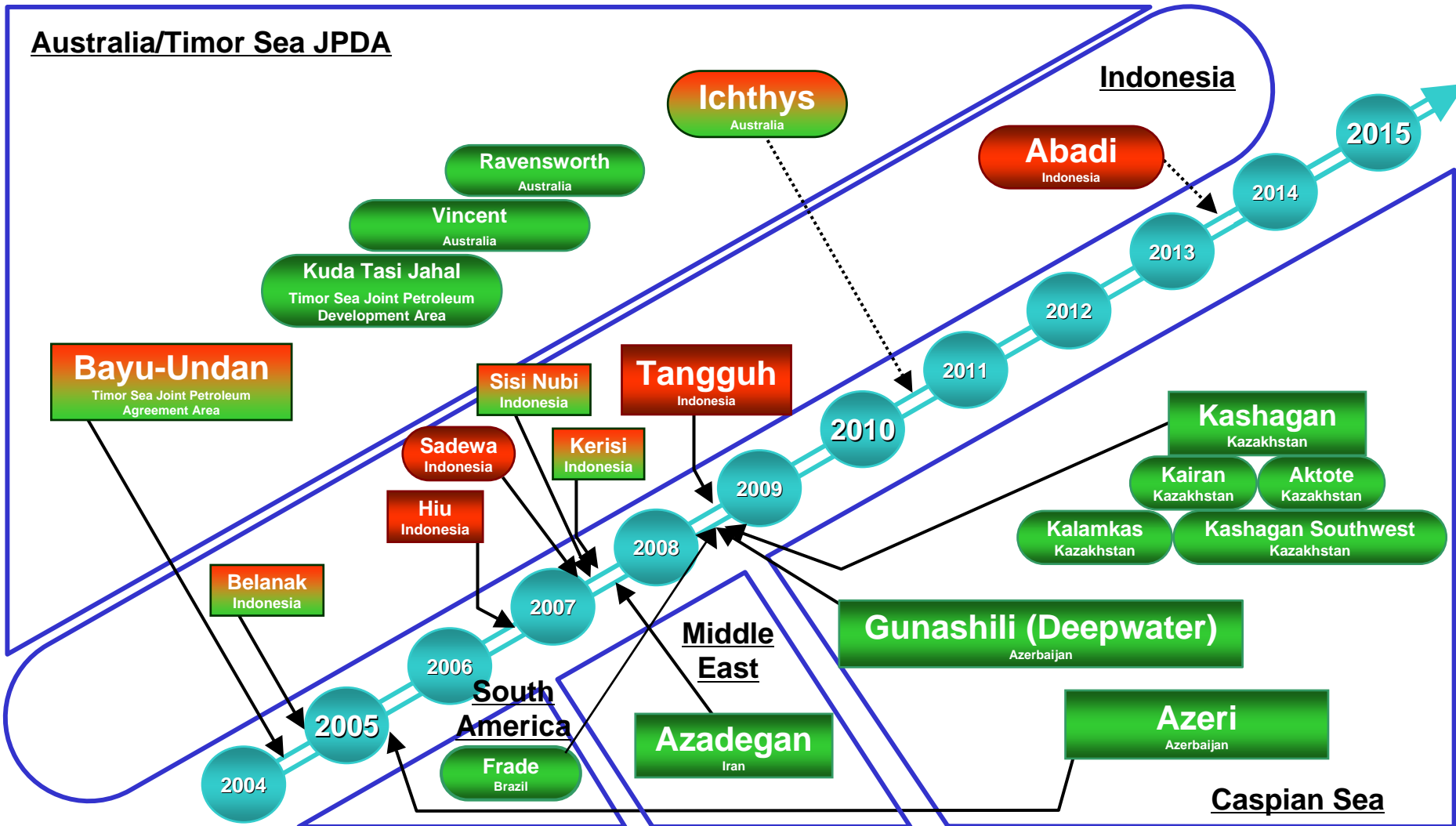
Note: *

Proved reserve increase including acquisition / Production. Reserve and production amounts attributable to equity affiliates are included

Latest INPEX's reserve is as of the end of March 2005, PTTEP's one is as of the end of December 2003 and the others are as of the end of December 2004.

Latest INPEX's production is the average from April 2004 to March 2005, PTTEP's one is the average from January 2003 to December 2003 and the others are from January 2004 to December 2004.

Production Commencement Schedule for New Oil and Gas Projects



Project that producing plan is settled

Project under establishment of development plan

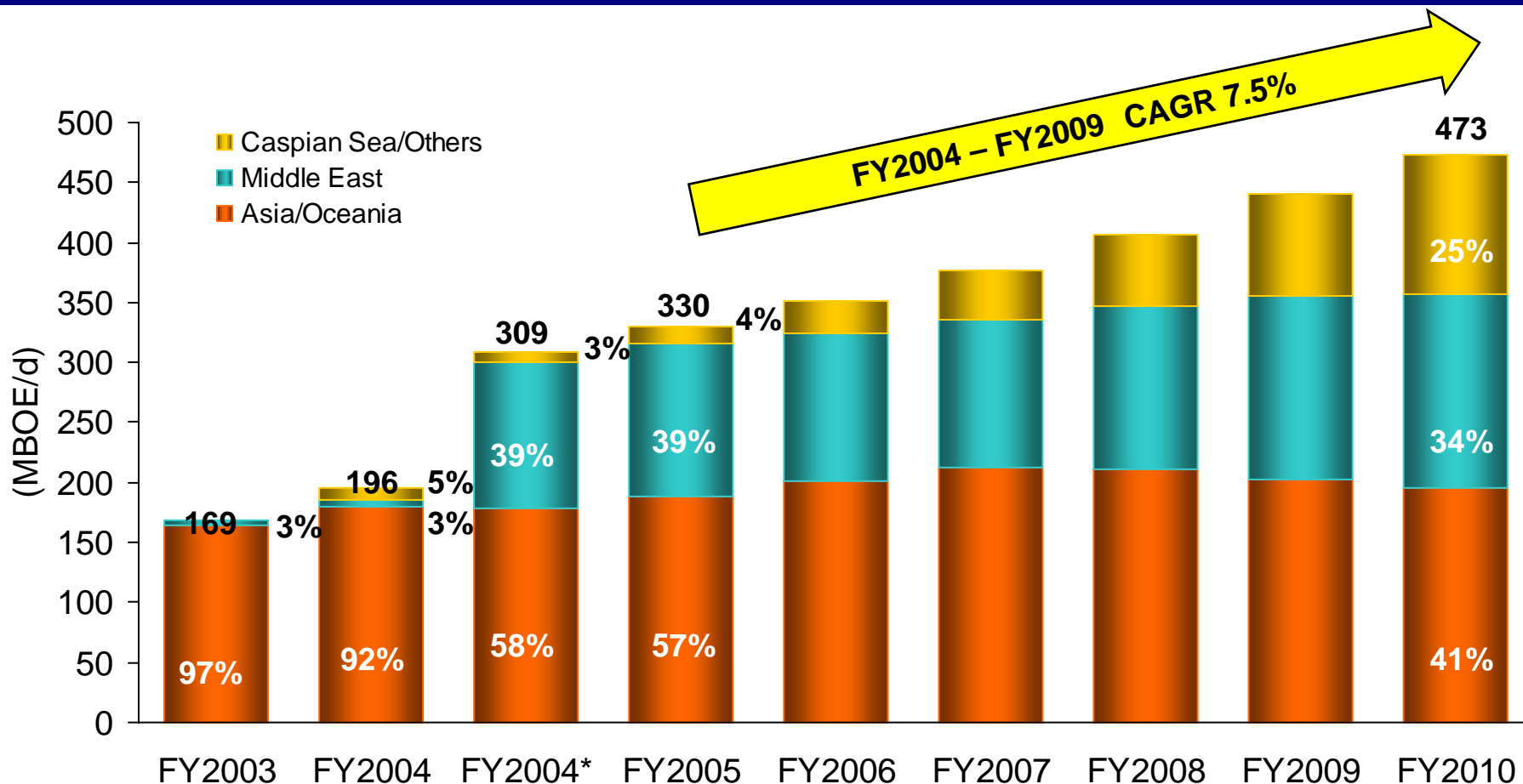


Gas



Oil/Condensate

Projection for INPEX Group Production – by Region



Note: * Total assuming the JODCO became a fully-owned subsidiary at the beginning of FY2004

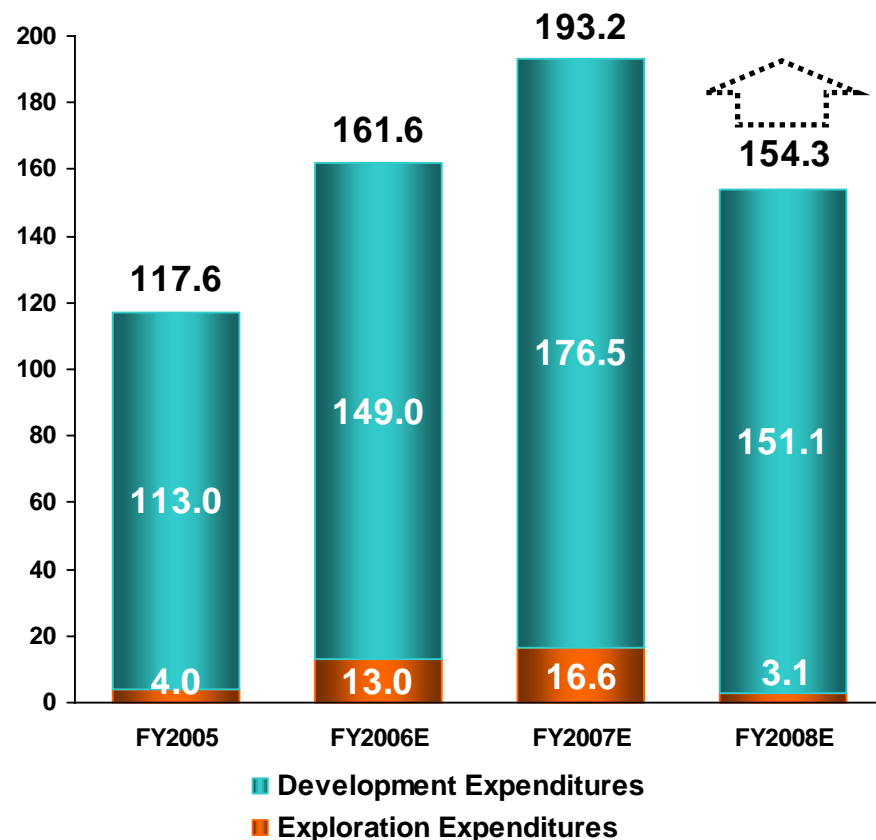
** Estimates calculated on the price of oil being 39 dollars in 2005, 33 dollars in 2006, and 30 dollars for 2007 onwards

*** The figures for FY2006 calculated by multiplying the production volume at the mining areas owned by our group by our company's right ratio are 469MBOE/D and 648MBOE/D for FY2010. (CAGR of 6.7%)

Exploration and Development Investments

By Project Type

(Billions of yen)



By Region

(Billions of yen)

