

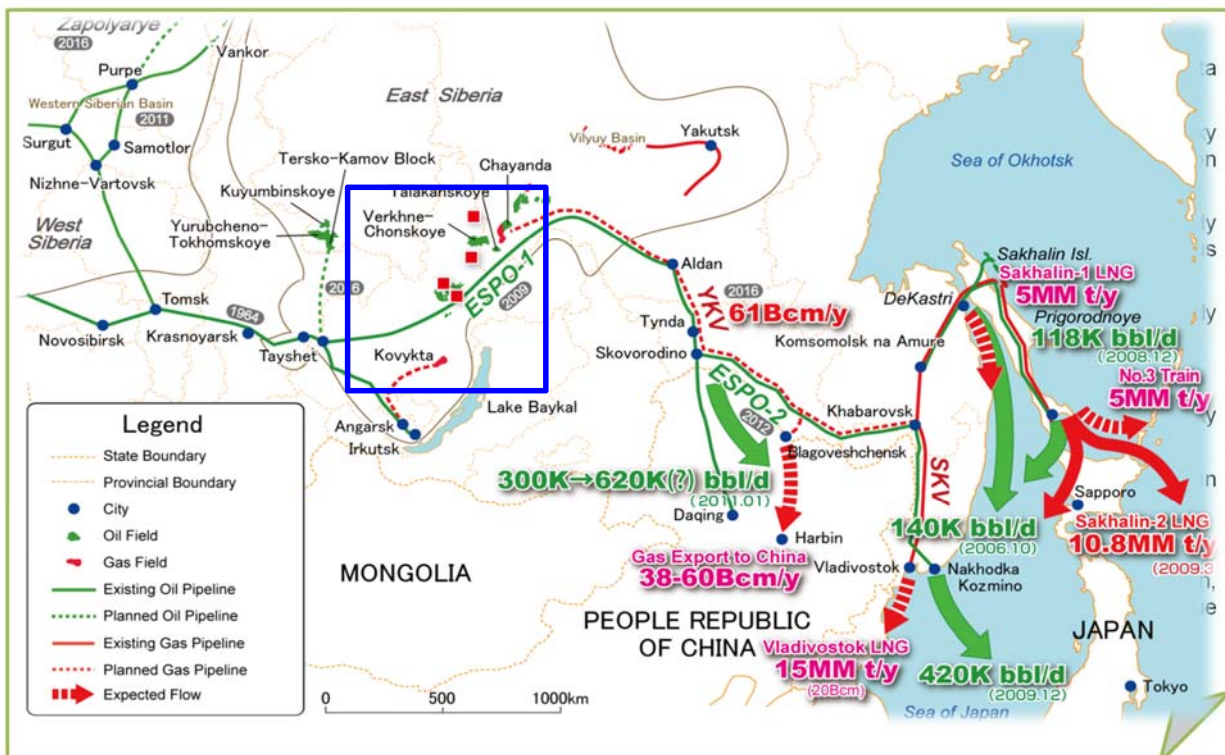
Japan-Russia Energy and Environment Dialogue in Niigata



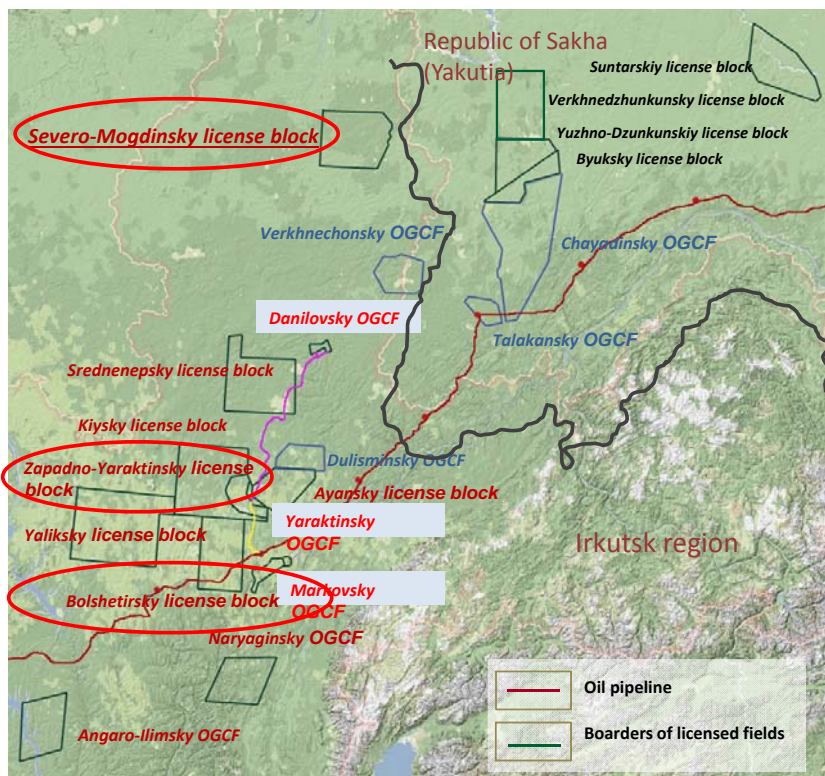
October 30, 2014

Niigata, Japan

Joint projects with JOGMEC



1. INK Geography



- INK has 19 license blocks in Irkutsk region and Republic of Sakha (Yakutia)
- In Irkutsk region, there are 4 oil and gas condensate fields brought to commercial production: Yaraktinskiy, Markovski, Danilovski, Zapadno-Ayanskiy.
- INK discovered 7 fields: Nariaginskiy, Angaro-Ilimskiy, Tokminskiy, Bolshetirskiy, Ichedinskiy, B. Sinyavskiy and Zapadno-Ayanskiy



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Joint projects with JOGMEC

Effective negotiations between JOGMEC and Irkutsk Oil Company commenced in 2007. By the year end the negotiations process was successfully finalized by incorporation of a JV ZAO INK-Sever with a primary objective to perform geological study of the Severo-Mogdinsky subsoil block located in the north of Irkutsk region along the border of the Republic of Sakha (Yakutia).

In April 2008, ZAO INK-Sever became a license holder of the Severo-Mogdinsky subsoil block.

The parties cooperate in two main areas:

- Developing subsoil including geological exploration; and
- Exploring ways and means to implement economically feasible projects of gas utilization and gas monetization.

In 2009, we started prospect drilling which brought positive results in the first well and commercial inflows of oil in the second well.

The geological data which we acquired in the block enabled us to perform interim assessment of reserves, submit a report with this assessment to the State Reserves Committee under ROSNEDRA (GKZ), get approval on the state review and name the newly discovered field after Mr. Sinyavskiy, a renowned Irkutsk geologist.

Discovery of a new field inspired us for stimulation of further cooperation and speeding-up of works.

We spudded exploratory wells in newly discovered B.Sinyavskiy field. After that we started pilot production of single wells first and then of Erbogachon pool.

In the nearest future, we expect that we can invite Japanese private companies to this project and go on to commercial development of B.Sinyavskiy field and delivery of produced oil to ESPO.

Joint projects with JOGMEC

In May 2009, in Tokyo within the frameworks of Japan-Russia Economic Forum one more JV - ZAO INK-Zapad – was established between INK and JOGMEC. ZAO INK-Zapad operates in two license blocks – Zapadno-Yaraktinsky and Bolshetirsky. Both blocks are located in Irkutsk region 200km to the north of Ust-Kut, which is a large transportation connection point in Eastern Siberia.

Operations performed in these blocks include geophysical exploration and prospect drilling. Re-entered and newly drilled wells have penetrated pay zones, and testing of wells is now underway.

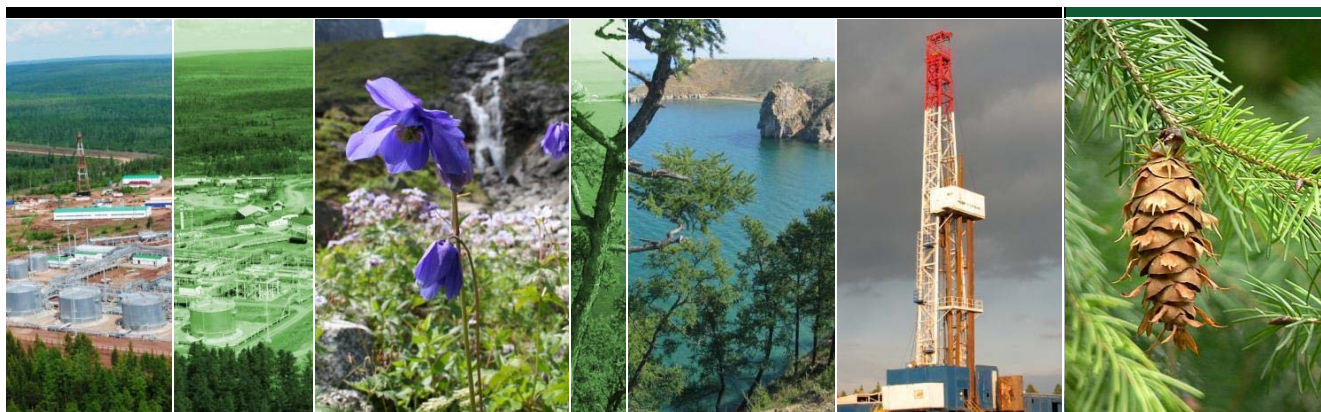
- We comply with the work schedule set out in the license agreements and even perform these works ahead of schedule;

- Scope of CDP 2D seismic data acquired by our JVs is already larger than it is required by the license. We continue performing these works;

- We have started and plan to continue implementing advanced methods such as TEM sounding, petrophysical exploration, intensive well logging, etc., which improve the efficiency of works, in order to combine and make the information value of geophysical studies better (this includes contracting such companies as Schlumberger and Baker Hughes).

In 2012, subsequent to the results of geological exploration works, Bolshetirsky field was discovered in Bolshetirsky license block, and Tokminsky OGCF and Ichedinsky field were discovered in Zapadno-Yaraktinsky license block. The geological exploration works are being continued.

In 2013, major Japanese private companies - ITOCHU Corporation and INPEX CORPORATION – participated in this project. INK, ITOCHU Corporation, INPEX CORPORATION and JOGMEC will continue to cooperate for further success in this project.



THANK YOU!