

Zagreb, 04 August 2011

INA INDUSTRIJA NAFTE, d.d.
Av. V. Holjevca 10
10 000 Zagreb, Croatia
Ordinary shares INA-R-A ISIN HRINA0RA0007
Listed on the Zagreb Stock Exchange official market
Announcement in line with Capital Markets Act

Subject: Resolutions of the Ministry of Economy, Labour and Entrepreneurship

INA-Industrija nafte, d.d. received on 01 August 2011 Resolutions of the Ministry of Economy, Labour and Entrepreneurship relating to the concessions for the hydrocarbon exploration area „Sava“, „Drava“ and „Northwest Croatia“. With these Resolutions the Ministry of Economy, Labour and Entrepreneurship has revoked INA's licenses for mineral resources exploration in the above mentioned exploration areas.

These Resolutions have a direct negative affect on regular business operations of the company as well as on investment plans.

The revoked concessions were extended to December 31, 2015 (after expiration on December 31, 2010), under condition of beginning of the exploration works by March 31 2011, appointment of project managers, and reporting every six months to the Ministry.

In the last several years, when INA generated significant losses, focus of our activities was on the stabilization of INA's financials and on those investment projects that were of great importance for both Croatia and INA's shareholders (refinery modernization, finalizing investments in Syria and on Northern Adriatic) to put INA on a sustainable growth path. Therefore, at the time INA was unable to allocate as much funds as it was intending to do into exploration activities in onshore Croatia.

Despite the challenging circumstances, INA pursued cross-border exploration activities and discovered oil and gas in several projects in Croatia in the last 2 years (Zalata-Dravica) while it also initiated sole risk exploration activities within onshore Croatia in 2010 (Selec 1) and already announced activities in those and other blocks for 2011 (drilling two exploration onshore wells and pursuing activities in NW Croatia and Dinaridi area). In the meantime, significant efforts have been put into project preparation for Croatian onshore exploration activities and accordingly detailed workplans have been developed for those exploration areas. INA will continue with intensified exploration activities in the next years on the concession it holds in Croatia (Istočna Slavonija, SW Sava, Jadran, Dinaridi) and abroad (Syria, Egypt and Angola) as well.

Nevertheless, INA is the only player currently in Croatia that is well equipped with the necessary assets and possesses the adequate knowledge and experiences to accelerate the exploration activities in onshore Croatia.

The company in the mean time will officially request the annulations of the mentioned Resolutions in the interest of further development of the company, as an important economic entity in Croatia.

INA-INDUSTRIJA NAFTE, d.d.
OIB:27759560625
Tel. + 385 1 645 0444
Fax. + 385 1 645 2444
e-mail: investitori@ina.hr
