

Zagreb, 19 January 2012

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: Response to query

Jutarnji list published on 18 January 2012 an article under the title "MOL considering sale of INA's oil fields in Syria", on which INA made a following reaction:

INA, d.d. is firmly rejecting allegations contained in the article regarding the alleged sale of INA's operations in Syria. INA is not considering the disposal of oil and gas fields and such possibility has not been discussed at any level of management, including Management or Supervisory Board. A potential major asset sale of this magnitude requires the support of both major shareholders of INA, the Government of Croatia and MOL. Therefore, no single shareholder alone can consider such a business transaction.

INA is deeply dedicated to the development of the Syrian project as one of the most successful projects abroad in which we have invested significant financial and valuable expert resources. Due to the escalation of political unrest in Syria in recent months, INA is putting particular attention on our operations in this country and we are carefully analyzing and monitoring the developments on a daily basis in order to be able to react promptly to any changes that may affect operations and safety of INA Group employees.

Given the present circumstances, our first and outmost priority is the safety of INA Group employees that are currently working on different locations in Syria. Hence, we have prepared detailed complex plan for evacuation for potential withdraw depending on the political and security situation in Syria.

Furthermore, INA, d.d. needs to stress out that oil and gas fields values stated in the article are exaggerated and points out that figures covering the hydrocarbon reserves and production of hydrocarbons have been provided and updated. During the first nine months of 2011, INA Group hydrocarbon production in Syria amounted to 108 kt of crude, 618 million m³ of natural gas and 131 kt of condensate, giving an average daily hydrocarbon production rate of approximately 20 Mboe/day in this period. Due to the developments in Syria, INA reduced the crude oil and natural gas production by approximately 1.3 thousand of boe/day in December 2011 what together with announced September crude oil production decrease of 1.5 thousand bbl per day, represent a decrease of approximately 3.9 % of INA Group average daily hydrocarbon production for the first nine months 2011. Company proved and probable hydrocarbon reserves in Syria have amounted to 45.7 million of boe, as at 31 December 2010, while the valuation of the total assets in Syria (i.e. the net present value) strongly depends on the assumption used for valuation and macro environment, including the volatile crude oil price.

As previously announced company experienced and is still experiencing difficulties in collection of receivables from the Syrian partner for its share of hydrocarbon production.

Company is closely monitoring the developments and continuously analyzing its position related to its Syrian operations and will continue to provide regular updates to the investment public

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