

Zagreb, 27 February 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: Notice on "Force majeure" in Syria

In compliance with the Croatian Government Decision dated 23 February 2012 on the implementation of the EU Council Decision concerning restrictive measures against the Syrian Arab Republic issued on 01 December 2011, INA delivered yesterday the force majeure notice to the General Petroleum Company (GPC) of Syria related to the Production Sharing Agreement for the Hayan Block signed in 1998 and Production Sharing Agreement for the Aphia Block signed in 2004.

Based in the Croatian Government decision, as well as the overall security situation in Syria, INA is not able to continue performing its regular business operations and activities in Syria due to reasons which are beyond the control of the company. Therefore, the terms and conditions foreseen in the above stated Agreements have been met for announcing „force majeure“, i.e. for temporarily suspending all business activities in Syria until further notice, i.e. until the „force majeure“ circumstances cease to exist.

Force majeure is a legal term stipulated in the agreement that allows for suspension or temporary adjournment of obligations and activities coming due to the events which are beyond control of the agreement parties such as flood, earthquake, riots, unrests, state of war, etc. Announcing the "force majeure" is a regular mechanism and it doesn't mean termination of the agreement and the simultaneous exit from the project. It is a protection mechanism for the agreement parties in the event of unforeseeable circumstance with an aim of continuation of the Agreement execution after ceasing of these circumstances, without damages for the announcing party.

INA does not expect to receive any revenues neither to realize its production share from its Syrian project for the foreseeable future, i.e. until the termination of the "force majeure". Taking into consideration the difficulties with collection of receivables from the Syrian side in the last several months, the company used the conservative calculations regarding revenues from Syria in 2012 business plan.

Therefore, this decision does not endanger the implementation of other planned investment projects this year. The company will put strong focus on operating efficiency of business operations, especially considering the very challenging and competitive environment, in order to preserve and strengthen its competitiveness and ensure the realization of investments and growth-oriented projects.

The aim of this decision is to protect INA's contractual rights and obligations and to fully comply with decision of the Croatian Government.

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