[Translation for Reference Purposes Only]

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Securities Code: 1605
June 6, 2016

To Those Shareholders with Voting Rights

Toshiaki Kitamura
Representative Director, President & CEO
INPEX CORPORATION
5-3-1 Akasaka, Minato-ku, Tokyo

NOTICE OF THE 10th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 10th Ordinary General Meeting of INPEX CORPORATION (hereinafter the "Company") to be held as described below.

In the event you are not able to attend, you may exercise your voting rights by either of the following two methods. It is requested that you review the Reference Documents for the General Meeting of Shareholders (pages 5- 23) before exercising your voting rights.

[Voting in writing]
Please carefully read the "Procedures to Exercise Your Voting Rights" (pages 3-4 of this document), indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form and return the form for arrival no later than the close of business (5:25 p.m.) on Monday, June 27, 2016. (Japan Time)

[Voting by electromagnetic means (the Internet, etc.)]
Please carefully read the "Procedures to Exercise Your Voting Rights" (pages 3-4 of this document) and enter your votes for or against each of the proposals by the close of business (5:25 p.m.) on Monday, June 27, 2016. (Japan Time)

1. **Date and Time:** Tuesday, June 28, 2016 at 10:00 a.m.

2. **Place:** Ascot Hall, B2F, South Wing, Hotel Okura, Tokyo
2-10-4 Toranomon, Minato-ku, Tokyo

3. **Agenda of the Meeting:**

Matters to be reported:
1. Business Report, Consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2015 to March 31, 2016) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2015 to March 31, 2016)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of 14 Directors
Proposal No. 3: Payment of Bonuses to Directors

[Translation for Reference Purposes Only]

4. Decisions Concerning Convocation

(1) Should you choose to exercise your voting rights via a proxy, you may designate a shareholder other than yourself, who is entitled to vote with respect to the Company, as your proxy. It should be noted, however, that it will be necessary to submit a document certifying said individual's proxy.

(2) In the event of a diverse exercise of voting rights, it is requested that you notify the Company in writing to that effect, together with the reasons, by no later than three days before the General Meeting of Shareholders.

(3) When you exercise your voting rights both by the Voting Rights Exercise Form and via the Internet, etc., the voting right exercised via the Internet, etc. shall be deemed and treated as your valid vote. When you exercise your voting rights twice or more via the Internet, etc., the voting right exercised last shall be deemed and treated as your valid vote.

- Those attending the General Meeting of Shareholders are requested to submit the enclosed Voting Rights Exercise Form at the reception desk.

- Since "Notes to Consolidated Financial Statements" out of the Consolidated Financial Statements and "Notes to Non-Consolidated Financial Statements" out of the Non-Consolidated Financial Statements are posted on the Company's website (http://www.inpex.co.jp/) pursuant to the applicable laws and regulations and Article 27 of the Company's Articles of Incorporation, there are no mentions in the attachments of this Notice of the 10th Ordinary General Meeting. Meanwhile, the above-mentioned Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are included in the documents that are required to be audited by the Accounting Auditors and Audit & Supervisory Board Members.

- In the event that the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements or Reference Documents for the General Meeting of Shareholders require modification, the contents as modified will be posted on the Company's website (http://www.inpex.co.jp/).

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Procedures to Exercise Voting Rights

At INPEX CORPORATION, you may exercise your voting rights in writing (on the Voting Rights Exercise Form) or by electromagnetic means (via the Internet, etc.).
If you attend the 10th Ordinary General Meeting on the day, neither procedure of sending your Voting Rights Exercise Form by writing nor via electromagnetic means is necessary.

Exercise of Voting Rights by Attending the Ordinary General Meeting
Please bring the enclosed Voting Rights Exercise Form, and submit the form at the reception desk.

Exercise of Voting Rights in Writing (on the Voting Rights Exercise Form)
Please indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form for arrival by the close of business (5:25 p.m.) on June 27, 2016 (Japan Time). In case there is no indication of your vote for or against a proposal, such a missing vote is treated as a vote "for" the proposal.

Exercise of Voting Rights by Electromagnetic Means (via the Internet)
To exercise your voting rights via the Internet, please carefully read "Items Required to be Agreed on for the Exercise of Voting Rights via the Internet" on the next page and exercise your voting rights no later than the close of business (5:25 p.m.) on June 27, 2016 (Japan Time).
If you have any questions, please contact the Internet Help Dial indicated at the "Inquiries Concerning Voting Rights via the Internet" on the next page.

For Institutional Investors:
Institutional investors may use the "Voting Rights Electronic Exercise Platform" operated by ICJ Co., Ltd.

[Translation for Reference Purposes Only]

Items Required to be Agreed on for the Exercise of Voting Rights via the Internet

1. You may exercise your voting rights via the Internet only through the Web site for exercising voting rights specified by the Company (see 1. of "Specific Procedures to Exercise Your Voting Rights via the Internet" below).

2. When exercising your voting rights via the Internet, the "Code for the Exercise of Voting Rights" and the "Password" described in the enclosed Voting Form are required.

3. If you exercise your voting rights twice, in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as your effective vote.

4. If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as your effective vote.

5. The cost of Internet access (access fees to providers, telecommunications fees, etc.) shall be borne by the shareholder.

Specific Procedures to Exercise Your Voting Rights via the Internet

1. Access the Web site for exercising voting rights specified by the Company (http://www.it-soukai.com/).

2. Enter the "Code for the Exercise of Voting Rights" and the "Password" described in the enclosed Voting Form and click on the "Log-in" button.

   Note: To ensure security, you will need to change the password at the initial log-in.

3. Exercise your voting rights by following the directions on the screen.

System Requirements

Personal Computer	Windows® computer
Browser	Microsoft® Internet Explorer Version 7 or higher
Internet Environment	Internet access such as through a contract with an Internet service provider
Monitor Resolution	800×600 dots (SVGA) or higher is recommended.

*Microsoft® and Internet Explorer are registered trademarks or trademarks of Microsoft Corporation in the United States and other countries.

Securities

You may exercise your voting rights safely as encryption technology is used to protect your voting information from being tampered with or wiretapped.
In addition, the "Code for the Exercise of Voting Rights" and the "Password" described in the Voting Form are very important to authenticate shareholders, so please ensure that you do not disclose them to other people.
Please note that the Company does not make any inquiries regarding your "Password."

Inquiries Concerning Exercise of Voting Rights via the Internet

Internet Help Dial: Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Telephone: 0120-768-524 (toll-free)
Operating Hours: 9:00 a.m. to 9:00 p.m. (excluding Saturdays, Sundays and national holidays)

-END-

[Translation for Reference Purposes Only]

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

It is proposed that surplus be appropriated as indicated below.

Matters Concerning Year-End Dividend

The basic policy of the Company is, in light of the medium- to long-term prospects, to harmonize such factors as paying out cash dividends as direct compensation to shareholders and maximizing corporate value through the ongoing maintenance and enlargement of its reserves and production volumes of oil and natural gas through exploration and development in Japan and overseas, as well as investment primarily for the establishment and improvement of distribution infrastructure.

Based on this basic policy, it is proposed that the year-end dividend for 10th fiscal year be as follows.

1) Type of dividend
   Cash
2) Matters concerning allotment of property to be distributed and total amount
   Amount per common share 9 yen
   Amount per Class A stock 3,600 yen
   Total amount of dividend 13,143,218,400 yen
3) Effective date of distribution of surplus
   June 29, 2016

Including the already-paid interim dividend, which amounted to 13,143,218,400 yen (9 yen per common share and 3,600 yen per Class A stock), the annual dividend was 26,286,436,800 yen in total (18 yen per common share and 7,200 yen per Class A stock).

Note: Although the Company conducted a stock split at a ratio of 1:400 of its common stock on October 1, 2013, a stock split was not implemented for the Class A stock of the Company. Accordingly, the amount of the dividend of the Class A stock was determined by multiplying the dividend of the common shares of the Company by 400, resulting in an amount equivalent to the dividend of the common shares prior to the stock split, as specified in the Company's Articles of Incorporation.

[Translation for Reference Purposes Only]

Proposal No. 2: Election of Fourteen Directors

As the term of office of all fifteen Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the election of fourteen Directors is proposed.

The candidates for Directors are as follows:

Candidate number	For reappointment or new candidate	Name	Current Company position & Responsibility	Attendance at Board of Directors meetings in fiscal 2015
1	For reappointment	Toshiaki Kitamura	Representative Director, President & CEO	94% (15/16)
2	For reappointment	Masaharu Sano	Director, Senior Executive Vice President, Technical Headquarters, in charge of HSE	100% (16/16)
3	For reappointment	Shunichiro Sugaya	Director, Managing Executive Officer, Senior Vice President of Masela Project	100% (16/16)
4	For reappointment	Masahiro Murayama	Director, Managing Executive Officer, Senior Vice President of Finance & Accounting	100% (16/16)
5	For reappointment	Seiya Ito	Director, Managing Executive Officer, Senior Vice President of Ichthys Project	94% (15/16)
6	For reappointment	Takahiko Ikeda	Director, Managing Executive Officer, Senior Vice President of Gas Supply & Infrastructure Division	100% (16/16)
7	For reappointment	Yoshikazu Kurasawa	Director, Managing Executive Officer, Senior Vice President, New Ventures	100% (16/16)
8	New candidate	Kimihisa Kittaka	Executive Officer Vice President of Corporate Strategy & Planning Division General Manager of Corporate Strategy & Planning, and Corporate Communication Unit	(Note 2)
9	New candidate	Nobuharu Sase	Executive Officer, Vice President of Oil & Gas Business Division No. 1 General Manager of Oil Marketing Unit	(Note 2)
10	For reappointment Outside Director Independent Director	Hiroshi Sato	Director	100% (13/13) (Note 1)
11	For reappointment Outside Director Independent Director	Yoshiyuki Kagawa	Director	100% (16/16)
12	New candidate Outside Director Independent Director	Jun Yanai	Director	(Note 2)
13	New candidate Outside Director Independent Director	Isao Matsushita	Director	(Note 2)
14	For reappointment Outside Director Independent Director	Yasuhiko Okada	Director	100% (16/16)

(Note 1) For Mr. Hiroshi Sato, the status after his assumption of the post as of June 24, 2015 is stated.

(Note 2) This information does not apply to Mr. Kimihisa Kittaka, Mr. Nobuharu Sase, Mr. Jun Yanai and Mr. Isao Matsushita, because they are new candidates for Directors.

[Translation for Reference Purposes Only]

<table>
<tr><td>No. 1</td><td colspan="2">Toshiaki Kitamura
(Date of birth: November 15, 1948)</td><td>Reappointment</td></tr>
<tr><td colspan="2" rowspan="4">Number of common shares of the Company held by the candidate:
26,400 shares

Term of office as Director:
6 years

Attendance at Board of Directors meetings in fiscal 2015:
15 out of 16 (94%)</td><td colspan="2">Career summary and position</td></tr>
<tr><td>April 1972
July 2002
July 2003
June 2004
July 2006
November 2007
August 2009
June 2010</td><td>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Director-General, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
Director-General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry
Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry
Adviser to Tokio Marine & Nichido Fire Insurance Co., Ltd.
Senior Executive Vice President of the Company
Representative Director, President & CEO of the Company (to date)</td></tr>
<tr><td colspan="2">Significant concurrently held positions</td></tr>
<tr><td colspan="2">Representative Director, Chairman
INPEX Natuna Ltd
The above company in which Mr. Kitamura holds a significant concurrently held position is the Company’s subsidiary established as a legal entity to acquire participating interests in mining areas and to promote projects.</td></tr>
<tr><td colspan="2"></td><td colspan="2">Reason for nominating as candidate for Director</td></tr>
<tr><td colspan="2"></td><td colspan="2">Mr. Toshiaki Kitamura has superior insights and actual achievement built through his career at the Ministry of Economy, Trade and Industry. He joined the Company as Senior Executive Vice President in 2009 and has been President and Chief Operating Officer since 2010. Thus, he has abundant operational experience in the Company and he also has insights regarding management in general of oil/gas development companies and global business management as well as administrative/operational affairs. For these reasons, we have nominated him again for reappointment as Director.</td></tr>
<tr><td colspan="2"></td><td colspan="2">Special remarks concerning the candidate for Director</td></tr>
<tr><td colspan="2"></td><td colspan="2">Special interest between the Company and the candidate
There is no special interest between Mr. Kitamura and the Company.</td></tr>
</table>

[Translation for Reference Purposes Only]

No. 2	Masaharu Sano (Date of birth: April 17, 1951)	Reappointment

Number of common shares of the Company held by the candidate:
23,000 shares

Term of office as Director:
10 years

Attendance at Board of Directors meetings in fiscal 2015:
16 out of 16 (100%)

Career summary and position

April 1974	Joined Teikoku Oil Co., Ltd.
April 2000	General Manager of Technical Planning Department of Teikoku Oil Co., Ltd.
March 2001	Senior General Manager and General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.
March 2002	Director, General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.
March 2005	Managing Director, President of International Projects Division / Domestic Offshore Division of Teikoku Oil Co., Ltd.
April 2006	Director, Deputy Senior General Manager of Corporate Strategy & Planning Division / Technology Division of INPEX Holdings Inc. (currently the Company)
October 2008	Director, Senior Managing Executive Officer, Senior Vice President, Americas & Africa project division of the Company
June 2012	Director, Senior Vice President, Technical Headquarters of the Company
June 2015	Director, Senior Executive Vice President, Senior Vice President of Technical Headquarters, in charge of HSE (to date)

Significant concurrently held positions

Outside Director
Japan Drilling Co., Ltd.

Reason for nominating as candidate for Director

Mr. Masaharu Sano was engaged mainly in oil development technical matters as well as domestic and overseas projects since he joined the Company and he is presently Director, Senior Executive Vice President of Technical Headquarters after he assumed the position of Senior Managing Executive Officer, Senior Vice President, Americas & Africa project division. Thus, he has insights on the global business management and administrative/operational matters of oil/gas development companies. For these reasons, we have nominated again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Sano and the Company.

[Translation for Reference Purposes Only]

No. 3	Shunichiro Sugaya (Date of birth: November 27, 1952)	Reappointment

Number of common shares of the Company held by the candidate: 18,100 shares

Term of office as Director: 7 years

Attendance at Board of Directors meetings in fiscal 2015: 16 out of 16 (100%)

Career summary and position

April 1976	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
April 1997	General Manager of Development Department of Indonesia Petroleum, Ltd.
June 2001	Director, General Manager of Development Department of INPEX Corporation
June 2002	Director, Coordinator in charge of Development Department of INPEX Corporation
September 2005	Director, Senior General Manager of Asia Project Division, Assistant Senior General Manager of Technology and HSE Division
June 2007	Managing Director, Senior General Manager of Asia Project Division of INPEX Corporation
October 2008	Director, Managing Executive Officer, Senior Vice President of Masela Project of the Company (to date)

Significant concurrently held positions

Representative Director, President & CEO
INPEX Masela, Ltd.
The above company in which Mr. Sugaya holds significant concurrently held positions is the Company's subsidiary, which has been established as a legal entity to acquire participating interests in mining areas and to promote projects.

Reason for nominating as candidate for Director

Mr. Shunichiro Sugaya has been engaged mainly in the affairs of oil development and overseas project departments since he joined the Company, and thus he has abundant business experience and insights on the global business management as well as administrative/operational matters of oil/natural gas development companies. For these reasons, we have nominated him again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Sugaya and the Company.

[Translation for Reference Purposes Only]

No. 4	Masahiro Murayama (Date of birth: July 16, 1953)	Reappointment

Number of common shares of the Company held by the candidate: 19,200 shares

Term of office as Director: 7 years

Attendance at Board of Directors meetings in fiscal 2015: 16 out of 16 (100%)

Career summary and position

April 1976	Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd., etc.)
June 1999	General Manager, Financial Institutions Banking Division No. 2, The Industrial Bank of Japan, Ltd.
June 2001	General Manager, Corporate Banking Department No. 2, The Industrial Bank of Japan, Ltd.
April 2002	General Manager, Corporate Banking Division No. 9 of Head Office, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd., etc.)
December 2002	General Manager, Syndicated Finance Structuring Division No. 1, Mizuho Corporate Bank, Ltd.
October 2003	General Manager, Syndicated Finance Distribution Division No. 1, Mizuho Corporate Bank, Ltd.
April 2004	Executive Officer, General Manager of Syndicated Finance Distribution Division No. 1, Mizuho Corporate Bank, Ltd.
October 2004	Executive Officer, General Manager of Loan Trading Division, Mizuho Corporate Bank, Ltd.
April 2005	Managing Executive Officer, in charge of corporate banking, Mizuho Corporate Bank, Ltd.
April 2008	Director, Deputy President of Mizuho Securities Co., Ltd.
May 2009	Advisor to the Company
June 2009	Director, Managing Executive Officer, Senior Vice President of Finance & Accounting of the Company (to date)

Significant concurrently held positions

Representative Director
INPEX Masela, Ltd., INPEX Browse, Ltd.
The above companies in which Mr. Murayama holds significant concurrently held positions are the Company's subsidiaries, both of which have been established as legal entities to acquire participating interests in mining areas and to promote projects.

Reason for nominating as candidate for Director

Mr. Masahiro Murayama has excellent knowledge and experience as well as actual performance results created through his career at financial institutions. In 2009, he assumed the post of Director, Managing Executive Officer of the Company and since then, he has been in charge of Finance & Accounting Headquarters and has knowledge and experience concerning administrative/operational matters of oil/natural gas development companies. For these reasons we have nominated him again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Murayama and the Company.

[Translation for Reference Purposes Only]

No. 5	Seiya Ito (Date of birth: September 14, 1954)	Reappointment

Number of common shares of the Company held by the candidate:
17,400 shares

Term of office as Director:
10 years

Attendance at Board of Directors meetings in fiscal 2015:
15 out of 16 (94%)

Career summary and position

April 1977	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
April 2002	General Manager of Corporate Planning & Management Department of INPEX Corporation
June 2003	Director, General Manager of Corporate Planning & Management Department of INPEX Corporation
November 2004	Director, General Manager of Corporate Planning & Management Department and Public Affairs Department of INPEX Corporation
September 2005	Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit and Public Affairs Unit of INPEX Corporation
April 2006	Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit of INPEX Corporation (currently the Company)
July 2006	Director, Deputy Senior General Manager of Oceania & America Project Division of INPEX Corporation
October 2008	Director, Managing Executive Officer, Senior Vice President of Ichthys Project of the Company (to date)

Significant concurrently held positions

Representative Director, President & CEO
INPEX Browse, Ltd.
The above company in which Mr. Ito holds significant concurrently held positions is the Company's subsidiary, which has been established as a legal entity to acquire participating interests in mining areas and to promote projects.

Reason for nominating as candidate for Director

Mr. Seiya Ito has been engaged in the matters of General Affairs/Corporate Planning/Business since he joined the Company, and presently assumes the post of Senior Vice President of Ichthys Project having had experience in the post of Deputy Senior General Manager of Oceania & Americas Project. He is currently the Senior Vice President of Ichthys Project and has abundant business experience in the Company as well as knowledge and experience about global business management and administrative/operational matters of oil/natural gas development companies. For these reasons, we have nominated him again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Ito and the Company.

[Translation for Reference Purposes Only]

No. 6	Takahiko Ikeda (Date of birth: January 18, 1955)	Reappointment

Number of common shares of the Company held by the candidate:
24,400 shares

Term of office as Director:
7 years

Attendance at Board of Directors meetings in fiscal 2015:
16 out of 16 (100%)

Career summary and position

April 1978	Joined Teikoku Oil Co., Ltd.
March 2002	General Manager of Production Department, Domestic Operating Division of Teikoku Oil Co., Ltd.
March 2004	Senior General Manager and General Manager, Production, Domestic Headquarters of Teikoku Oil Co., Ltd.
March 2005	Director and General Manager, Production, Domestic Headquarters of Teikoku Oil Co., Ltd.
April 2006	General Manager of Domestic Project Planning and Administration Unit of Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)
June 2007	Managing Director, President of Domestic Operation Division and General Manager of Niigata District Department of Teikoku Oil Co., Ltd.
October 2008	Director, Managing Executive Officer, Senior Vice President of Domestic Projects of the Company
June 2014	Director, Managing Executive Officer, Senior Vice President of Gas Supply & Infrastructure Division of the Company (to date)

Reason for nominating as candidate for Director

Mr. Takahiko Ikeda has been engaged mainly in the matters of oil development technical departments and domestic and overseas projects since he joined the Company, and presently he assumes the post of Senior Vice President of Gas Supply & Infrastructure Division. Thus, he has abundant business experience as well as knowledge and experience about the business management and administrative/operational matters of oil/natural gas development companies. For these reasons, we have nominated him again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Ikeda and the Company.

[Translation for Reference Purposes Only]

No. 7	Yoshikazu Kurasawa (Date of birth: February 15, 1956)	Reappointment

Number of common shares of the Company held by the candidate:
14,200 shares

Term of office as Director:
4 years

Attendance at Board of Directors meetings in fiscal 2015:
16 out of 16 (100%)

Career summary and position

April 1982	Joined Japan National Oil Corporation
February 2004	Deputy General Manager of Planning & New Ventures Department of INPEX Corporation
April 2005	General Manager of Planning & New Ventures Department of INPEX Corporation
September 2005	General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation
April 2006	General Manager of Overseas Project Planning and Administration Unit of Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)
June 2007	Executive Officer, General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation
October 2008	Executive Officer, Assistant Senior Vice President of Corporate Strategy & Planning, General Manager of Business Development and Legal Unit of the Company
June 2011	Managing Executive Officer, Deputy Senior Vice President of Corporate Strategy & Planning of the Company
June 2012	Director, Managing Executive Officer, Senior Vice President, New Ventures of the Company (to date)

Reason for nominating as candidate for Director

Mr. Yoshikazu Kurasawa has superior insights and actual performance results created through his career at Japan National Oil Corporation. Since he joined the Company in 2004, he has been engaged in Project Planning and Business Development matters, and presently assumes the post of Senior Vice President, New Ventures through the career of Deputy Senior Vice President of Corporate Strategy & Planning. Thus, he has abundant experience in the Company as well as knowledge and experience about the global business management and administrative/operational matters of oil/natural gas development companies. For these reasons we have nominated him again for reappointment as Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Kurasawa and the Company.

[Translation for Reference Purposes Only]

No. 8	Kimihisa Kittaka (Date of birth: September 23, 1957)	New candidate

Number of common shares of the Company held by the candidate: 4,000 shares

Career summary and position

April 1981	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
October 2007	Director-General for Consumer Policy, Ministry of International Trade and Industry
July 2008	Director-General, Kyushu Bureau of Ministry of Economy, Trade and Industry
November 2010	Joined the Company and assumed the post of Senior Coordinator, Business Development & Legal Unit, Corporate Strategy & Planning Division
June 2011	General Manager, Corporate Strategy & Planning Unit, and Corporate Communication Unit, Corporate Strategy & Planning Division of the Company
June 2012	Executive Officer, Vice President of Corporate Strategy & Planning Division, General Manager of Corporate Strategy & Planning Unit, and Corporate Communication Unit of the Company (to date)

Reason for nominating as candidate for Director

Mr. Kimihisa Kittaka has superior insights and performance results in the field of policies, etc. through his career at the Ministry of Economy, Trade and Industry. After he joined the Company in 2010, he engaged in the affairs of Corporate Strategy & Planning/Legal division, and since 2011, he has been in the post of General Manager, Corporate Strategy & Planning Unit, and Corporate Communication Unit, Corporate Strategy & Planning Division. Thus, he has experience in critical tasks at the Company and also has knowledge and experience regarding business management and administrative/operational matters of oil/natural gas development companies. For these reasons, we have nominated him as a new candidate for Director.

Special remarks concerning the candidate for Director

Special interest between the Company and the candidate
There is no special interest between Mr. Kittaka and the Company.

[Translation for Reference Purposes Only]

No. 9	Nobuharu Sase (Date of birth: August 10, 1958)	New Candidate

Number of common shares of the Company held by the candidate: 19,900 shares	Career summary and position
	April 1981 Joined Indonesia Petroleum, Ltd. (INPEX Corporation) September 2005 General Manager, Secretary Unit, Corporate Strategy & Administration Division April 2006 General Manager, Secretary Unit, General Administration Division of INPEX Holdings Inc. (currently the Company) October 2008 Assistant Senior Vice President of General Administration Division, General Manager of Secretary Unit of the Company June 2010 Executive Officer, Vice President of Oil & Gas Business Division No. 1, General Manager, Oil Marketing Unit of the Company (to date)
	Reason for nominating as candidate for Director
	Mr. Nobuharu Sase has been engaged in administration/accounting/marketing affairs since he joined the Company and is presently General Manager, Oil Marketing Unit after having had experience in the post of General Manager, Secretary Unit. Thus, he has abundant work experience at the Company as well as knowledge and experience concerning marketing and administrative/operational matters of oil/natural gas development companies. For these reasons, we have nominated him as a new candidate for Director.
	Special remarks concerning the candidate for Director
	Special interest between the Company and the candidate There is no special interest between Mr. Sase and the Company.

[Translation for Reference Purposes Only]

No. 10	Hiroshi Sato (Date of birth: January 22, 1947)	Candidate for: Outside Director Independent Director	Reappointment

Number of common shares of the Company held by the candidate:
0 shares

Term of office as Director:
1 year

Attendance at Board of Directors meetings after he assumed the current position on June 24, 2015:
13 out of 13 (100%)

Career summary and position

April 1970	Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)
June 1999	General Manager of Finance and Accounting Department of JAPEX
June 2002	Director, General Manager of Finance and Accounting Department of JAPEX
June 2005	Managing Executive Officer of JAPEX
April 2006	Audit & Supervisory Board Member (part-time) of INPEX Holdings Inc. (currently INPEX CORPORATION)
June 2006	Managing Director & Executive Officer of JAPEX
June 2007	Senior Managing Director & Executive Officer of JAPEX
June 2010	Executive Vice President & Executive Officer of JAPEX
June 2014	Advisor of JAPEX (to date)
June 2015	Outside Director of the Company (to date)

Significant concurrently held positions

Advisor, Japan Petroleum Exploration Co., Ltd.

Reason for nominating as candidate for Outside Director

Mr. Sato's election is requested since his extensive experience and wide-ranging insight cultivated in the oil and natural gas exploration and production industry can be utilized in the management of the Company.

Special remarks concerning the candidate for Director

1. Special interest between the Company and the candidate
   There is no special interest between Mr. Sato and the Company.
2. Registration of Independent Director
   Mr. Sato is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The Company reported Mr. Sato as an Independent Director as defined by Tokyo Stock Exchange, Inc. If the election of Mr. Sato is approved as proposed, he is scheduled to continue to be an Independent Director. For the independence standards for outside Directors of the Company, please refer to Page 22 of this Notice.
3. Term of office as Outside Director of the Company
   Mr. Sato's term of office as an Outside Director of the Company will be one year at the conclusion of this Ordinary General Meeting of Shareholders.
4. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions
   Japan Petroleum Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company.
   The INPEX Group has had transactions related to crude oil, etc., with the Japan Petroleum Exploration Group, and the INPEX Group's sales to the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchases from the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated cost of sales for the same period.
5. Outline of the liability limitation agreement
   Based on Article 427, Paragraph 1, of the Companies Act, the Company has a liability limitation agreement with Mr. Sato to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Sato is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

No. 11	Yoshiyuki Kagawa (Date of birth: November 22, 1946)	Candidate for: Outside Director Independent Director	Reappointment

Number of common shares of the Company held by the candidate:
0 shares

Term of office as Director:
9 years

Attendance at Board of Directors meetings in fiscal 2015:
16 out of 16 (100%)

Career summary and position

April 1970	Joined Mitsui & Co., Ltd.
September 2001	Director of Mitsui Oil Exploration Co., Ltd.
October 2001	Chief Operating Officer of Energy Business Unit of Energy Group, Mitsui & Co., Ltd.
April 2002	Managing Officer, Chief Operating Officer of Energy Business Unit of Energy Group, Mitsui & Co., Ltd.
April 2003	Executive Managing Officer, Chief Operating Officer of Energy Business Unit, Mitsui & Co., Ltd.
April 2005	Representative Director, Executive Vice President, Mitsui Oil Exploration Co., Ltd.
June 2005	Representative Director, President, CEO, Mitsui Oil Exploration Co., Ltd.
June 2006	CCO, Mitsui Oil Exploration Co., Ltd.
June 2007	Outside Director of INPEX Holdings Inc. (currently the Company) (to date)
June 2012	Senior Adviser, Mitsui Oil Exploration Co., Ltd. (to date)

Significant concurrently held positions

Senior Adviser, Mitsui Oil Exploration Co., Ltd.

Reason for nominating as candidate for Outside Director

Mr. Kagawa is nominated as Outside Director of the Company and his reelection is requested since his extensive experience and wide-ranging insight as a business executive can be utilized in the management of the Company. Mr. Kagawa was previously an Outside Director of a subsidiary of the Company.

Special remarks concerning the candidate for Director

1. Special interest between the Company and the candidate
   There is no special interest between Mr. Kagawa and the Company.
2. Registration of Independent Director
   Mr. Kagawa is a candidate for Outside Director of the Company as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The Company reported Mr. Kagawa as an Independent Director as defined by Tokyo Stock Exchange, Inc. If the election of Mr. Kagawa is approved as proposed, he is scheduled to continue to be an Independent Director. For the independence standards for outside Directors of the Company, please refer to Page 22 of this Notice.
3. Term of office as Outside Director of the Company
   Mr. Kagawa's term of office as an Outside Director of the Company will be nine years at the conclusion of this Ordinary General Meeting of Shareholders.
4. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions
   Mitsui Oil Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company.
   The INPEX Group has no transactions with Mitsui Oil Exploration group.
5. Outline of the liability limitation agreement
   Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Kagawa to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Kagawa is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

No. 12	Jun Yanai (Date of birth: July 5, 1950)	Candidate for: Outside Director Independent Director	New candidate

Number of common shares of the Company held by the candidate: 0 shares

Career summary and position

April 1973	Joined Mitsubishi Corporation
July 1997	General Manager of Petroleum Products Supply Dept. of Mitsubishi Corporation
May 2001	Senior Assistant to Group CEO of Energy Business Group of Mitsubishi Corporation
April 2004	Senior Vice President, Senior Assistant to Senior Executive Vice President, Group CEO, Energy Business Group of Mitsubishi Corporation
April 2005	Senior Vice President, Division COO, of Petroleum Business Div. of Mitsubishi Corporation
April 2008	Executive Vice President and Group COO of Energy Business Group of Mitsubishi Corporation
April 2011	Executive Vice President and Group COO of Energy Business Group of Mitsubishi Corporation
April 2013	Member of the Board, Executive Vice President and Group CEO, Energy Business Group of Mitsubishi Corporation
June 2013	Member of the Board, Senior Executive Vice President and Group CEO, Energy Business Group of Mitsubishi Corporation
April 2014	Member of the Board, Senior Executive Vice President, Group CEO and COO, Energy Business Group of Mitsubishi Corporation
April 2016	Member of the Board and Senior Executive Vice President of Mitsubishi Corporation (to date)

Significant concurrently held positions

Senior Executive Vice President of Mitsubishi Corporation
(Mr. Yanai will resign as Senior Executive Vice President of Mitsubishi Corporation as of June 24, 2016.)

Reason for nominating as candidate for Outside Director

Mr. Yanai is nominated as an Outside Director of the Company and his election is requested since his extensive experience and wide-ranging insight cultivated in the resource/energy industry can be utilized in the management of the Company.

Special remarks concerning the candidate for Director

1. Special interest between the Company and the candidate
   There is no special interest between Mr. Yanai and the Company.
2. Registration of Independent Director
   Mr. Yanai is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The Company will report Mr. Yanai as an Independent Director as defined by Tokyo Stock Exchange, Inc. if the election of Mr. Yanai is approved as proposed. For the independence standards for Outside Directors of the Company, please refer to Page 22 of this Notice.
3. Term of office as Outside Director of the Company
   Mr. Yanai is a new candidate for Outside Director.
4. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions
   Some of Mitsubishi Corporation's businesses belong to the same categories as those of the Company. The INPEX Group has had transactions related to crude oil, etc., with the Mitsubishi Corporation Group, and the INPEX Group's sales to the Mitsubishi Corporation Group in this fiscal year are less than 1.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the Mitsubishi Corporation

	Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period. 5. Outline of the liability limitation agreement If the election of Mr. Yanai is approved as proposed, the Company will, based on Article 427, Paragraph 1, of the Companies Act, enter into a liability limitation agreement with Mr. Yanai to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act.

[Translation for Reference Purposes Only]

No. 13	Isao Matsushita (Date of birth: April 3, 1947)	Candidate for: Outside Director Independent Director	New candidate

Number of common shares of the Company held by the candidate:
0 shares

Career summary and position

April 1970	Joined Nihon Kogyo Co., Ltd.
April 1994	General Manager, Beijing Office of Japan Energy Corporation
June 1996	Oil Dept. Overseas General Manager of Japan Energy Corporation
June 1998	Senior General Manager of Finance of Japan Energy Corporation
June 1999	Senior General Manager, Corporate Planning Dept. Principal (in charge of Finance) of Japan Energy Corporation
April 2001	Executive Officer, Assistant to General Manager of Corporate Planning Department and Corporate Planning Department Principal (in charge of Finance) of Japan Energy Corporation
September 2002	Member of the Board Finance Group, in charge of Finance of Nippon Mining Holdings, Inc.
June 2003	Executive Board Member of Nippon Mining Holdings, Inc.
April 2004	Executive Vice President in charge of Supply and Demand Dept., Logistics Dept. and Crude Material Dept. of Japan Energy Corporation
June 2004	Member of the Board, Executive Vice President in charge of Supply and Demand Dept., Logistics Dept. and Crude Material Dept. of Japan Energy Corporation
April 2005	Member of the Board, Senior Executive Vice President in charge of Sales Planning Dept. (Car Energy and Home Energy), Specified Sales Dealership Dept., Broad area Sales Dept., Retail Sales Dept. and LP Gas Dept. of Japan Energy Corporation
June 2006	President and Representative Director of Japan Energy Corporation
April 2010	Member of the Board of JX Holdings, Inc. (part-time)
July 2010	Executive Vice President, Assistant to the President (in charge of Administration Dept., Global Business Dept., and Supply and Demand Dept.,) of JX Nippon Oil & Energy Corporation
June 2012	Representative Director and President, President and Chief Executive Officer of JX Holdings, Inc.
June 2015	Senior Adviser of JX Holdings, Inc. (to date)

Significant concurrently held positions

Senior Adviser, JX Holdings, Inc.

Reason for nominating as candidate for Outside Director

Mr. Isao Matsushita is nominated as a candidate for Outside Director of the Company and his election is requested so that his extensive experience and wide-ranging insight as a business executive can be utilized in the management of the Company.

Special remarks concerning the candidate for Director

1. Special interest between the Company and the candidate
   There is no special interest between Mr. Matsushita and the Company.
2. Registration of Independent Director
   Mr. Matsushita is a candidate for Outside Director as stipulated in Article 2,

	Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The Company will report Mr. Matsushita as an Independent Director as defined by Tokyo Stock Exchange, Inc. if the election of Mr. Matsushita is approved as proposed. For the independence standards for Outside Directors of the Company, please refer to Page 22 of this Notice. 3. Term of office as Outside Director of the Company Mr. Matsushita is a new candidate for Outside Director. 4. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions JX Holdings, Inc. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the INPEX Group. The INPEX Group has had transactions related to crude oil sales, etc., with JX Holdings Group and the INPEX Group's sales to JX Holdings Group in this fiscal year are less than 2.5% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from JX Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period. 5. Outline of the liability limitation agreement contract with him. If the election of Mr. Matsushita is approved as proposed, the Company will, based on Article 427, Paragraph 1, of the Companies Act, enter into a liability limitation agreement with Mr. Matsushita to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act.

[Translation for Reference Purposes Only]

No. 14	Yasuhiko Okada (Date of birth: June 1, 1943)	Candidate for: Outside Director Independent Director	Reappointment

Number of common shares of the Company held by the candidate:
0 shares

Term of office as Director:
4 years

Attendance at Board of Directors meetings in fiscal 2015:
16 out of 16 (100%)

Career summary and position

April 1966	Joined Ministry of Finance
July 1994	Director-General, the Tokyo Regional Taxation Bureau
May 1995	Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission
July 1999	Administrative Vice-Minister, Environment Agency (currently Ministry of the Environment)
June 2003	President, National Association of Labour Banks; President, The Rokinren Bank
January 2012	Attorney at Law admitted to practice in Japan; Partner, Kitahama Partners (Tokyo Office) (to date)
June 2012	Outside Director of the Company (to date)

Significant concurrently held positions

Partner, Kitahama Partners
Outside Director of FEED ONE CO., LTD.

Reason for nominating as candidate for Outside Director

Although Mr. Okada has no experience in being directly involved in corporate management, he is nominated as a candidate for Outside Director of the Company and his election is requested, as his extensive experience and knowledge on finance as well as his professional knowledge and experience as an attorney, in addition to management experience in financial institutions, are expected to be fully utilized in the execution of his duties as an Outside Director appropriately. Mr. Okada was previously an Outside Director of a subsidiary of the Company.

Special remarks concerning the candidate for Director

1. Special interest between the Company and the candidate
   There is no special interest between Mr. Okada and the Company.
2. Registration of Independent Director
   Mr. Okada is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The Company reported Mr. Okada as an Independent Director as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Okada is approved as proposed, he is scheduled to continue to be an Independent Director. For the independence standards for outside Directors of the Company, please refer to Page 22 of this Notice.
3. Term of office as Outside Director of the Company
   Mr. Okada's term of office as an Outside Director of the Company will be four years at the conclusion of this Ordinary General Meeting of Shareholders.
4. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions
   The INPEX Group has no business relationship with the Kitahama Partners and FEED ONE CO., LTD.
5. Outline of the liability limitation agreement
   Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Okada to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Okada is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

Notes: 1. In addition to common shares, the Company has issued one Class A stock share, which is held by the Minister of Economy, Trade and Industry.

2. As regards the resolution on "Proposal No. 2: Election of Fourteen Directors," pursuant to Article 15, Paragraph 1 of the Articles of Incorporation of the Company, in the event at least 20% of the total voting rights of shareholders relating to common shares of the Company are held by a Single Shareholder of common shares of the Company other than a public entity, or by such Single Shareholder and its Co-holder, at the time of the adoption of a resolution by this General Meeting of Shareholders, the resolution of a general meeting of Class A stock shareholders will be required in addition to the resolution of this Ordinary General Meeting of Shareholders. Although the Company determined that a general meeting of Class A stock shareholders should not be required as of the date this notice was posted, a resolution by a general meeting of Class A stock shareholders may be required depending on such factors as subsequent findings. Further, pursuant to Article 32, Paragraph 4 of the Articles of Incorporation of the Company, a Class A stock shareholder may file an objection within two weeks from the date of the adoption of the resolution by this Ordinary General Meeting of Shareholders, stating that a general meeting of Class A stock shareholders should be held.

3. The Company considers it important for all of its Directors including Outside Directors to engage in corporate management with a high consciousness to adequately perform the duties as Directors of the Company in coping with the duty not to compete and to avoid conflict-of-interest transactions as well as not to disclose confidential information as provided for in the Companies Act. For these reasons the Company has obtained from all the candidates for Directors including candidates for Outside Directors a letter of commitment to confirm these points.

4. As the term of office for each Director is expressed in years, partial years have been truncated.

[Translation for Reference Purposes Only]

(Reference) Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company shall, based on the independence criteria set forth by the Tokyo Stock Exchange, determine that an outside director or an outside Audit & Supervisory Board member is independent from the Company if he or she falls under none of the following items.

1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the Company's voting rights) or an executive thereof
2. A person whose major business partner is the Company (*1) or an executive thereof
3. A major business partner of the Company (*2) or an executive thereof
4. A legal professional, accountant, or consultant who receives money or other properties of more than 10 million yen per year on average over the past three (3) years from the Company or its subsidiary, excluding compensation for directors or Audit & Supervisory Board members (if the person receiving such properties is an organization such as a legal entity or a partnership, a person who belongs to such organization)
5. An accounting auditor of the Company or its subsidiary (if such accounting auditor is an accounting firm, a person who belongs to such accounting firm)
6. A person who receives donations or subsidies of more than 10 million yen per year on average over the past three (3) years from the Company or its subsidiary (however, if the person receiving the donation or subsidies is an organization such as a legal entity or a partnership, a person who belongs to the organization to which the amount of such donations or subsidies exceeds the greater of 10 million yen per year or 30% of the total expenses per year of such organization, on average over the past three (3) years)
7. A person who fell under any of items 1 through 6 above in the past three (3) years
8. A relative within the second degree of kinship of a person who falls under any of (1) through (4) below (excluding persons who are not material (*3))
   (1) A person who falls under any of items 1 through 7 above
   (2) An executive of a subsidiary of the Company
   (3) A non-executive director or an accounting advisor of a subsidiary of the Company (limited to cases where said outside Audit & Supervisory Board member is to be designated as an independent Audit & Supervisory Board member)
   (4) A person who fell under item (2) or (3) above or an executive of the Company in the most recent three (3) years (including a non-executive director, if said outside Audit & Supervisory Board member is to be designated as an independent Audit & Supervisory Board member)
9. Other than each of the preceding items, a person who is substantially judged by the Company to possibly cause a conflict of interest with ordinary shareholders of the Company

*1 "A person whose major business partner is the Company" refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of said business partner to the same extent as said business partner's parent company, subsidiary or affiliate. Specifically, this could be a so-called subcontractor whose consolidated net sales from transactions with the Company account for a considerable part of its consolidated net sales, etc.

*2 "A major business partner of the Company" refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of the Company to the same extent as the Company's parent company, subsidiary or affiliate. Specifically, this could be the counterparty in transactions from which the consolidated net sales account for a considerable part of the Company's consolidated net sales, or a supplier who provides merchandise and services which are essential to the business activities of the Company.

*3 Specifically, a "material" person is assumed to be an officer, a general manager or equivalent of each company/business partner in the case of the persons referred to in items 1 through 3 and 6, and a certified public accountant who belongs to each accounting firm or a lawyer who belongs to each law firm (including so-called associates) in the case of the persons who belong to organizations referred to in items 4 and 5.

[Translation for Reference Purposes Only]

Proposal No. 3: Payment of Bonuses to Directors

In consideration of such factors as the business results of the period under review, it is proposed that a total of 55,700,000 yen be paid to the ten incumbent Directors, excluding Outside Directors, as of March 31, 2016 as bonuses.

It is also proposed that the amount to be paid to each person be entrusted to the Board of Directors.

[Translation for Reference Purposes Only]

(Attachment)

Business Report

(April 1, 2015 to March 31, 2016)

I. Present State of the Corporate Group

1. Progress and Results of Operations

In the fiscal year ended March 31, 2016, the Japanese economy continued on a path of gradual recovery driven by improvements in corporate earnings and the employment rate, although there were weaknesses in certain segments of the economy including exports and consumer spending.

Of the international crude oil prices, which significantly influence the financial performance of the INPEX Group, Brent crude, considered a common benchmark index, started at US$57.10 per barrel on April 1, 2015, and reached a high of US$67.77 per barrel in early May due to factors including decreased shale oil production forecasts in the U.S., and an upward revision in crude oil demand forecasts by the International Energy Agency (IEA). The index then took on a downward trajectory, dropping to US$42.69 per barrel in late August due to sluggish crude demand in China amid concerns of an economic slowdown there.

Thereafter, the index rose to US$53.05 per barrel due to heightened geopolitical risk brought on by Russia's military intervention in Syria. The index then began dropping again in early December as OPEC deferred a decision on reducing production, and dropped to US$27.88 per barrel in mid-January marking its lowest point in twelve years as a result of sluggish crude demand worldwide and concerns of crude oil oversupply associated with the lifting of sanctions against Iran and observations of an expansion in crude oil exports there.

However, the index then bounced back and finished at US$39.60 per barrel on March 31, 2016, owing to growing expectations of crude oil output adjustments by OPEC and non-OPEC countries triggered by the consensus among four oil producing countries including Saudi Arabia and Russia to freeze crude oil output.

Meanwhile, in Japan, the prices of crude oil and petroleum products shifted in correlation with international oil prices. The INPEX Group's average crude oil sales price for the fiscal year ended March 31, 2016 reflected this shift and fell to US$47.95 per barrel, down US$36.05 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at the ¥120 level to the U.S. dollar. Beginning of the period, the yen has remained in steadiness roughly ¥118 to ¥120 level to the U.S. dollar. Then, the suggestion by Chairman of Federal Reserve Board, which showed a possibility to move the rise in interest-rate forward within the year, also brought the dollar buying to the higher ¥125 level for a while.

However, the movement of the risk aversion in the market due to the concern over the Chinese economy brought the yen buying dominant in August and the yen appreciated to the lower ¥116 for a while. Afterward, on the situation where the interest-rate appreciation by FRB in December and the additional monetary easing (partly introduction of the negative interest rate) by Bank of Japan were determined, the dollar appreciated to the lower ¥120. However, the concern over the world economy and the decline of the expectation of the additional rise in interest-rate depreciated the dollar. TTM closed at ¥112.69 to the U.S. dollar which turned out to be ¥7.58 higher than that of the fiscal year end of March 31, 2015.

Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥120.55 to the U.S. dollar, which is ¥12.62 lower than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2016 decreased by ¥161.6 billion, or 13.8%, to ¥1,009.5 billion from the previous fiscal year due to a decrease in sales price of crude oil and natural gas.

Net sales of crude oil decreased by ¥51.1 billion, or 7.0%, to ¥679.2 billion, and net sales of natural gas decreased by ¥105.0 billion, or 24.9%, to ¥316.7 billion.

The decrease of ¥161.6 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥362.1 billion to the increase, a decrease in unit sales price pushing sales down of ¥612.8 billion, the depreciation of the Japanese yen against the U.S. dollar contributing ¥94.4 billion to the increase, and a decrease in net sales excluding crude oil and natural gas of ¥5.3 billion.

Cost of sales for the year ended March 31, 2016 increased by ¥1.3 billion, or 0.3%, to ¥526.7 billion due mainly to the depreciation of the Japanese yen against the U.S. dollar. Exploration expenses decreased by ¥17.0 billion, or 73.5%, to ¥6.1 billion due mainly to a decrease in exploration activities in the Americas region. Selling,

general and administrative expenses decreased by ¥1.1 billion, or 1.3%, to ¥86.5 billion. As a result, operating income decreased by ¥144.7 billion, or 27.1%, to ¥390.1 billion.

Other income decreased by ¥31.8 billion, or 31.3%, to ¥69.9 billion due to a decrease in foreign exchange gain and others, despite increases in gain on sales of marketable securities and dividend income. Other expenses increased by ¥23.8 billion, or 38.7%, to ¥85.3 billion due to increases in equity in losses of affiliates and loss on disposal of fixed assets. As a result, ordinary income decreased by ¥200.3 billion, or 34.8%, to ¥374.7 billion.

Extraordinary loss was ¥45.8 billion as a result of posting impairment loss for certain projects due to a drop in oil prices and others.

Total amount of current income taxes and deferred income taxes decreased by ¥110.0 billion, or 23.7%, to ¥354.3 billion, and net loss attributable to non-controlling interests was ¥42.2 billion. As a result of the above effects, net income attributable to owners of parent for the year ended March 31, 2016 decreased by ¥61.0 billion, or 78.4%, to ¥16.7 billion.

[Translation for Reference Purposes Only]

Years ended March 31



Note:
The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2013.

[Translation for Reference Purposes Only]

The following is a summary of the INPEX Group's key business operations.

(1) Japan

Domestically, the Company continued steady production mainly at the Minami Nagaoka Gas Field in Niigata Prefecture. In the current fiscal year, we drilled extension wells in the Niigata onshore area and also have proceeded with a site survey toward starting drilling operations this year in the Shimane and Yamaguchi offshore areas. Further, in the Akita onshore area, we plan to drill a well for data gathering in the low-permeability sand stratum for the purpose of a technological study of productivity improvement.

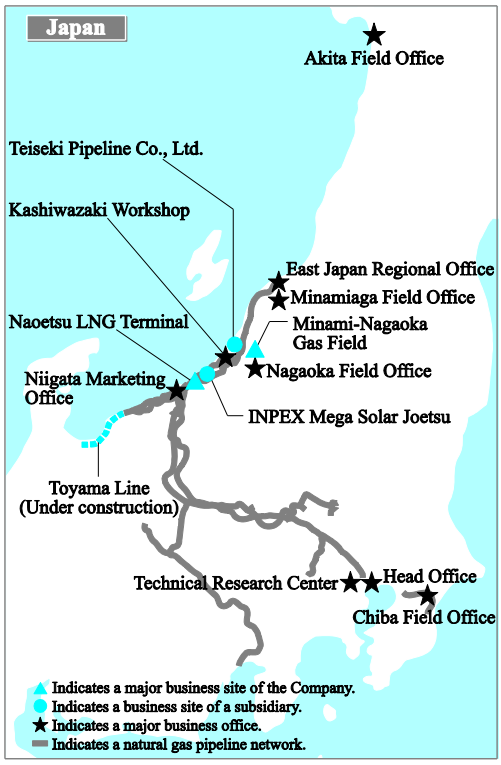
Meanwhile, steady operation has been continuing at the Naoetsu LNG Terminal in Joetsu City. Also, we are accelerating construction of the Toyama Line (between Itoigawa City in Niigata Prefecture and Toyama City in Toyama Prefecture) in an effort to commence the service in the middle of this year, which we have put under construction as part of our initiatives to expand a natural gas pipeline network.

Additionally, as part of our initiatives regarding renewable energy, the Company group started power generation in August 2015 at the second mega solar plant we have constructed. Furthermore, in Hokkaido and Akita Prefecture, we are conducting joint surveys aiming to commercialize geothermal power generation and continued drilling exploratory wells as we did during the previous fiscal year. Also, in our joint geothermal survey in Fukushima, we conducted the second land surface survey on the outskirts of Mt. Bandai and we are proceeding with the evaluation and preparations toward a drilling survey during this year.

Besides the above, we started offering supply of wholesale electricity in July 2015 jointly with Chubu Electric Power Company to city gas companies that procure natural gas supplies from the Company. In January 2016 we entered into joint business agreements on supply of wholesale electricity with nine city gas companies in the Kanto region.

In Japan, the INPEX Group recorded net sales of ¥109.6 billion (decreased by 15.4% from the previous fiscal year) due to decreases in sales volume and sales prices of crude oil and natural gas, and operating income of ¥12.0 billion (decreased by 27.5% from the previous fiscal year).

Domestic Facilities and Project sites



(2) Asia and Oceania

In Indonesia, the Company continued steady production at its directly-owned Offshore Mahakam Block and Attaka Unit. During this fiscal year, at its Offshore Mahakam Block, the Company conducted, as it so did during the previous fiscal year, workover on its production wells and drilling for additional production wells in its existing oil and gas fields in order to maintain the current production levels. At its Attaka Unit as well, the Company conducted workover on its development wells. Further, the Offshore Mahakam Block will face its expiration of the current production sharing contract at the end of 2017 but we are pursuing negotiation with the Indonesian government authorities and Indonesian state-owned company PERTAMINA toward our participation in the Block jointly with our partner TOTAL.

Furthermore, "INPEX Masela, Ltd." (subsidiary) is conducting preparations for development as the operator of the Abadi gas field in the Masela Block of the Arafura Sea. In September 2015, we submitted a revised plan of development to the Indonesian government authorities based on a Floating LNG with the LNG production capacity of 7.5 million tons per year (Floating LNG: a floating structure with facilities capable of natural gas liquefaction, storage and shipment). However, in April this year, the government requested us to review our plan of development and adopt an onshore-based LNG. From now on, we will have closer negotiation with the Indonesian government authorities aiming for the early stage development of this project.

Similarly in Indonesia, "INPEX Natuna, Ltd." (subsidiary) continues steady production at existing oil and gas fields in the South Natuna Sea Block B.

Furthermore, at "INPEX South Makassar, Ltd." (subsidiary), steady production is continuing at the Ruby Gas Field of the Sebuku Block in the South Makassar Strait.

The Company is also participating in the Tangguh LNG Project through "MI Berau B.V." (affiliate) , which owns interests in the Berau Block in the West Papua Province of Indonesia.

Moreover, "INPEX Babar Selaru, Ltd." (subsidiary) is currently conducting exploration activity as the operator in the Babar Selaru Block in the eastern ocean of Indonesia. The company also conducted the geological evaluation.

Furthermore, the Company participated in the Sarulla geothermal power generation project having one of the largest geothermal power generation capacity in the world in June 2015 through "INPEX Geothermal Sarulla, Ltd." (subsidiary), which is the Company's first geothermal power generation business in Indonesia, and is proceeding with the construction of a power generation plant for the commencement of commercial operations within this year as well as drilling operations of geothermal production wells and injection wells.

In Australia, for the development of the Ichthys Gas-Condensate Field, located offshore Western Australia (the Ichthys LNG Project), "INPEX Browse, Ltd." (subsidiary) has been working as the operator through an Australian subsidiary. During this fiscal year, the company started installation of large-scaled on-board equipment in April 2015 for an offshore production/processing facility called a Central Processing Facility (CPF) and an offshore production/storage and offloading unit called a Floating Production Storage and Offloading Unit (FPSO), and it also completed installation of all of its large-scaled on-board equipment for CPF after its launch in September 2015. It also completed installation of gas transport pipelines of 890 km in total length in November 2015. At Darwin's onshore LNG plant, we continued delivery of modules required for the plant construction and is proceeding with the construction of main buildings such as the operation managing building. Further, in addition to drilling production wells, we continued operations such as construction/transport/installation of a subsea production system (SPS).

Meanwhile, the production starting date for this project has been revised from the end of 2016 to the third quarter (July – September) of 2017. The production capacity has also been estimated to increase by about 6 % from the original 8.4 million tons/year to 8.9 million tons/year. With regard to LNG produced from this project, approximately 70% of the planned annual production of LNG is to be exported to Japan.

In addition to the above, at the same offshore exploration areas including the WA-285-P, we have continued geological and geophysical evaluation of the remaining exploration potential as well as various procedures for maintaining the mining lots.

"INPEX Alpha, Ltd." (subsidiary) has continued steady production from the Ravensworth Oil Field located offshore Western Australia. Also, at the Van Gogh Oil Field, workover of the Floating Production, Storage and

Offloading (FPSO) facility was completed and its production resumed in April 2015. Furthermore, at the Coniston Oil Field near the Van Gogh Oil Field, development work was also completed, followed by the starting of production in May 2015.

Moreover, for the Prelude FLNG Project, which is in the WA-44-L Block offshore Western Australia with participation by "INPEX Oil & Gas Australia Pty Ltd" (subsidiary), development work is underway aiming to start production in 2017.

Regarding INPEX Sahul, Ltd. (subsidiary), which has an participating interest in the Bayu-Undan Gas-Condensate Field in the Timor Sea Joint Petroleum Development Area (JPDA), which lies between Australia and East Timor, production continues to proceed steadily, with natural gas supplied to an onshore LNG plant in Darwin, Australia which is partly owned by "INPEX DLNGPL Pty Ltd" (subsidiary), before being transported to Japan.

"INPEX Timor Sea, Ltd." (subsidiary), which holds a participating interest in the JPDA06-105 Block, terminated its lease contract for FPSO and discontinued production at the Kitan Oil Field due to a worsened business environment as of December 2015.

In Asia & Oceania, the INPEX Group recorded net sales of ¥302.8 billion (decreased by 26.1% from the previous fiscal year) due to a decrease in sales prices of crude oil and natural gas, despite an increase in sales volume of crude oil and natural gas and the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥97.2 billion (decreased by 45.5% from the previous fiscal year).

Overseas Facilities and Project sites



(3) Eurasia (Europe and NIS)

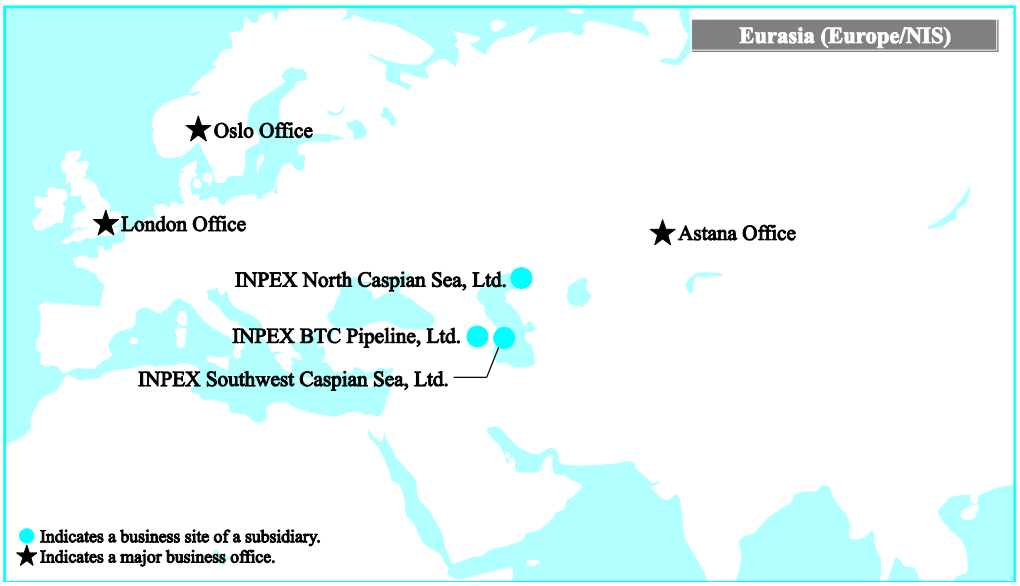
Regarding the Caspian Sea coastal area, in Kazakhstan, development work is progressing at the Kashagan Oil Field in the Offshore North Caspian Sea Contract Area, in which "INPEX North Caspian Sea, Ltd." (subsidiary), has a participating interest. Although the initial-stage production started in September 2013, production is currently suspended due to a malfunction of the pipelines, for which recovery action is now being taken toward resuming production within this year. In addition, among the structures at which exploratory drilling has confirmed the presence of oil layers, at the Kalamkas structure, appraisal activity was completed and preparation is under way toward development. At the Aktote and Kairan structures, appraisal activity is continuing.

In Azerbaijan, crude oil is being produced from the Azeri-Chirag-Gunashli (ACG) Oil Fields, and "INPEX Southwest Caspian Sea, Ltd." (subsidiary) is participating in this project.

"INPEX BTC Pipeline, Ltd." (subsidiary) is involved in the BTC Pipeline Project to secure a main transportation route for the crude oil produced from the ACG Oil Fields. The pipeline, which connects the Caspian and Mediterranean seas by traveling from Baku, Azerbaijan to Ceyhan, Turkey via Tbilisi, Georgia, is currently operating smoothly.

In Eurasia (Europe and NIS), the INPEX Group recorded net sales of ¥66.8 billion (decreased by 28.9% from the previous fiscal year) due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥13.8 billion (decreased by 57.1% from the previous fiscal year).

Overseas Facilities and Project sites



(4) Middle East and Africa

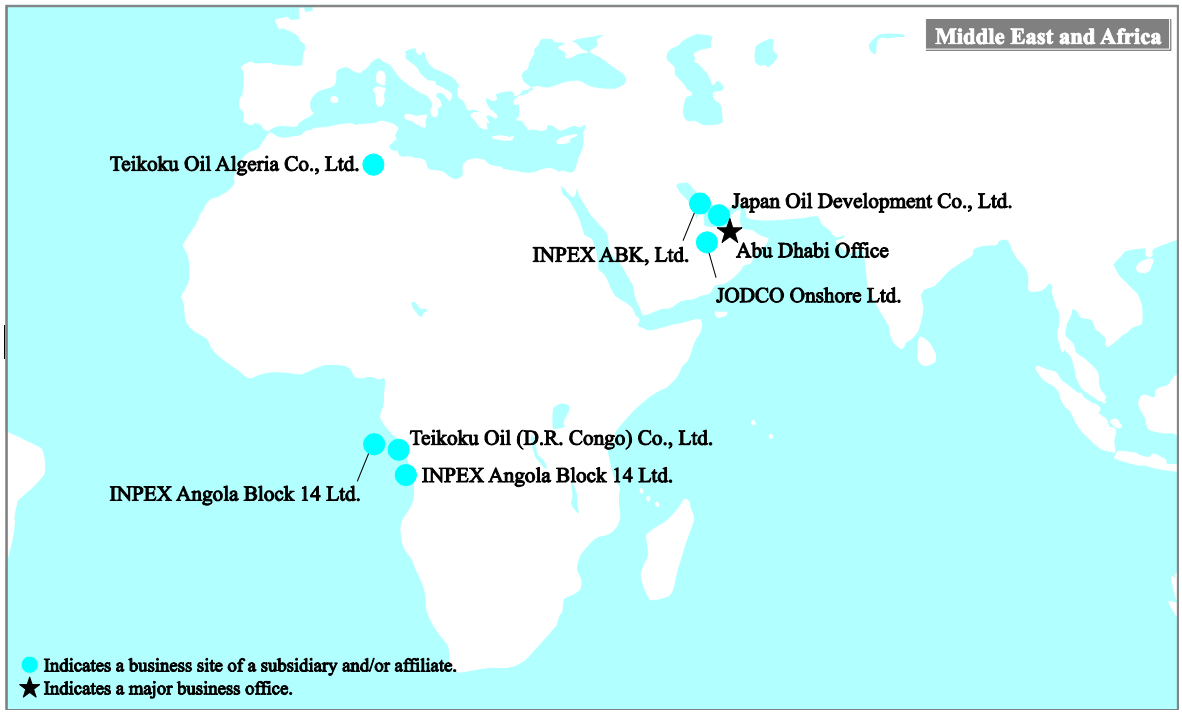
"Japan Oil Development Co., Ltd." (subsidiary), which has oil concessions pertaining to major oil fields offshore Abu Dhabi in the United Arab Emirates, is steadily producing crude oil from the Upper Zakum, Umm Al-Dalkh, Satah, Umm Shaif, Lower Zakum, Umm Lulu and Nasr fields in the ADMA Block. In the Abu Al Bukhoosh Block, also offshore Abu Dhabi, where INPEX ABK, Ltd. (subsidiary) owns a part of the concessions, crude oil is being produced. In April 2015, through "JODCO Onshore Ltd." (subsidiary), we acquired a 5% participating interest in the ADCO Onshore Concession, which is made up of large deposits in Abu Dhabi and crude oil production is steadily continuing.

Regarding Africa, in the Democratic Republic of the Congo, stable production of crude oil is continuing in the Offshore D.R. Congo Block, where Teikoku Oil (D.R. Congo) Co., Ltd. (subsidiary), has a participating interest.

In Angola, "INPEX Angola Block 14 Ltd." (subsidiary) is conducting production of crude oil via Angola Block 14 B.V., a joint venture with TOTAL, in the Angola Block 14, located offshore Angola. The company is also conducting development and exploration of discovered undeveloped fields. In November 2015, crude oil production started in the Rianji oil field in a unitized offshore zone straddling the Republic of Angola and the Republic of the Congo.

In Middle East and Africa, the INPEX Group recorded net sales of ¥516.5 billion (decreased by 1.5% from the previous fiscal year) due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥290.8 billion (decreased by 12.7% from the previous fiscal year).

Overseas Facilities and Project sites



[Translation for Reference Purposes Only]

(5) Americas

In Brazil, production of crude oil has been continuing at the Frade Oil Field development project, in which "INPEX Offshore North Campos, Ltd." (affiliate), has a participating interest through its Brazilian subsidiary, "Frade Japão Petróleo Limitada."

In Venezuela, based on a joint venture agreement with Petróleos de Venezuela, S.A. (PDVSA) and through a local joint venture, "Teikoku Oil and Gas Venezuela, C.A." (subsidiary) is conducting development and production at onshore oil and gas fields. Production of natural gas in the Copa Macoya Block and crude oil in the Guarico Oriental Block is also proceeding. Furthermore, in the Carabobo Block, Project 3, in the onshore Carabobo region lying in the Orinoco Oil Belt, a consortium comprising the company and three other companies is preparing for development, through a joint venture with PDVSA.

In Suriname, "Teikoku Oil (Suriname) Co., Ltd." (subsidiary) conducted exploratory drilling in a well in the offshore Block 31 where it was promoting an exploration project as the operator.

In Canada, in the Joslyn Oil Sands Block in Alberta, where "INPEX Canada, Ltd." (subsidiary) participates, the development plan is being reassessed with business environment such as oil prices, etc., taken into consideration.

Under the shale gas development and production projects in which "INPEX Gas British Columbia Ltd." (subsidiary) participates in British Columbia, production of gas and development work are under way in the Horn River Block, and appraisal activity is continuing in the Cordova and Liard Blocks. In addition, a feasibility study for commercialization of LNG is being conducted.

In the United States, "Teikoku Oil (North America) Co., Ltd." (subsidiary), started production at the Lucius Field in the deepwater of the Gulf of Mexico in January 2015, and steady production of crude oil and gas is continuing. The company is also participating in a joint development project of oil and gas fields in the shallow waters of the Gulf of Mexico.

In Americas, the INPEX Group recorded net sales of ¥13.7 billion (increased by 2.8% from the previous fiscal year) due to an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar, despite a decrease in sales prices of crude oil and natural gas. Meanwhile, operating loss recorded ¥14.0 billion (decreased by 8.5% from the previous fiscal year) due to a decrease in exploration expenses and others.

Overseas Facilities and Project sites



[Translation for Reference Purposes Only]

The following information concerns production and sales by the INPEX Group's main business divisions for the year ended March 31, 2016.

(1) Production

The following table shows actual production of crude oil, natural gas, etc. by the INPEX Group for the year ended March 31, 2016.

Category	For the year ended March 31, 2016	Changes from the previous fiscal year
Crude oil	124.2 MMbbls (339.2 Mbbls per day)	40.2%
Natural gas	341.4 Bcf (932.9 MMcf per day)	6.3%
Subtotal	188.1 MMboe (513.8 Mboe per day)	26.3%
Iodine	514.0 tons	6.5%
Electric power generation	203.6 million kWh	(1.1)%

Notes:

1. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the Group. Figures calculated by multiplying the gross production volume by the Company's interest share are 146.1 MMbbls (399.2 Mbbls per day) of crude oil, 432.0 Bcf (1,180.4 MMcf per day) of natural gas, and in total 227.1 MMboe (620.5 Mboe per day) for the year ended March 31, 2016.
2. The volume of LPG produced overseas is included in 'Crude oil.'
3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
4. Production by the Company's affiliates accounted for by the equity method is included in the figures above. Also, the production volume includes actual results for the period April 1 through March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded to the first decimal place.

[Translation for Reference Purposes Only]

(2) Sales

The INPEX Group sells the allocated volume of crude oil produced overseas to Japanese customers such as refinery companies and other domestic and foreign customers. Natural gas produced in Indonesia is sold to Japanese power companies and city gas companies, Korean, Taiwanese and Singaporean customers and others mainly in the form of LNG. In addition, the INPEX Group sells natural gas produced in Japan to customers such as Japanese city gas companies through our pipelines.

The following table shows sales for the year ended March 31, 2016.

(Billions of yen)

Segment	Category	For the year ended March 31, 2016		Changes from the previous fiscal year	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	741 Mbbls	4.5	(6.4)%	(41.4)%
	Natural gas (excluding LPG)	65,304 MMcf	91.4	(2.1)%	(11.0)%
	LPG	7 Mbbls	0.0	(5.9)%	(29.2)%
	Other		13.5		(28.4)%
	Subtotal		109.6		(15.4)%
Asia & Oceania	Crude oil	13,505 Mbbls	82.0	22.6%	(21.0)%
	Natural gas (excluding LPG)	238,759 MMcf	210.2	16.9%	(26.3)%
	LPG	2,354 Mbbls	10.5	(17.2)%	(48.6)%
	Subtotal		302.8		(26.1)%
Eurasia (Europe & NIS)	Crude oil	11,666 Mbbls	66.8	17.3%	(28.9%
Middle East & Africa	Crude oil	89,486 Mbbls	516.5	52.3%	(1.5)%
Americas	Crude oil	1,829 Mbbls	9.3	-%	-%
	Natural gas (excluding LPG)	33,153 MMcf	4.4	(14.1)%	(66.0)%
	Subtotal		13.7		2.8%
Total	Crude oil	117,227 Mbbls	679.2	45.5%	(7.0)%
	Natural gas (excluding LPG)	337,216 MMcf	306.2	9.0%	(23.7)%
	LPG	2,361 Mbbls	10.5	(17.2)%	(48.6)%
	Other		13.5		(28.4)%
	Total		1,009.5		(13.8)%

Notes:

1. The above amounts do not include the related consumption tax.
2. The Company's subsidiaries having a closing date for their fiscal year on December 31 are principally consolidated with reference to their operating results for the year ended December 31 except those subsidiaries that prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
3. Sales volumes are rounded to the nearest whole number.
4. The principal items under "Other" are sales of petroleum products and iodine.

2. Investments

The Company's investments during this fiscal year totaled ¥971.2 billion. They comprise exploration expenditures of ¥39.3 billion, and investments of ¥931.9 billion including oil and natural gas development expenditures on production facilities, among others, other capital expenditures on construction of natural gas infrastructure and other investments.

The above development expenditures include ¥168.2 billion corresponding to the amount of development expenditures capitalized within "Recoverable accounts under production sharing" under production sharing contracts and others.

The above development expenditures also include the Company's portion of investments in major affiliates accounted for by the equity method, such as Ichthys LNG Pty Ltd.

3. Funding

During this fiscal year, the Company utilized internal cash flow and external loans of ¥127.0 billion from the Development Bank of Japan and nineteen Japanese regional banks (syndicated loan) to raise funds for oil and natural gas development expenditures for production facilities, among others, other capital expenditures for constructing natural gas infrastructure and other investments, expenditures for the acquisition of interests in upstream projects and others. Most of the money raised through loans includes funds for the construction costs for its domestic production and sales facilities. Meanwhile, during this fiscal year, to raise funds for the Ichthys LNG Project in Australia, the Company continued to utilize external loans and others through project financing from domestic and foreign export credit agencies (ECAs) and commercial banks, with Ichthys LNG Pty Ltd., an equity method affiliate, as the borrower.

In addition, the Company utilized internal cash flow and external equity financing of ¥87.2 billion from the Japan Oil, Gas and Metals National Corporation and others to fund exploration projects, etc.

4. Management Initiatives

The INPEX Group's upstream oil and gas business involves developing new oil and gas fields discovered through conducting geophysical surveys and drilling exploratory wells, and delivering shareholder returns from profits generated by producing and selling the oil and natural gas, as well as reinvesting in new exploration and development in order to maintain and expand reserves.

In carrying out exploration, development and production activities, the INPEX Group gives the highest priority to ensuring safety and minimizing environmental impact. To this end, the Group's business operations are based on systems and frameworks that meet global standards in safety, environmental sustainability, etc.

There are numerous risks inherent in the upstream oil and gas industry, such as the risk of insufficient discovery of oil and gas through exploration, the risk of development and production schedule delays, the risk of accidents and cost overruns, the risk associated with the logistics of transporting oil and natural gas on tankers and through pipelines, and country risks involving potential changes in the legal and tax systems in producing countries. Taking such risks into account, the INPEX Group pursues a financially sound mix between operations with high growth potential through the expansion of reserves and operations providing stable revenue to improve the quality of its asset portfolio. At the same time, the Group aims to further enhance its corporate value by fully leveraging its overseas assets as well as its domestic infrastructure including its LNG terminal and natural gas pipeline network.

In May 2012, we set targets to achieve sustainable growth over the medium to long term, and laid out the MEDIUM- TO LONG-TERM VISION OF INPEX—Ichthys and our growth beyond—to clarify key initiatives over the five years leading up to the startup of the Ichthys LNG Project. The three growth targets outlined in the vision are: 1) Continuous Enhancement of our E&P Activities; 2) Strengthening our Gas Supply Chain; and 3) Reinforcement of our Renewable Energy Initiatives. Our three management policies designed to support these growth targets are: 1) Securing / Developing Human Resources and Building an Efficient Organizational Structure; 2) Investment for Growth and Return for Shareholders; and 3) Responsible Management as a Global Company. Through realizing its vision, the Group intends to further enhance its corporate value as well as its reputation among its shareholders, and more broadly its stakeholders, as a company essential to the global community.

The INPEX Group is now faced with an immediate challenge of responding to the drop in oil prices since the second half of 2014. To this end, we will continuously evaluate individual project investments and reduce operating expenditures as well as sales, general and administrative expenses, and build a resilient structure that will allow us to ensure the continuity of efficient business operations even with oil prices remaining at relatively low levels for a sustained period of time.

Meanwhile, business operations geared towards our medium to long-term growth must proceed continuously and steadily. First, as for the continuous enhancement of our E&P activities, we will work diligently toward our target of commencing production at the Ichthys LNG Project in Australia in the third quarter of 2017, as

per the production schedule update announced in September 2015. With regard to the Abadi LNG Project in Indonesia, in September 2015 we submitted to the Indonesian government authorities a revised plan of development (POD) that envisions the adoption of a floating LNG with an annual LNG processing capacity of 7.5 million tons. In April 2016, we received a notification from the Indonesian government authorities instructing to re-propose a plan of development based on onshore LNG development. We intend to work closely with the Indonesian government authorities aiming for the early start-up of development. Elsewhere, we acquired a 5% participating interest in the ADCO Onshore Concession in Abu Dhabi in April 2015, and will continue our efforts to secure stable production at our existing projects including the Offshore Mahakam Block in Indonesia, the ADMA Block offshore Abu Dhabi and the ACG oil fields in Azerbaijan, undertake exploration activities aimed at the acquisition of new oil and gas reserves and pursue 10 opportunities to join viable projects. Next, with regard to strengthening our gas supply chain, we have been working on the construction of the Toyama Line extension of our trunk pipeline network in Japan with the aim of commencing operations in mid-2016 to respond to the growing demand for natural gas supplies. INPEX and Chubu Electric Co., Inc. also entered into a joint power supply business agreement with nine city gas companies under the circumstance of the liberalization of the retail electricity and gas markets in Japan and will proceed to establish a framework to flexibly respond to the energy needs of customers. Lastly, as for the reinforcement of renewable energy initiatives, we are advancing our efforts as an integrated energy company that contributes to the global community through various initiatives including our participation since June 2015 in the Sarulla Geothermal Independent Power Producer Project in Indonesia.

The Group's fundamental business operation policies and initiatives to address the challenges are as follows:

(1) Continuous Enhancement of E&P Activities

i) Balanced Asset Portfolio

- Regional Diversification

The Group's operations have diversified beyond Japan, Asia, Oceania and the Middle East, where we have a wealth of operational experience, to include locations around the world such as the Caspian Sea region, Central and South America and Africa. We will continue to pursue a portfolio of assets taking geographical mix into consideration.

- Crude Oil and Natural Gas Product Ratio

The INPEX Group's ratio of crude oil products versus natural gas products is approximately 66:34.

Crude oil, which has diverse applications and is considered a convenient fuel source that can be easily handled, transported and stored, is widely used all over the world. As crude oil is a sensitive commodity, its sales prices are often influenced by market conditions. While crude oil customers are not bound to long-term sales contracts, capital investments in crude oil production and transportation are relatively small in comparison to natural gas including LNG. Furthermore, the time required for crude oil development is comparatively short, enabling quick returns on investment once oil fields are discovered.

Natural gas has the lowest environmental impact among fossil fuels, and demand for natural gas as a quick and effective measure against global warming is expected to increase. Commercial production of natural gas requires substantial investment and a long lead-time for the preparation of infrastructure such as liquefaction plants or pipelines. Since gas buyers are also required to make large investments in LNG receiving facilities, stable and long-term sales and purchase contracts are essential. Such LNG contracts, while influenced to an extent by oil price fluctuations, enable long-term profit stability.

When acquiring interests in new projects, it is important to achieve a sound balance between crude oil and natural gas production to ensure efficient investment with a view to securing long-term cash flow.

- Balancing Project Stages (Exploration, Development and Production)

Because oil and gas reserves become depleted as production advances, the INPEX Group must constantly seek to acquire fresh reserves to ensure stable profitability. For this, it is important to reinvest production revenue in exploration and create an operational cycle of discovering, developing and producing at new oil and gas fields to generate revenue, ensuring the stability and continuity of projects at every stage.

To maintain this cyclical balance, we will continue to focus on stable production at key assets including the Offshore Mahakam Block and ADMA Block as well as the diligent development of the Ichthys LNG Project, while investing in new exploration opportunities.

ii) Implementation of Operator Projects

As Operator, we require significant management resources in terms of organization, human resources and financing. However, being Operator also presents us with significant opportunities to acquire new participating interests through improved technological capabilities and greater recognition from oil and gas producing countries as well as international oil companies. The group is committed to pursuing and implementing projects as Operator, starting with the Ichthys LNG Project, by further enhancing its technological capabilities, ensuring safety in all operations and integrating with local communities.

iii) Strengthening Relationships with Leading Oil and Gas Companies Globally

Developing oil and gas involves considerable risks. Large-scale projects in particular require investments too large for any one company to shoulder individually. Companies therefore typically form consortiums to share the risks and jointly undertake business operations. The INPEX Group is committed to increasing its chances of participating in viable projects, expanding its business and dispersing risks through enhanced cooperation with major international oil companies and national oil companies in oil and gas producing countries as well as leading private oil resource developers, Japanese trading companies and other energy-related enterprises.

(2) Strengthening Gas Supply Chain

The INPEX Group aims to build a solid network of operations in the Japanese natural gas market, which represents a stable source of revenue. As well as sustaining a natural gas trunk pipeline network to supply the promising markets in the Kanto-Koshinetsu and Hokuriku regions, we plan to increase production at the Minami-Nagaoka gas field, one of the largest gas fields in Japan. We also own numerous promising natural gas assets primarily in Australia and Indonesia. To ensure our long-term growth, we will actively pursue the strengthening of our gas supply chain by organically linking such international assets and our infrastructure in Japan, with our Naoetsu LNG Terminal serving as the gateway.

(3) Reinforcement of Renewable Energy Initiatives

As an E&P company, one of our most important challenges is to reduce environmental impact through greenhouse gas reduction initiatives, etc. We are pursuing the development of renewable energy resources such as photovoltaic and geothermal power generation and biomass fuels, as well as next-generation energy solution technologies based on hydrogen, fuel cells and high performance batteries in cooperation with Japanese and international companies, universities and organizations. Through these activities, we seek to locate new business opportunities while helping reduce environmental impact.

(4) Securing / Developing Human Resources and Building an Efficient Organizational Structure

We introduced INPEX Values, a set of core values designed to be shared by all INPEX directors and employees, and are working on creating foundations to establish a global HR management system. In the fiscal year ended March 31, 2016, we took steps to instill group-wide adherence to INPEX Values, established a defined practice of accepting diversity and inclusion at the workplace and developed the INPEX Action Plan in conjunction with the Japanese government's introduction of the Act of Promotion of Women's Participation and Advancement in the Workplace. Going forward, we will continue to develop an efficient organizational structure and secure experienced global talent.

(5) Investment for Growth and Return for shareholders

To ensure growth for the Group, we will progressively carry out investment activities in the medium- to long-term while maintaining sound financial standing. With an eye on the Ichthys production startup schedule, we will look to deliver appropriate shareholder returns that meet the standards of top-class international oil and gas E&P companies.

(6) Responsible Management as a Global Company

i) CSR Management Promotion, Enhanced Stakeholder Communications and Corporate Governance

As a global entity, the INPEX Group has strived to develop a responsible management system. We are engaged in various ways to progressively strengthen our CSR management under the guidance of the CSR Committee chaired by the President & CEO. We will continue to promote active disclosure practices so as to reach out to our stakeholders based in many locations around the world. We have already implemented measures through the INPEX Advisory Committee to reinforce our corporate governance from a global perspective, and will continue to strengthen internal management with the implementation of the Corporate

Governance Code on June 1, 2015.

ii) Strengthening Health, Safety and Environment (HSE) Initiatives

We have organized our HSE management system based on global standards, and through the implementation of HSE activities, we have strived to ensure the safety and health of stakeholders involved in our business and to protect the environment. As for safety and health, we are implementing occupational safety control at drilling, construction and operational sites, instilling process safety management practices essential for preventing major incidents and disaster and managing the health of employees. We are also actively working on enhancing HSE competency through HSE training and personnel development, as well as the preparing emergency response manuals and strengthening corporate preparedness through emergency response drills. In the area of environmental protection, we are making every effort to minimize the impact of our activities on the environment particularly in terms of global warming by means of greenhouse gas emissions control, prevention of air pollution and water contamination, chemical substance control, effective utilization of water resources, prevention of soil pollution, waste management and biodiversity conservation. Through our global initiatives, we will continue to suitably address and evaluate health and security risks in every country and area in which we operate, and implement measures to mitigate risks.

Based on its mission of contributing to the advancement of society through the stable and efficient supply of energy and through the implementation of activities outlined in its Vision, the INPEX Group will improve its corporate value over the long term with a view to securing sustainable growth.

We therefore kindly request your continued support and understanding.

[Translation for Reference Purposes Only]

5. Assets and Profit/Loss

Years ended March 31

Category	7th Fiscal Year 2013	8th Fiscal Year 2014	9th Fiscal Year 2015	10th Fiscal Year (This fiscal year) 2016
Net sales (Billions of yen)	1,216.5	1,334.6	1,171.2	1,009.5
Ordinary income (Billions of yen)	718.1	750.0	575.1	374.7
Net income attributable to owners of parent (Billions of yen)	182.9	183.6	77.8	16.7
Net income per share (Yen)	125.29	125.78	53.29	11.49
Net assets (Billions of yen)	2,670.9	2,996.0	3,288.7	3,178.8
Total assets (Billions of yen)	3,616.1	4,038.1	4,499.1	4,369.8

Notes:

1. Amounts under ¥0.1 billion are rounded down. Net income per share figures are rounded off to two decimal places.
2. The Company conducted a stock split at a ratio of 1:400 of its common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted at the beginning of the 7th fiscal year.

6. Important Subsidiaries, etc.

(1) Important Subsidiaries

At the end of this fiscal year, the Company had 73 subsidiaries (as defined under Article 2, Item 3, of the Companies Act). From the previous fiscal year, one (1) new subsidiary was established and three (3) subsidiaries were eliminated due to the completion of liquidation. The operations of the Company's subsidiaries are generally administered by the Company through concurrent posts and the secondment of directors and employees. Details of important subsidiaries are shown in the table below.

Business area	Company name	Issued capital (Millions of yen)	Ownership (%)	Main business
Japan	Teiseki Pipeline Co., Ltd.	100	100.00	Natural gas transportation, pipeline operation, maintenance and management under contract from the Company
Indonesia	INPEX Natuna, Ltd.	5,000	100.00	Exploration, development, production, and sale of oil and natural gas in the South Natuna Sea Block B in the Republic of Indonesia
	INPEX Tengah, Ltd.	1,020	100.00	Exploration, development, production, and sale of oil and natural gas in the Tengah Block in the Offshore Mahakam in the Republic of Indonesia
	INPEX Masela, Ltd.	43,436	51.93	Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea in the Republic of Indonesia
	INPEX South Makassar, Ltd.	1,097	100.00	Exploration, development, production, and sale of oil and natural gas in the Sebuku Block in the Offshore South Makassar in the Republic of Indonesia
	INPEX Babar Selaru, Ltd.	1,426	26.68	Exploration of oil and natural gas in the Babar Selaru Block in the Eastern Offshore in the Republic of Indonesia
	INPEX Geothermal Sarulla, Ltd.	10	100.00	Geothermal power generation business in the Sarulla Geothermal Field area in Indonesia

Note:
Although the Company's ownership of INPEX Babar Selaru, Ltd., is less than 50%, the Company actually controls INPEX Babar Selaru, Ltd., which is therefore categorized as its subsidiary.

[Translation for Reference Purposes Only]

Business area	Company name	Issued capital (Millions of yen)	Ownership (%)	Main business
Australia	INPEX Alpha, Ltd.	8,014	100.00	Exploration, development, production, and sale of oil and natural gas in the Commonwealth of Australia
	INPEX Oil & Gas Australia Pty Ltd	45,076 (US$400,000 thousand)	100.00	Exploration and development of oil and natural gas in the Commonwealth of Australia
	INPEX Browse, Ltd.	421,690	100.00	Investment in the exploration and development of oil and natural gas in the Commonwealth of Australia and development work at the Ichthys LNG Project, etc.
Australia/ JPDA	INPEX DLNGPL Pty Ltd	7,428 (A$86,135 thousand)	100.00	Investment in Darwin LNG Pty Ltd., which is engaged in laying an undersea gas pipeline between Bayu-Undan Gas-Condensate Field and the LNG plant in Darwin, Australia, and manages the construction of the LNG plant
JPDA	INPEX Sahul, Ltd.	4,600	100.00	Exploration, development, production, and sale of oil and natural gas in the Bayu-Undan Gas-Condensate Field
	INPEX Timor Sea, Ltd.	10	100.00	Exploration, development, production, and sale of oil in the JPDA06-105 Block (the Kitan Oil Field)

Notes:
1. JPDA: Timor Sea Joint Petroleum Development Area (located in the Timor Sea between the Commonwealth of Australia and the Democratic Republic of Timor-Leste)
2. Foreign-currency-denominated capital amounts were converted into yen using the exchange rate at fiscal year end.

[Translation for Reference Purposes Only]

Business area	Company name	Issued capital (Millions of yen)	Ownership (%)	Main business
Region surrounding the Caspian Sea	INPEX North Caspian Sea, Ltd.	50,680	45.00	Exploration and development of oil in the Offshore North Caspian Sea Contract Area in the Republic of Kazakhstan
	INPEX Southwest Caspian Sea, Ltd.	53,594	51.00	Exploration, development, production, and sale of oil in the ACG Oil Fields in the Republic of Azerbaijan
	INPEX BTC Pipeline, Ltd.	7,189 (US$63,800 thousand)	100.00	Investment in a project to construct and operate an oil pipeline between Baku in the Republic of Azerbaijan, Tbilisi in Georgia, and Ceyhan in the Republic of Turkey
Middle East	Japan Oil Development Co., Ltd.	18,800	100.00	Exploration, development, production, and sale of oil in the ADMA Block in offshore Abu Dhabi in the United Arab Emirates
	INPEX ABK, Ltd.	2,500	100.00	Exploration, development, production, and sale of oil in the Abu Al Bukhoosh Block in offshore Abu Dhabi in the United Arab Emirates
	JODCO Onshore Ltd.	12 (US$111 thousand)	51.00	Exploration, development, production, and sale of oil in the ADCO Block in onshore Abu Dhabi in the United Arab Emirates
Africa	Teikoku Oil Algeria Co., Ltd.	708	100.00	Exploration and development of oil and natural gas in El Ouar I/II Blocks in People's Republic of Algeria
	INPEX Angola Block 14 Ltd.	53,595 (US$475,600 thousand)	100.00	Investments in the exploration, development, production and sale of oil in the Offshore 14 Block in the Republic of Angola
	Teikoku Oil (D.R. Congo) Co., Ltd.	10	100.00	Exploration, development, production, and sale of oil in the Offshore D.R. Congo Block
South America	Teikoku Oil (Suriname) Co., Ltd.	11,289	52.70	Exploration of oil in the offshore Block 31 in the Republic of Suriname
	Teikoku Oil and Gas Venezuela, C.A.	0 (Bs.F1,620 thousand)	100.00	Exploration, development, production and sale of natural gas in the Copa Macoya Block in the Bolivarian Republic of Venezuela and exploration, development, production and sale of oil in the Guarico Oriental Block in the same country

Notes:

1. Foreign-currency-denominated capital amounts were converted into yen using the exchange rate at fiscal year end.

2. Although the Company's ownership of INPEX North Caspian Sea, Ltd. is less than 50%, the Company actually controls INPEX North Caspian Sea, Ltd., which is therefore categorized as its subsidiary.

Business area	Company name	Issued capital (Millions of yen)	Ownership (%)	Main business
North America	INPEX Canada, Ltd.	21,325	100.00	Exploration and development of oil including oil sands in Canada
	INPEX Gas British Columbia Ltd.	90,574 (C$1,043,488 thousand)	45.09	Exploration, development, production and sale of natural gas in Canada
	Teikoku Oil (North America) Co., Ltd.	2,230 (US$19,793 thousand)	100.00	Development, production, and sale of oil and natural gas in the United States of America
46 other subsidiaries				

Notes:

1. Foreign-currency-denominated capital amounts were converted into yen using the exchange rate at fiscal year end.
2. Although the Company's ownership of INPEX Gas British Columbia Ltd., is less than 50%, the Company actually controls INPEX Gas British Columbia Ltd., which is therefore categorized as its subsidiary.

[Translation for Reference Purposes Only]

(2) Important Affiliates

At the end of this fiscal year, the Company had 26 affiliates (as defined under Article 2, Paragraph 3, Item 18, of the Ordinance on Accounting of Companies). The most important affiliates are shown in the table below.

Business area	Company name	Issued capital (Millions of yen)	Ownership (%)	Main business
Indonesia	MI Berau B.V.	100,136 (US$888,601 thousand)	44.00	Exploration, development, production, and sale of natural gas in Berau Block and Tangguh LNG Project in West Papua province in the Republic of Indonesia
Angola	Angola Japan Oil Co., Ltd.	8,000	19.60	Exploration, development and production of oil, natural gas and other hydrocarbons in the Offshore 3/05 Block and 3/05 Block A in the Republic of Angola
Brazil	INPEX Offshore North Campos, Ltd.	6,852	37.50	Financing for oil and natural gas exploration, development, production, and sale projects in the Frade Block in the Federative Republic of Brazil
				23 other affiliates

Note:
Foreign-currency-denominated capital amounts were converted into yen using the exchange rate at fiscal year end.

(3) Items related to a specified wholly-owned subsidiary

Company name	Address	Total book value (Millions of yen)	INPEX's total assets (Millions of yen)
INPEX Browse, Ltd.	5-3-1, Akasaka, Minato-ku, Tokyo	820,390	3,328,919

[Translation for Reference Purposes Only]

7. Primary Business

Exploration, development, production, sale and purchase of oil, natural gas, and other mineral resources

8. Principal Business Sites

Name	Location
Head Office	5-3-1, Akasaka, Minato-ku, Tokyo
Technical Research Center	Setagaya-ku, Tokyo
Niigata Marketing Office	Joetsu City, Niigata Prefecture
East Japan Regional Office	Niigata City, Niigata Prefecture
East Japan Regional Office, Akita Field Office	Akita City, Akita Prefecture
East Japan Regional Office, Chiba Field Office	Sammu City, Chiba Prefecture
East Japan Regional Office, Minamiaga Field Office	Agano City, Niigata Prefecture
East Japan Regional Office, Nagaoka Field Office	Nagaoka City, Niigata Prefecture
Kashiwazaki Workshop	Kashiwazaki City, Niigata Prefecture
Naoetsu LNG Terminal	Joetsu City, Niigata Prefecture
Jakarta Office	Indonesia
Perth Office	Australia
Darwin Office	Australia
Singapore Office	Singapore
London Office	The United Kingdom
Oslo Office	Norway
Astana Office	Kazakhstan
Abu Dhabi Office	United Arab Emirates
Rio de Janeiro Office	Brazil
Caracas Office	Venezuela
Calgary Office	Canada
Houston Office	The United States of America

Note:

The above includes operational bases of the Company's subsidiaries.

9. Employees

Number of employees	Year-on-year change
3,449 (1,452)	+271

Notes:

1. The number of employees shown above excludes the INPEX Group (the Company and its consolidated subsidiaries) employees seconded to other companies outside the INPEX Group, but includes non-INPEX Group employees working temporarily at companies within the INPEX Group.
2. The figure in parentheses is the average number of temporary employees during this fiscal year and is indicated separately. It includes local contract employees working under contracts on overseas development projects and domestic contract employees, non-regular contract staff and temporary staff, etc. who are employed in operations relating to oil and natural gas in Japan.

10. Primary Lenders

Lender	Outstanding borrowings (Billions of yen)
Japan Bank for International Cooperation	240.8
Mizuho Bank, Ltd.	150.6
Bank of Tokyo-Mitsubishi UFJ, Ltd.	82.1
Development Bank of Japan Inc.	69.5
Sumitomo Mitsui Banking Corporation	58.9
Minister of Economy, Trade and Industry	24.9

Note:

Borrowings from the Minister of Economy, Trade and Industry are the results of loans to the Company's subsidiary from the former Japan National Oil Corporation. Ownership of these loans was succeeded by the Minister when the corporation was dissolved.

[Translation for Reference Purposes Only]

II. Items Related to Shares

1. Total Number of Shares Authorized to be Issued

(Common Stock) 3,600,000,000
(Class A Stock) 1

2. Type and Total Number of Issued Shares

(Common Stock) 1,462,323,600
(Including 1,966,400 Treasury Shares)
(Class A Stock) 1

3. Number of Shareholders

(Common Stock) 48,427
(Class A Stock) 1

4. Major Shareholders

Name	Number of Shares			Shareholding Ratio (%)
	Common Stock	Class A Stock	Total Stock	
Minister of Economy, Trade and Industry	276,922,800	1	276,922,801	18.96
Japan Petroleum Exploration Co., Ltd.	106,893,200	—	106,893,200	7.32
Japan Trustee Services Bank, Ltd. (Trust Account)	53,363,400	—	53,363,400	3.65
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,687,900	—	45,687,900	3.13
Mitsui Oil Exploration Co., Ltd.	44,954,000	—	44,954,000	3.08
CBNY-GOVERNMENT OF NORWAY	44,178,795	—	44,178,795	3.03
JX Holdings, Inc.	43,810,800	—	43,810,800	3.00
The Bank of New York, Non-Treaty Jasdec Account	23,134,396	—	23,134,396	1.58
State Street Bank and Trust Company 505223	22,410,446	—	22,410,446	1.53
The Bank of New York Mellon SA/NV10	21,856,291	—	21,856,291	1.50

Notes:
1. The shareholding ratio is calculated after subtracting the treasury shares (1,966,400 shares).
2. The shareholding ratio is rounded to the nearest whole number.

[Translation for Reference Purposes Only]

III. Items Related to Stock Acquisition Rights

None

IV. Items Related to Officers and Audit & Supervisory Board Members

1. Members of the Board and Audit & Supervisory Board Members

Name	Company Position & Responsibility	Significant Concurrently held Positions
Naoki Kuroda	Representative Director, Chairman	
Toshiaki Kitamura	Representative Director, President & CEO	Representative Director, Chairman, INPEX Natuna Ltd.
Seiji Yui	Director, Senior Executive Vice President Senior Vice President, Corporate Strategy & Planning Compliance	
Masaharu Sano	Director, Senior Executive Vice President Senior Vice President, Technical Headquarters HSE	Outside Director, Japan Drilling Co., Ltd.
Shunichiro Sugaya	Director, Managing Executive Officer Senior Vice President, Masela Project	Representative Director, President & CEO, INPEX Masela, Ltd.
Masahiro Murayama	Director, Managing Executive Officer Senior Vice President, Finance & Accounting	Representative Director, INPEX Masela, Ltd. Representative Director, INPEX Browse, Ltd.
Seiya Ito	Director, Managing Executive Officer Senior Vice President, Ichthys Project	Representative Director, President & CEO, INPEX Browse, Ltd.
Wataru Tanaka	Director, Managing Executive Officer Senior Vice President, General Administration	
Takahiko Ikeda	Director, Managing Executive Officer Senior Vice President, Gas Supply & Infrastructure	
Yoshikazu Kurasawa	Director, Managing Executive Officer Senior Vice President, New Ventures	
Hiroshi Sato	Director (Outside)	Advisor, Japan Petroleum Exploration Co., Ltd.
Yoshiyuki Kagawa	Director (Outside)	Senior Adviser, Mitsui Exploration Co., Ltd.
Seiji Kato	Director (Outside)	Corporate Adviser, Mitsubishi Corporation
Hiroji Adachi	Director (Outside)	Director, Senior Vice President and Executive Officer, JX Holdings, Inc. Outside Director, Maruwn Corporation
Yasuhiko Okada	Director (Outside)	Partner, Kitahama Partners FEED ONE CO., LTD. Outside Director,
Kazuo Yamamoto	Audit & Supervisory Board Member	
Hideyuki Toyama	Audit & Supervisory Board Member (Outside)	
Koji Sumiya	Audit & Supervisory Board Member (Outside)	
Michiro Yamashita	Audit & Supervisory Board Member (part time, Outside)	Executive Officer, Japan Petroleum Exploration Co., Ltd.
Masaru Funai	Audit & Supervisory Board Member (part time, Outside)	

Notes:

1. Directors Hiroshi Sato and Hiroji Adachi, and Audit & Supervisory Board Members Kazuo Yamamoto, Hideyuki Toyama and Michiro Yamashita were elected and assumed their position at the 9th Ordinary General Meeting of Shareholders held on June 24, 2015.
2. The following changes occurred in Directors' positions and responsible areas of duties during this fiscal year.

[Translation for Reference Purposes Only]

Inside the parentheses are their positions and areas of responsibility before the change.

Name	Date	Company Position & Responsibility
Seiji Yui	June 24, 2015	Director, Senior Executive Vice President Senior Vice President, Corporate Strategy & Planning In charge of Compliance (Director, Senior Managing Executive Officer Senior Vice President, Corporate Strategy & Planning)
Masaharu Sano	June 24, 2015	Director, Senior Executive Vice President Senior Vice President, Technical Headquarters In charge of HSE (Director, Senior Vice President, Technical Headquarters of the Company)

3. The Company reported all the Outside Directors and Outside Audit & Supervisory Board Members as Independent Officers as stipulated by Tokyo Stock Exchange, Inc.

4. Audit & Supervisory Board Member Hideyuki Toyama possesses extensive knowledge of finance and its related matters.

5. Audit & Supervisory Board Member Koji Sumiya possesses extensive knowledge of finance and its related matters.

6. Audit & Supervisory Board Member Michiro Yamashita has long experience in accounting operations, and possesses extensive knowledge of financial and accounting matters, etc.

7. Audit & Supervisory Board Member Masaru Funai possesses extensive knowledge of financial and accounting matters, etc.

8. Directors Masatoshi Sugioka, Kazuo Wakasugi and Rentaro Tonoike, and Audit & Supervisory Board Members Yoshitsugu Takai, Haruhito Totsune and Hiroshi Sato resigned at the expiration of their terms of office as of June 24, 2015

2. Outline of liability limitation agreement

Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Members to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act. The maximum liability under such agreement shall be the total of the amounts stipulated in each Item under Article 425, Paragraph 1, of the Companies Act.

3. Compensation for Directors and Audit & Supervisory Board Members during This Fiscal Year

18 Directors: ¥443 million (Including 7 Outside Directors: ¥30 million)
8 Audit & Supervisory Board Members: ¥94 million (Including 6 Outside Audit & Supervisory Board Members: ¥66 million)
Notes:

1. Salaries for Directors who are also employees do not include the portion of salary for an employee in the above compensation amount.
2. Compensation includes provision for accrued bonuses to officers during this fiscal year.

4. Items Related to Outside Directors and Audit & Supervisory Board Members

Relationships between the Company and any companies in which the Director or the Audit & Supervisory Board Member holds significant concurrently held positions and major activities

i) Director Hiroshi Sato

A. Relationships between the Company and any companies in which the Director holds significant concurrently held positions Japan Petroleum Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company.

The INPEX Group has had transactions related to crude oil, etc., with the Japan Petroleum Exploration Group, and the INPEX Group's sales to the Japan Petroleum Exploration Group in this fiscal year are less than 0.1% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from

the Japan Petroleum Exploration Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.

B. Major activities

He attended all of the 13 (100% attendance) Board of Directors meetings during this fiscal year held after he assumed his current post on June 24, 2015 and appropriately made necessary comments during deliberations of proposals, etc., based on his extensive experience and wide-ranged views in the oil development industry.

ii) Director Yoshiyuki Kagawa

A. Relationships between the Company and any companies in which the Director holds significant concurrently held positions

Mitsui Oil Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company.

The INPEX Group has no business transactions with the Mitsui Oil Exploration Group.

B. Major activities

He attended all of the 16 (100% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his extensive experience as a business executive.

iii) Director Seiji Kato

A. Relationships between the Company and any companies in which the director holds significant concurrently held positions

Some of Mitsubishi Corporation's businesses belong to the same categories as those of the Company.

The INPEX Group has had transactions related to crude oil, etc., with the Mitsubishi Corporation Group, and the INPEX Group's sales to the Mitsubishi Corporation Group in this fiscal year are less than 1.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the Mitsubishi Corporation Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.

B. Major activities

He attended all of the 16 (100% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and knowledge in this field.

iv) Director Hiroji Adachi

A. Relationships between the Company and any companies in which the director holds significant concurrently held positions

JX Holdings, Inc. is a major shareholder of the Company. Some of the JX Holdings Group's businesses belong to the same categories as those of the INPEX Group.

The INPEX Group has had transactions related to crude oil, etc., with the JX Holdings Group, and the INPEX Group's sales to the JX Holdings Group in this fiscal year are less than 2.5% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the JX Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.

There is no transactional relationship between the INPEX Group and Maruwn Corporation.

B. Major activities

He attended all of the 13 (100% attendance) Board of Directors meetings held after he assumed the post on June 24, 2015, and appropriately made necessary comments during deliberations of proposals, etc., based on his extensive experience and wide-ranged views in the natural resources and energy industry.

v) Director Yasuhiko Okada

A. Relationships between the Company and any companies in which the director holds significant concurrently held positions

There are no business transactions between the INPEX Group and Kitahama Partners and between the INPEX Group and FEED ONE CO., LTD.

B. Major activities

He attended all of the 16 (100% attendance) of the Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and broad range of insights in the financial field and his professional knowledge and experience as a lawyer.

vi) Audit & Supervisory Board Member Hideyuki Toyama

A. Relationships between the Company and any companies in which the auditor holds significant concurrently held positions

None

B. Major activities

He attended all of the 13 (100% attendance) Board of Directors meetings and attended all of the 14 (100% attendance) Audit & Supervisory Board meetings held after he assumed the post on June 24, 2015, and made necessary comments during deliberations of proposals, etc., based on his extensive experience and wide-ranged views in the field of finance and his expertise and experience as a lawyer.

vii) Audit & Supervisory Board Member Koji Sumiya

A. Relationships between the Company and any companies in which the auditor holds significant concurrently held positions

None

B. Major activities

He attended all of the 16 (100% attendance) Board of Directors meetings as well as all of the 18 (100% attendance) Audit & Supervisory Board meetings held during this fiscal year, and made necessary comments during deliberations of proposals, etc., based on his extensive experience and wide-ranged views in the field of finance and its related matters.

viii) Audit & Supervisory Board Member Michiro Yamashita

A. Relationships between the Company and any companies in which the auditor holds significant concurrently held positions

Japan Petroleum Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company.

The INPEX Group has had transactions related to crude oil, etc., with the Japan Petroleum Exploration Group, and the INPEX Group's sales to the Japan Petroleum Exploration Group in this fiscal year are less than 0.1% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the Japan Petroleum Exploration Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.

B. Major activities

He attended 11 of the 13 (85% attendance) Board of Directors meetings as well as 12 of the 14 (86% attendance) Audit & Supervisory Board meetings held during this fiscal year held after he assumed the current post on June 24, 2015 and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and knowledge concerning the industry as well as knowledge and experience on finance, accounting, etc.

ix) Audit & Supervisory Board Member Masaru Funai

A. Relationships between the Company and any companies in which the auditor holds significant concurrently held positions

None

B. Major activities

He attended all of the 16 (100% attendance) Board of Directors meetings as well as all of the 18 (100% attendance) Audit & Supervisory Board meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his abundant international experience, knowledge and experience concerning the industry as well as knowledge and experience concerning finance, accounting, etc.

V. Items Related to Accounting Auditors

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of Compensation for Accounting Auditors

(1) Amount of Compensation, etc., for Accounting Auditors during this fiscal year

¥157 million

(2) Total amount of money and other financial benefits paid by the Company and its subsidiaries

¥273 million

Notes:

1. Under the audit agreement between the Company and the Accounting Auditors, compensation for audits

based on the Companies Act and compensation for audits based on the Financial Instruments and Exchange Act are not distinguished, and such amounts are effectively indistinguishable. Therefore, the amounts noted above include the total amount of compensation.

2. The Audit & Supervisory Board has given their consent by judging it as appropriate in view of ensuring the audit quality with respect to Paragraph 1, Article 399 of the Companies Act of Japan for the remuneration paid to the Accounting Auditor, following the confirmation and examination of the status of the Accounting Auditor's performance of duties, the details of audit plan, basis for the estimated amount of compensation and others, in light of the "Practical Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association.
3. Teikoku Oil (D.R. Congo) Co., Ltd. and other subsidiaries of the Company were audited by auditing firms other than our Accounting Auditors.

3. Contents of Non-Audit Operations

The Company has paid compensation for advisory and guidance services related to the representation of reserves.

4. Policy for Determination of Dismissal or Non-Reappointment of Accounting Auditors

The Audit & Supervisory Board of the Company shall determine the dismissal of the Accounting Auditors according to Article 340 of the Companies Act. In addition, in the event it is determined necessary, including any situation in which the Accounting Auditors are unable to perform their duties appropriately, the Audit & Supervisory Board shall determine the content of the proposal for the dismissal or non-reappointment of the Accounting Auditors and the Board of Directors shall submit the proposal to the General Meeting of Shareholders.

5. Business Suspension Penalty Imposed on the Accounting Auditor for the past two years

A business suspension penalty was imposed by the Financial Services Agency on Ernst & Young ShinNihon LLC as of December 22, 2015 to suspend its operations related to the conclusion of new contracts for three months (from January 1, 2016 to March 31, 2016).

VI. Systems and Policies of the Company

1. Systems to Ensure that the Execution of the Duties by Directors of the Company Complies with Laws and Regulations and the Articles of Incorporation of the Company, and Other Systems for Ensuring the Proper Operations of the INPEX Group and Status of Operations of such Systems

[Resolutions of the Company regarding the Development of the Systems for Ensuring Proper Operations (Internal Control Systems)]

The following is a summary of the resolutions of the Company, regarding the "Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems)."

(1) Systems to Ensure that Directors and Employees of the Company Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

To ensure that Directors and employees of the Company execute their duties in compliance with applicable laws and regulations and the Articles of Incorporation, the Company shall develop a Corporate Social Responsibility Policy and Business Principles and establish a system to ensure complete compliance.

The Company shall establish a Compliance Committee consisting of full-time Directors and Executive Officers, etc., to deliberate basic policies or other important matters related to compliance. By monitoring the implementation of such policies, the Company ensures that its Directors and employees comply with laws and regulations and the Articles of Incorporation in the execution of their duties. Furthermore, the Company shall establish an internal whistle-blowing system with related departments and an external expert (lawyer) as providers of consultation services.

In order to ensure effective compliance systems and relevant internal rules, the Company shall also verify and evaluate such systems and make the necessary improvements through audits, etc., carried out by the internal audit department which reports directly to the President & CEO and other related in-house departments or an external expert.

Furthermore, the Company shall develop a system to ensure the accuracy and reliability of financial reporting, and employ such system properly while evaluating its effectiveness.

(2) Systems for the Storage and Management of Information Related to the Execution of Duties by Directors of the Company

In accordance with applicable laws and regulations, the Articles of Incorporation and internal rules, among others, the Directors shall develop a system for information security administration, and appropriately store and manage documents and other information related to the execution of their duties.

(3) Rules and Other Systems for Risk Management of the Company

To manage diverse risks related to the INPEX Group's business activities, Directors shall cooperate closely with the related departments to identify, analyze and evaluate such risks, and manage them in accordance with internal rules and guidelines, etc.

Furthermore, the functioning and other aspects of the risk management related to daily operations shall be verified and evaluated through audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert, and continually reviewed in response to changes in the business environment.

(4) Systems to Ensure the Efficient Execution of Duties by Directors of the Company

In order to ensure that the systems to execute Directors' duties efficiently are in place, the Directors shall manage business operations with particular attention to the following:

1) With regard to certain major corporate decisions, an Executive Committee meeting attended by full-time Directors and Managing Executive Officers shall be held weekly and as necessary to ensure that the duties are executed promptly and properly.

2) With regard to the execution of daily duties, the authority of the President & CEO shall be delegated in accordance with the internal division of duties regulations, administrative authority regulations, etc. and the persons in charge at each level shall execute their duties promptly.

(5) Systems to Ensure the Proper Operations of the INPEX Group

1) Systems for Reporting the Company Matters Related to the Execution of Duties by Directors or Other Equivalent Managerial Staff (hereinafter "Directors, etc.,") of the Company's Subsidiaries

In accordance with the internal rules on group management, the Company shall enter into group management–related contracts with its subsidiaries, under which the Company requires that important matters of each subsidiary shall be reported to and approved by the Company.

2) Rules and Other Systems for Risk Management of the Company's Subsidiaries

For risk and compliance management of the subsidiaries of the Company, in accordance with the internal rules on group management, the Company shall conduct group-wide risk management via mutual cooperation with each subsidiary.

Furthermore, the Company shall require its subsidiaries to cooperate in audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert to verify and evaluate the management of risks related to the daily operations of the subsidiaries. Based on the results of such verification and evaluation, the Company shall have its subsidiaries conduct continuous review of their risk management in response to changes in the business environment.

3) Systems to Ensure the Efficient Execution of Duties by Directors, etc., of the Company's Subsidiaries

To ensure the efficient execution of duties by Directors, etc., of the Company's subsidiaries, the Company's medium- to long-term vision shall be shared among all the INPEX Group companies. Under the vision, the Company shall have its subsidiaries manage human resources and monetary resources efficiently and manage business operations in accordance with the Company's internal rules, etc., with particular attention to the following:

i) Important matters of a subsidiary of the Company shall be determined by resolution of the Board of Directors meetings of the subsidiary or by consultation among the Directors of the subsidiary.

ii) Authority for the execution of daily duties by the Company's subsidiaries shall be delegated pursuant to the Company's internal regulations, etc. regarding administrative authority, and the persons in charge at each level shall execute their duties promptly.

4) Systems to Ensure that Directors, etc., and Employees of the Company's Subsidiaries Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

The Company shall establish a compliance system (including an internal whistle-blowing system) that is applied to the entire Group, and this system shall be widely deployed and disseminated to all directors, auditors and other equivalent managerial staff, as well as to employees of the Company's subsidiaries.

In cooperation with its subsidiaries, the Company shall conduct audits, etc., of the subsidiaries, carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert.

In accordance with the internal rules on group management, the Company shall enter into group management–related contracts with its subsidiaries, under which the Company shall strive to have its subsidiaries implement the above and establish a system to ensure that Directors, etc., and employees of the subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation.

(6) Matters Regarding Employees Who Assist the Audit & Supervisory Board Members of the Company with Auditing Duties in Cases Where the Audit & Supervisory Board Member of the Company Requests the Assignment of Such Employees, Matters Regarding the Independence of Such Employees from Directors of the Company and Matters Related to Ensure the Effectiveness of Instructions Given to Such Employees

The Company shall deploy dedicated employees to assist the Audit & Supervisory Board Members with auditing duties in its Audit Secretariat Office.

The employees who assist the Audit & Supervisory Board Members' duties shall follow instructions from the Audit & Supervisory Board Members. Performance appraisals, personnel changes and disciplinary action against such employees assisting the Audit & Supervisory Board Members shall require approval of the Audit & Supervisory Board Members beforehand.

(7) Systems for Reporting to the Audit & Supervisory Board Members of the Company

The Directors and employees of the Company, directors, auditors or other equivalent managerial staff, as well as employees of the Company's subsidiaries, or persons who receive a report from them, shall report and provide information to the Audit & Supervisory Board Members of the Company as to the matters provided by laws and regulations, matters that might have a significant impact on the Company and its Group companies, and other matters that an Audit & Supervisory Board Member of the Company has determined to be reported to execute his/her duties.

Also, the Audit & Supervisory Board Members of the Company shall always be able to obtain business information whenever needed by attending the Board of Directors' meetings and other important internal meetings, as well as receiving internal approval documents, etc.

Regarding the internal whistle-blowing system of the INPEX Group, the responsible section of each Group company shall report to the Company's Audit & Supervisory Board Members on a regular basis as to the content internally reported by directors, auditors, other equivalent managerial staff and employees of the Group companies.

(8) Systems to Ensure that Reporters in the Preceding Section Will Not Receive Detrimental Treatment because of the Reporting

The Company shall prohibit detrimental treatment against directors, auditors, or other equivalent managerial staff, and employees of the Group companies who reported to the Company's Audit & Supervisory Board Members. And this position shall be disseminated throughout the INPEX Group.

Regarding the internal whistle-blowing system of the INPEX Group, in case detrimental treatment against a reporter is recognized, a disciplinary action may be taken against the person who treated the reporter in such a way and against the General Manager, etc., of the department to which the person belongs pursuant to employment rules, etc.

(9) Matters Related to Policies Concerning the Treatment of Expenses or Liabilities Incurred by the Execution of Duties by the Company's Audit & Supervisory Board Members such as Procedures for Prepayments or the Redemption of Such Expenses

In case the Company's Audit & Supervisory Board Members request prepayment or redemption of expenses for their execution of duties, etc., based on Article 388 of the Companies Act, the Company shall quickly process such expenses or liabilities except in the case such expenses or liabilities are determined to be unnecessary for the execution of duties by such Auditors.

(10) Other Systems to Ensure Effective Audits by the Audit & Supervisory Board Members of the Company

The Representative Directors of the Company shall meet regularly with the Audit & Supervisory Board Members of the Company, provide information as necessary and strive to communicate with them.

The Company shall also improve the effectiveness of audits by establishing a system, etc., whereby the Audit & Supervisory Board Members can cooperate with the internal audit department and receive reports regularly.

Furthermore, to conduct audits by the Audit & Supervisory Board Members, the Company shall ensure close cooperation between the Audit & Supervisory Board Members and external experts such as lawyers, certified public accountants and certified tax accountants, among others.

[Outline of the Status of Operations of the Systems for Ensuring the Proper Operations of the Company (Internal Control System)]

While the Company is operating its internal control system effectively based on the contents decided on the "Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems)," the following are the outline of its major operations of such systems during the current fiscal year:

<Compliance system>

The Company has established a Code of Conduct with which all officers and employees shall comply. This obliges them to respect social norms and act with high ethical standards, not to mention comply with laws and regulations. Also, the Company has held its Compliance Committee periodically and when necessary to confirm the status of implementation of the compliance and hence report to the Board of Directors.

Based on the activity plans resolved by the Compliance Committee, the Company has also carried out compliance training seminars and has been issuing "Compliance News" once every month. Further, the Company has made October the Month of Compliance when the Compliance Committee Chairperson issues messages which aim at sharing and raising compliance awareness among all personnel. As a major activity of the current fiscal year and as part of establishing the systems of anti-bribery and corruption within the INPEX Group, the Company is positively involving itself in the implementation of risk assessment for the head office and its overseas locations and enhancement of related internal rules.

The Company has its whistle-blowing system streamlined with the internal department in charge and an outside expert (lawyer) as contact points. There were however no whistle blowing cases related to material breach of laws and regulations, etc. during this fiscal year.

<Risk management system>

To cope with various risks related to business projects, first, the New Ventures Division carry out a centralized analysis/examination on whether to adopt or reject a new project, and operate the "INPEX Value Assurance System" as a structure for conducting cross-sectoral technical evaluation at each phase of exploration, evaluation, development, etc.

Also, in order to cope with country risks in countries/territories where projects are planned, the Company has set guidelines which include the establishment of a maximum target amount for accumulated investment balance for high-risk countries.

Further, the Company has been conducting financial risk control by identifying risks of fluctuation of currency exchange rates, interest rates, crude oil/natural gas prices and securities prices, and establishing corresponding managing/hedging methods.

Also, with regard to HSE risks, the Company has established its Corporate HSE Committee in order to promote continuous improvement activities of industrial health and safety and environments associated with the development of crude oil and natural gas. Based on the Risk Management Procedures established under the HSE Management System, each business location identifies, analyzes and evaluates HSE risks, and establishes and practices risk countermeasures. Such risk management situation is to be reported to the head office for its monitoring and grasping HSE risks. Further, with regard to health-related risks and security risks as well, the Company is promoting a company-wide management based on procedures and guidelines.

On the other hand, the Company has established an emergency/crisis response plan in order to enhance

capabilities to cope with emergencies such as large-scaled accidents, disasters, etc. and is positively promoting risk management which includes conducting emergency response training regularly even in times of safety. Furthermore, the Company has drawn up a business continuity plan in order to keep important operations from being stopped.

With regard to climate change issues over which international concern is rising, the Company issued and published a position paper in December 2015 which summarized the INPEX Group's basic views and actual efforts, and is carrying out continual studies about the issues to be discussed in the future. Besides this, the Company has held the Information Security Committee every quarter to reinforce organizational/systematic measures against information security, and also implements education/training on matters including the prevention of information leakage.

<Corporate management of group companies>

Based on the Group's corporate management rule and the Group's agreements with regard to corporate management, we urge reporting to or approval by the Company about important matters. Also, the Company's internal audit department Audit Unit conducts audits of subsidiaries based on the annual auditing plan.

With regard to the operation of the group companies, we have adopted a concurrent management system particularly with subsidiaries involved in overseas projects. For financials, we have also introduced the Cash Management System which allows the Company to conduct efficient business operations by enhancing financial efficiency for the entire group through a unified management system.

The Company's whistle-blowing system is designed to be applied to all Group companies. The Company provides thorough instructions, through the Company's and each subsidiary's seminars and notification activities, to prohibit unfavorable treatment of whistle-blowers.

<Auditing system for Ensuring Effectiveness of Auditing by Audit & Supervisory Board Members>

Audit & Supervisory Board Members have been obtaining required information as well as exchanging opinions, for the purpose of improving effectiveness of their auditing, by holding meetings with Directors including Representative Directors in addition to attendance at important meetings such as Board of Directors meetings and other management meetings as well as conducting hearings from each business division.

Also, Audit & Supervisory Board Members have been receiving reports regularly from Auditing Unit concerning the internal auditing situation for various divisions and also receiving necessary reports including reviews of quarterly financial results from the Accounting Auditors, thus keeping close contact with its internal auditing organization and the Accounting Auditors.

The Unit in charge of the whistle-blowing system reports to Audit & Supervisory Board Members about the content and handling of whistle-blowing based on the related system.

The Company established "Audit & Supervisory Board Members' Office" in May 2015 to assist operations by Audit & Supervisory Board Members as an organization having an employee dedicated to such work, independent of the Company's executive team.

2. Basic Policy Regarding Control of the Company

(1) Contents of Basic Policy

The INPEX Group shall make maximum use of its well-balanced asset portfolio, its presence as a leading international mid-tier company and its technological capabilities, among others, as a high-quality operator to achieve early commercial production of large-scale oil and gas fields that have already been discovered. At the same time, as a core company in Japan that is internationally competitive, the INPEX Group will strive to proactively expand its business aiming to provide a stable energy supply for Japan in an efficient manner and further enhance its corporate value through expanding investments to acquire high-quality oil and gas fields.

(2) Efforts for Effective Utilization of Resources and for Preventing Inappropriate Control

While further enhancing its financial strength, and aiming to expand its operating base in order to secure a stable and efficient supply of oil and natural gas resources, the INPEX Group will invest aggressively in exploration and development activities as well as the maintenance and expansion, etc., of its supply infrastructure. The Company intends to harmonize the enhancement of corporate value by maintaining and expanding its reserves and production of oil and natural gas through these activities, and returning profits directly to its shareholders through the payment of dividends from a medium- to long-term perspective.

Based on the basic policy under (1) above, the Company has issued a Class A stock to the Minister of Economy, Trade and Industry to eliminate the possibility of speculative takeovers or management control by foreign capital, resulting in inappropriate management inconsistent with the Company's role to provide a stable supply of energy to Japan in an efficient manner as a core company, or causing any other adverse effects.

To make decisions on i) the appointment or removal of Directors; ii) the disposition of all or a portion of material assets; iii) amendments to the Articles of Incorporation relating to the Company's business objectives and granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the Class A stock, which are already granted to the Class A stock); iv) business integration; v) capital reduction and vi) company dissolution, a resolution of a meeting of the holder of the Class

A stock (hereinafter "a general meeting of Class A stock shareholders") is required in addition to resolutions of the shareholders' meeting or the Board of Directors of the Company. However, concerning i) the appointment or removal of Directors and iv) business integration, resolution of a general meeting of Class A stock shareholders is required only when certain conditions under the Articles of Incorporation are met. Concerning the exercise of voting rights at a general meeting of Class A stock shareholders, the Class A stock shareholder can exercise his/her voting rights in accordance with the guidelines set forth in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008).

According to the guidelines, a resolution regarding the aforementioned items i) and iv) shall be vetoed only "when it is judged there is a high probability that the Company will be managed inconsistent with its role to provide a stable supply of energy to Japan in an efficient manner as a core company," and a resolution to change the Articles of Incorporation related to granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the class A stock which is already granted to the class A stocks) in the aforementioned item iii) shall be vetoed only "when there is a possibility that it may have an effect on the exercise of the voting rights of the class A stocks" and the aforementioned item ii) and amendment to the Articles of Incorporation related to the Company's business objectives in the aforementioned item iii), and resolutions related to items v) and vi) shall be vetoed only "when it is judged there is a high probability that it may adversely affect its role to provide a stable supply of energy to Japan in an efficient manner as a core company."

In addition, the Articles of Incorporation of the Company's subsidiaries stipulate that, upon disposing material assets, a resolution of a general meeting of shareholders of the subsidiary is required when it constitutes a "disposition of all or a portion of material assets" in the aforementioned item ii). In this case, a resolution of the meeting of the holders of the class A stock is required in addition to a resolution of the Board of Directors of the Company. The Company's Board of Directors does not have any power over the exercise of the veto right through the exercise of the voting rights of Class A stock by Class A stock shareholders. Therefore, Class A stock does not have the purpose of maintaining the position of the executive officers of the Company.

(3) Decisions of Board of Directors' Meeting for the Efforts in the Above-Mentioned (2)

The efforts set forth in the above-mentioned (2), which aim to provide a stable supply of energy to Japan in an efficient manner and to improve the Company's corporate value continuously, are in line with the basic policy set forth in the above-mentioned (1).

Given the limited scope of the veto right of the Class A stock in the above-mentioned (2), and because the voting rights shall be exercised in accordance with the guidelines for the exercise of voting rights by the Minister of Economy, Trade and Industry, which are set forth in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008), this measure is designed to be highly transparent to avoid unreasonably impeding the efficiency and flexibility of the Company's management to minimize the impact thereof. For these reasons, the Company believes that this measure is in line with the basic policy set forth in the above-mentioned (1) and does not impair the common interests of the Company's shareholders.

Note: Fractions less than the indicated units are truncated for amounts shown in the business report except for amounts with other notes.

[Translation for Reference Purposes Only]

Consolidated Balance Sheet

Unit: millions of yen (Amounts truncated to millions of yen)

Accounts	As of March 31, 2016	Accounts	As of March 31, 2016
(Assets)		**(Liabilities)**	
Current assets	**984,345**	**Current liabilities**	**319,127**
Cash and deposits	772,528	Accounts payable-trade	47,351
Accounts receivable-trade	56,462	Short-term loans	68,468
Inventories	35,915	Income taxes payable	42,845
Deferred tax assets	2,852	Accounts payable-other	79,621
Accounts receivable-other	84,650	Provision for exploration projects	4,781
Other	45,012	Accrued bonuses to officers	55
Less allowance for doubtful accounts	(13,076)	Asset retirement obligations	2,233
		Other	73,769
Fixed assets	**3,385,496**		
Tangible fixed assets	**1,752,614**	**Long-term liabilities**	**871,911**
Buildings and structures	124,900	Long-term debt	673,098
Wells	51,257	Deferred tax liabilities	56,044
Machinery, equipment and vehicles	130,796	Provision for loss on business	4,737
Land	19,673	Accrued special repair and maintenance	293
Construction in progress	1,407,490	Liability for retirement benefits	7,461
Other	18,495	Asset retirement obligations	100,829
		Other	29,445
Intangible assets	**541,471**	**Total liabilities**	**1,191,038**
Goodwill	67,558	**(Net assets)**	
Exploration and development rights	146,262	**Shareholders' equity**	**2,536,971**
Mining rights	318,438	Common stock	290,809
Other	9,212	Capital surplus	676,273
		Retained earnings	1,575,136
Investments and other assets	**1,091,410**	Treasury stock	(5,248)
Investment securities	213,730	**Accumulated other comprehensive income**	**395,921**
Long-term loans receivable	4,230	Unrealized holding gain on securities	4,958
Long-term time deposits	202,842	Unrealized loss from hedging instruments	(6,660)
Recoverable accounts under production sharing	727,771	Translation adjustments	397,622
Deferred tax assets	13,105	**Non-controlling interests**	**245,910**
Other	71,357		
Less allowance for doubtful accounts	(7,814)		
Less allowance for recoverable accounts under production sharing	(131,765)		
Less allowance for investments in exploration	(2,046)		
		Total net assets	**3,178,803**
Total assets	**4,369,841**	**Total liabilities and net assets**	**4,369,841**

[Translation for Reference Purposes Only]

Consolidated Statement of Income

Unit: millions of yen (Amounts truncated to millions of yen)

Accounts	For the year ended March 31, 2016	
Net sales		1,009,564
Cost of sales		526,757
Gross profit		**482,806**
Exploration expenses		6,166
Selling, general and administrative expenses		86,500
Operating income		**390,139**
Other income		
Interest income	10,751	
Dividend income	10,825	
Gain on sales of marketable securities	25,986	
Foreign exchange gain	2,964	
Other	19,406	69,934
Other expenses		
Interest expense	4,198	
Equity in losses of affiliates	20,696	
Provision for allowance for recoverable accounts under production sharing	25,026	
Provision for exploration projects	335	
Loss on disposal of fixed assets	13,288	
Other	21,756	85,301
Ordinary income		**374,771**
Extraordinary loss		
Impairment loss	45,884	**45,884**
Income before income taxes		**328,887**
Income taxes-current	356,585	
Income taxes-deferred	(2,192)	354,393
Net loss		**(25,505)**
Net loss attributable to non-controlling interests		(42,282)
Net income attributable to owners of parent		**16,777**

[Translation for Reference Purposes Only]

Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2016)

Unit: millions of yen (Amounts truncated to millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	290,809	679,287	1,584,645	(5,248)	2,549,494
Changes during the period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(3,014)			(3,014)
Cash dividends paid			(26,286)		(26,286)
Net income attributable to owners of parent			16,777		16,777
Net changes in items other than those in shareholders' equity					
Total changes during the period	–	(3,014)	(9,509)	–	(12,523)
Balance at the end of the period	290,809	676,273	1,575,136	(5,248)	2,536,971

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Unrealized loss from hedging instruments	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	46,049	(36,423)	507,560	517,185	222,023	3,288,703
Changes during the period						
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(3,014)
Cash dividends paid						(26,286)
Net income attributable to owners of parent						16,777
Net changes in items other than those in shareholders' equity	(41,090)	29,763	(109,937)	(121,264)	23,887	(97,376)
Total changes during the period	(41,090)	29,763	(109,937)	(121,264)	23,887	(109,900)
Balance at the end of the period	4,958	(6,660)	397,622	395,921	245,910	3,178,803

[Translation for Reference Purposes Only]

Non-Consolidated Balance Sheet

Unit: millions of yen (Amounts truncated to millions of yen)

Accounts	As of March 31, 2016	Accounts	As of March 31, 2016
(Assets)		**(Liabilities)**	
Current assets	**1,006,661**	**Current liabilities**	**631,868**
Cash and deposits	753,729	Accounts payable-trade	2,543
Accounts receivable-trade	16,962	Current portion of long-term debt	9,096
Finished goods	2,588	Lease obligations	44
Work in process and partly-finished construction	377	Accounts payable-other	11,457
Raw materials and supplies	12,833	Accrued expenses	3,398
Advance payments-trade	108	Income taxes payable	8,529
Prepaid expenses	2,796	Advances received	2,396
Short-term loans receivable from subsidiaries and affiliates	195,708	Deposits payable	308
Deferred tax assets	295	Deposits received from subsidiaries and affiliates	593,474
Other	46,415	Accrued bonuses to officers	55
Allowance for doubtful accounts	(10,191)	Asset retirement obligations	158
Allowance for investments in exploration	(14,961)	Other	406
Fixed assets	**2,322,258**		
Tangible fixed assets	**292,813**		
Buildings	15,564	**Long-term liabilities**	**357,130**
Structures	100,628	Long-term debt	332,921
Wells	581	Lease obligations	76
Machinery and equipment	60,511	Deferred tax liabilities	2,877
Vehicles	31	Accrued retirement benefits to employees	7,043
Tools, furniture and fixtures	3,029	Provision for loss on business	4,737
Land	17,467	Provision for loss on business of subsidiaries and affiliates	6,196
Leased assets	111	Asset retirement obligations	2,950
Construction in progress	94,887	Other	327
		Total liabilities	**988,999**
Intangible assets	**76,230**	**(Net assets)**	
Goodwill	69,529	**Shareholders' equity**	**2,334,965**
Mining right	2	**Common stock**	**290,809**
Software	2,428	**Capital surplus**	**1,023,802**
Other	4,270	Legal capital surplus	1,023,802
		Retained earnings	**1,025,601**
Investments and other assets	**1,953,214**	Other retained earnings	1,025,601
Investment securities	78,118	Reserve for advanced depreciation of non-current assets	225
Investment in stock of subsidiaries and affiliates	1,493,189	Reserve for special depreciation	7,480
Long-term loans receivable from employees	21	Reserve for overseas investment loss	35,226
Long-term loans receivable from subsidiaries and affiliates	222,426	Mine prospecting reserve	20,448
Long-term prepaid expenses	131	Retained earnings brought forward	962,221
Long-term time deposits	202,842	**Treasury stock**	**(5,248)**
Recoverable accounts under production sharing	95,827	**Valuation, translation adjustments and others**	**4,954**
Other	8,187	**Unrealized holding gain on securities**	**4,954**
Allowance for doubtful accounts	(11,298)		
Allowance for recoverable accounts under production sharing	(5,027)		
Allowance for investments in exploration	(131,204)		
		Total net assets	**2,339,920**
Total assets	**3,328,919**	**Total liabilities and net assets**	**3,328,919**

[Translation for Reference Purposes Only]

Non-Consolidated Statement of Income

Unit: millions of yen (Amounts truncated to millions of yen)

Accounts	For the year ended March 31, 2016	
Net sales		324,969
Cost of sales		190,103
Gross profit		**134,866**
Exploration expenses		3,059
Selling, general and administrative expenses		46,412
Operating income		**85,394**
Other income		
Gain on sales of marketable securities	25,986	
Guarantee commission received	13,106	
Interest income	16,331	
Dividend income	23,690	
Other	8,774	87,889
Other expenses		
Loss on valuation of shares of subsidiaries and affiliates	44,046	
Provision of allowance for doubtful accounts	16,944	
Provision for allowance for recoverable accounts under production sharing	945	
Provision of allowance for investment loss in exploration	13,345	
Provision for loss on business of subsidiaries and affiliates	2,939	
Foreign exchange loss	28,300	
Other	10,659	117,182
Ordinary income		**56,102**
Income before income taxes		**56,102**
Income taxes-current	49,574	
Income taxes-deferred	(1,945)	47,629
Net income		**8,473**

[Translation for Reference Purposes Only]

Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2016)

Unit: millions of yen (Amounts truncated to millions of yen)

	Shareholders' equity					
		Capital surplus		Retained earnings		
				Other retained earnings		
	Common stock	Legal capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	Reserve for overseas investment loss
Balance at the beginning of the period	290,809	1,023,802	1,023,802	70	10,942	34,834
Changes during the period						
Provision of reserve for advanced depreciation of non-current assets				155		
Provision of reserve for special depreciation					122	
Reversal of reserve for special depreciation					(3,584)	
Provision of reserve for overseas investment loss						392
Provision of mine prospecting reserve						
Reversal of mine prospecting reserve						
Cash dividends paid						
Net income						
Other changes in items other than those in shareholders' equity (net)						
Total changes during the period	—	—	—	155	(3,462)	392
Balance at the end of the period	290,809	1,023,802	1,023,802	225	7,480	35,226

[Translation for Reference Purposes Only]

Unit: millions of yen (Amounts truncated to millions of yen)

	Shareholders' equity					Valuation, translation adjustments and others		Total net assets
	Retained earnings			Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Total valuation, translation adjustments and others	
	Other retained earnings		Total retained earnings					
	Mine prospecting reserve	Retained earnings brought forward						
Balance at the beginning of the period	14,952	982,614	1,043,414	(5,248)	2,352,778	45,885	45,885	2,398,664
Changes during the period								
Provision of reserve for advanced depreciation of non-current assets		(155)	—		—			—
Provision of reserve for special depreciation		(122)	—		—			—
Reversal of reserve for special depreciation		3,584	—		—			—
Provision of reserve for overseas investment loss		(392)	—		—			—
Provision of mine prospecting reserve	7,826	(7,826)	—		—			—
Reversal of mine prospecting reserve	(2,331)	2,331	—		—			—
Cash dividends paid		(26,286)	(26,286)		(26,286)			(26,286)
Net income		8,473	8,473		8,473			8,473
Other changes in items other than those in shareholders' equity (net)						(40,931)	(40,931)	(40,931)
Total changes during the period	5,495	(20,393)	(17,813)	—	(17,813)	(40,931)	(40,931)	(58,744)
Balance at the end of the period	20,448	962,221	1,025,601	(5,248)	2,334,965	4,954	4,954	2,339,920

[Translation for Reference Purposes Only]

< Copy of the Report of the Accounting Auditors on the Consolidated Financial Statements>

Independent Auditor's Report

May 12, 2016

The Board of Directors
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Kazuhiko Umemura
Certified Public Accountant
Designated and Engagement Partner

Toru Kimura
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of INPEX CORPORATION (the "Company") applicable to the 10th fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the INPEX Group, which consisted of the Company and consolidated subsidiaries, applicable to the 10th fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[Translation for Reference Purposes Only]

< Copy of the Report of the Accounting Auditors on the Non-Consolidated Financial Statements>

Independent Auditor's Report

May 12, 2016

The Board of Directors
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Kazuhiko Umemura
Certified Public Accountant
Designated and Engagement Partner

Toru Kimura
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of INPEX CORPORATION (the "Company") applicable to the 10th fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

[Translation for Reference Purposes Only]

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of INPEX CORPORATION applicable to the 10th fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[Translation for Reference Purposes Only]

< Certified Copy of the Audit Report of the Audit & Supervisory Board>

Audit Report

With respect to the Directors' performance of their duties during the 10th business year (from April 1, 2015 to March 31, 2016), the Audit & Supervisory Board of the Company deliberated based on the audit report made by each Audit & Supervisory Board Member and has prepared this audit report, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

   The Audit & Supervisory Board has established the audit plan including the audit policies, audit method, assignment of duties, etc., and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc., and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.

   In conformity with the Audit & Supervisory Board Member auditing standards established by the Audit & Supervisory Board, and in accordance with the audit plan, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the internal audit division and other employees, etc.; endeavored to collect information and maintain and improve the audit environment; attended the meetings of the Board of Directors and other important meetings; received reports on the status of performance of duties from the Directors and other employees, etc., and requested explanations as necessary; examined important approval/decision documents; and inspected the status of the corporate affairs and assets at the Head Office and major business sites. Also, each Audit & Supervisory Board Member received reports from Directors and employees, etc. on the status of developments and operations concerning the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties as stated in the business reports complied with all laws, regulations and the articles of incorporation of the company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a stock company and of a group of companies consisting of the company and its subsidiaries and/or affiliates, and the systems (internal control systems) based on such resolutions; and, requested explanations as necessary and expressed its opinion. Furthermore, each Audit & Supervisory Board Member received periodic reports from the Directors, etc. and Ernst & Young ShinNihon LLC concerning the evaluation and audit of the internal controls relating to financial reporting, and requested explanations as necessary. The contents of the basic policies set forth in Article 118, item 3, sub-item (a) of the Ordinance for Enforcement of the Companies Act of Japan and undertakings set forth in the same item 3, sub-item (b) of said article, as described in the business report, were also considered in light of the circumstances, etc. of deliberations by the Board of Directors and other bodies. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary. Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and annexed specifications for the business year under consideration.

   In addition, each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary. Based on the above-described methods, each Audit & Supervisory Board Member examined the non-consolidated financial statements (balance sheet, profit and loss statement, shareholders' equity variation statement, and schedule of individual notes) and the annexed specifications thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated shareholders' equity variation statement, and schedule of consolidated notes), for the business year under consideration.

[Translation for Reference Purposes Only]

2. Results of Audit

(1) Results of Audit of Business Report, etc.

(i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the Company.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of the Company was found with respect to the Directors' performance of their duties.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the statement in the business reports and the Directors's performance of their duties concerning the internal control systems. In addition, with respect to internal controls over financial reporting, at the time of preparation of this audit report, we received a report from both the Directors, etc., and Ernst & Young ShinNihon LLC that states that the said controls were effective.

(iv) We did not find any matter to be mentioned with respect to the basic policies, described in the business report, concerning control of the corporation. Undertakings, described in the business report, set forth in Article 118, item 3, sub-item (b) of the Ordinance for Enforcement of the Companies Act of Japan are in line with the basic policies, do not impair the common interests of the Company's shareholders, and are not directed to the purpose of maintaining the status of the Company's officers.

(2) Results of Audit of Non-consolidated Financial Statements and their Annexed Specifications

We acknowledge that the methods and results of audit performed by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 12, 2016

The Audit & Supervisory Board, INPEX Corporation

Audit & Supervisory Board Member:	Kazuo Yamamoto (Seal)
Outside Audit & Supervisory Board Member:	Hideyuki Toyama (Seal)
Outside Audit & Supervisory Board Member:	Koji Sumiya (Seal)
Outside Audit & Supervisory Board Member (part-time):	Michiro Yamashita (Seal)
Outside Audit & Supervisory Board Member (part-time):	Masaru Funai (Seal)

【Reference】

Establishment of "Corporate Governance Guidelines"

Our mission is to provide a stable and efficient supply of energy to our customers by exploring and developing oil and natural gas resources throughout the world in an aim to contribute to the creation of an affluent society. Under this corporate philosophy the Company will engage in enhancing its corporate governance by transparent, fair, timely and decisive decision-making and fulfill social responsibilities in cooperation with our stakeholders including shareholders and aim to increase our sustained growth and corporate value from a medium- and long-term standpoint.

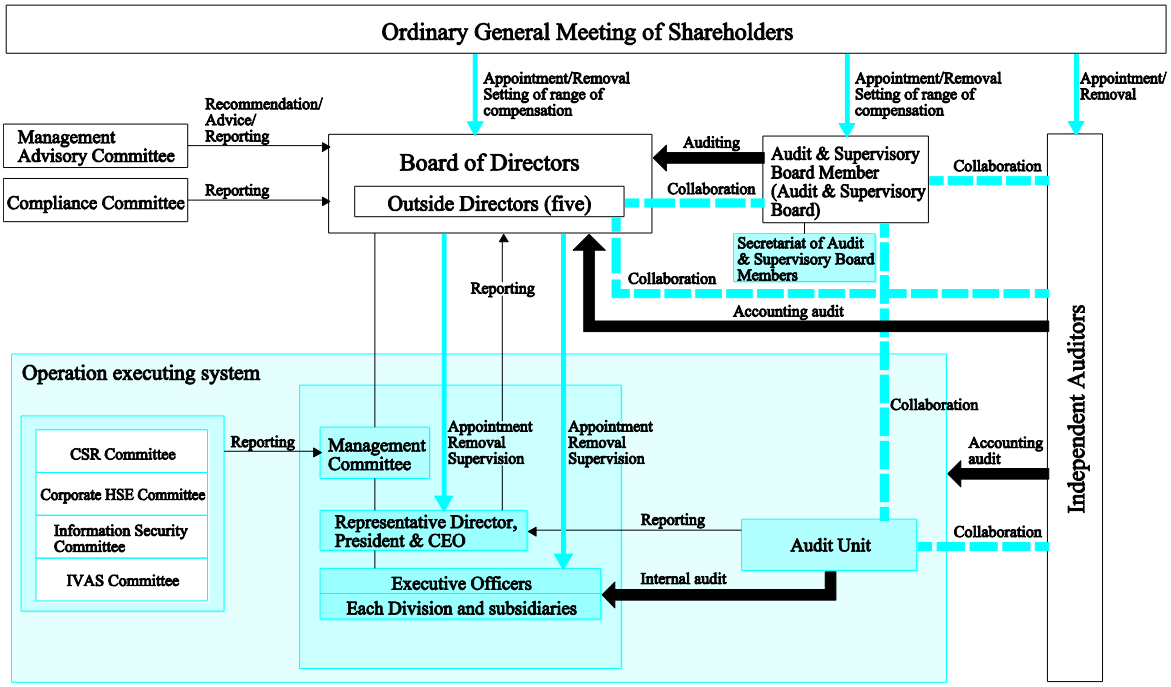
In November 2015, the Company announced its basic viewpoints and policy and established its Corporate Governance Guidelines for the purpose of ensuring transparency and fairness in its decision-making by making proactive transmission of information so that it can achieve effective corporate governance.

For the details of our "Corporate Governance Guidelines" please refer to the Company's website:

http://www.inpex.co.jp/company/pdf/guidelines.pdf

[Translation for Reference Purposes Only]

The Company's system of Corporate Governance (pattern diagram)



[Translation for Reference Purposes Only]

(Please use these pages for your memo.)