[Updated]

The photo on the top (page 36) was replaced from the document we uploaded on May 28, 2018.

[Translation for Reference Purposes Only]

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 1605
June 4, 2018

To Those Shareholders with Voting Rights

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

NOTICE OF THE 12th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 12th Ordinary General Meeting of Shareholders 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 the methods on the following page. It is requested that you review the Reference Documents for the Ordinary General Meeting of Shareholders (pages 4 - 28) before exercising your voting rights.

1. **Date and Time:** Tuesday, June 26, 2018 at 10:00 a.m. (Japan Time)

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 12th fiscal year (from April 1, 2017 to March 31, 2018) 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 12th fiscal year (from April 1, 2017 to March 31, 2018)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Fifteen (15) Directors
Proposal No. 3: Payment of Bonuses to Directors
Proposal No. 4: Introduction of Stock-Based Remuneration System for Directors and Executive Officers

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

[Translation for Reference Purposes Only]

Procedures to Exercise Voting Rights

Voting rights at the Ordinary General Meeting of Shareholders are important rights of the shareholders in relation to decision-making by all the shareholders. Please refer to the Reference Documents for the Ordinary General Meeting of Shareholders and exercise your voting rights. You may exercise your voting rights by any of the following three methods.

Exercise of Voting Rights by Attending the Ordinary General Meeting of Shareholders
Those attending the Ordinary General Meeting of Shareholders on the day are requested to bring this Notice and to submit the enclosed Voting Rights Exercise Form at the reception desk.
Date and time: Tuesday, June 26, 2018 at 10:00 a.m. (Japan Time)

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 send the form by mail.
Deadline: Arrival by Monday, June 25, 2018 at 5:25 p.m. (Japan Time)

Exercise of Voting Rights by Electromagnetic Means (via the Internet)
Please see the "Procedures to Exercise Voting Rights via the Internet" on the next page and exercise your voting rights. If you have any questions, please contact the Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. stated in "D. Inquiries" on the next page.
Deadline: Monday, June 25, 2018 at 5:25 p.m. (Japan Time)

- Should you choose to exercise your voting rights via a proxy, you may designate a shareholder other than yourself, who holds voting rights 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.
- 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.
- In the case you choose to exercise your voting rights in writing, if where there is no indication of your vote for or against a proposal on the Voting Rights Exercise Form, it will be treated as a vote "for" the proposal.
- 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.

[Translation for Reference Purposes Only]

Procedures to Exercise Voting Rights via the Internet

Deadline: Monday, June 25, 2018 at 5:25 p.m. Japan Time

A. Via "Smart Ko-Shi"

1. Please use your smartphone to read the QR code on the bottom right corner of the enclosed Voting Rights Exercise Form, access the "Smart Ko-Shi" website, and enter your votes by following the on-screen instructions (ID and password not required).
2. You can only exercise your voting rights via "Smart Ko-Shi" once.

B. By entering your ID and Password

1. Please access the "Voting Rights Exercise Website" (URL below), log-in with the "Code for the Exercise of Voting Rights" and the "Password" stated on the enclosed Voting Rights Exercise Form, and enter your votes by following the on-screen instructions. To ensure security, you will need to change the password at the initial log-in.

   https://soukai.mizuho-tb.co.jp/
2. The Password (including passwords changed by the shareholder) is only valid for this General Meeting. A new password will be issued for the next General Meeting of Shareholders.
3. The Password is used to authenticate shareholders. There will be no inquiries concerning your Password from the Company.
4. After a certain number of failed attempts at entering the Password, a lock will be set and the Password will become invalid. If a lock is set, please follow the on-screen instructions and carry out the necessary procedures.

C. Caution

1. The deadline for exercising your voting rights is Monday, June 25, 2018 at 5:25 p.m. (Japan Time), and the entering of votes must be finished by that time. Please exercise your voting rights early.
2. If you would like to revise your votes exercised through "Smart Ko-Shi," please do so by following the procedures in B. above.
3. If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as your effective vote. 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.
4. Fees for connecting to the Internet shall be borne by the shareholder.
5. It has been verified that the exercising of voting rights via the Internet can be done via an ordinary Internet connection device, but it may not be possible depending on the device you are using or the circumstances.

D. Inquiries

If you have any inquiries, please contact the Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd., the shareholder registry administrator.

Inquiries regarding how to use "Smart Ko-Shi" and the "Web site for exercising voting rights"
Telephone (available only in Japan): 0120-768-524
Operating Hours: 09:00 a.m. to 09:00 p.m. (weekdays only)

Note: The "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

Please use "Smart Ko-Shi" when exercising voting rights via a smartphone.
By reading the "QR code for logging into the smartphone website for exercising voting rights" stated on the enclosed Voting Rights Exercise Form, you do not need to enter the "Code for the Exercise of Voting Rights" and the "Password". This can **only be used once** for exercising your voting rights.

For Institutional Investors: Institutional investors may exercise their voting rights using the electronic voting platform for institutional investors operated by ICJ, Inc. if they apply for the usage beforehand.

[Translation for Reference Purposes Only]

Reference Documents for the Ordinary 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

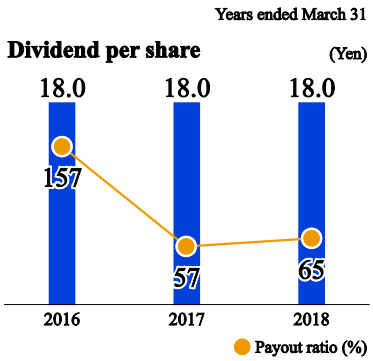
The basic policy of the Company is, in light of the medium- to long-term prospects, to harmonize direct compensation to shareholders through dividend and maximization of corporate value by the maintenance and increase of its oil & gas reserves and production through investing in exploration and development activities as well as the establishment and improvement of distribution infrastructure both in Japan and overseas.

Based on this policy, it is proposed that the year-end dividend for 12th fiscal year be as follows.

1) Type of dividend
   Cash
2) Matters concerning allotment of dividend property and total amount

Amount per common share	9 yen
Amount per Class A share	3,600 yen
Total amount of dividend	13,143,217,500 yen

3) Effective date of distribution of surplus
   June 27, 2018



Including the already-paid interim dividend, which amounted to 13,143,217,500 yen (9 yen per common share and 3,600 yen per Class A share), the annual dividend is 26,286,435,000 yen in total (18 yen per common share and 7,200 yen per Class A share).

Note: Although the Company conducted a share split at a ratio of 1:400 of its common share on October 1, 2013, a share split was not implemented for the Class A share of the Company. Accordingly, the amount of the dividend of the Class A share 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 share split, as specified in the Company's Articles of Incorporation.

Based on the shareholder returns policy stated in the *"Medium-Term Business Plan 2018-2022"* formulated in May 2018, during the period of the *Medium-term Business Plan* from fiscal year 2018 to fiscal year 2022, the basic policy is to maintain stable dividends, with a payout ratio of 30% or higher, and enhance shareholder returns in stages in accordance with the growth of the Company's financial results.

[Translation for Reference Purposes Only]

Proposal No. 2: Election of Fifteen (15) Directors

As the term of office of all fifteen (15) Directors will expire at the close of this Ordinary General Meeting of Shareholders, the election of fifteen (15) Directors is proposed.

The candidates for Directors are as follows. There is no special interest between any of the candidates and the Company.

Candidate number		Name	Current position & Responsibility	Attendance at Board of Directors meetings in fiscal year 2017
1	For reappointment (Note 1)	Toshiaki Kitamura	Representative Director, President & CEO	100% (16/16)
2	New candidate (Note 1)	Takayuki Ueda	Senior Executive Vice President	– (Note 2)
3	For reappointment	Masahiro Murayama	Director, Senior Managing Executive Officer, Senior Vice President of Finance & Accounting	87% (14/16)
4	For reappointment	Seiya Ito	Director, Senior Managing Executive Officer, Senior Vice President of Ichthys Project	93% (15/16)
5	For reappointment	Shunichiro Sugaya	Director, Managing Executive Officer, Senior Vice President of Masela Project	93% (15/16)
6	For reappointment	Takahiko Ikeda	Director, Managing Executive Officer, Senior Vice President of Technical Headquarters	100% (16/16)
7	For reappointment	Yoshikazu Kurasawa	Director, Managing Executive Officer, Senior Vice President of New Ventures	100% (16/16)
8	For reappointment	Kimihisa Kittaka	Director, Managing Executive Officer, Senior Vice President of Corporate Strategy & Planning	100% (16/16)
9	For reappointment	Nobuharu Sase	Director, Managing Executive Officer, Senior Vice President of General Administration	100% (16/16)
10	For reappointment Outside Director Independent Director	Yasuhiko Okada	Director	100% (16/16)
11	For reappointment Outside Director Independent Director	Hiroshi Sato	Director	100% (16/16)
12	For reappointment Outside Director Independent Director	Isao Matsushita	Director	100% (16/16)
13	For reappointment Outside Director Independent Director	Jun Yanai	Director	100% (16/16)
14	For reappointment Outside Director Independent Director	Norinao Iio	Director	100% (13/13) (Note 3)
15	For reappointment Outside Director Independent Director	Atsuko Nishimura	Director	100% (13/13) (Note 3)

Note 1: If this proposal is approved, this candidate will be elected as Representative Director at the Board of Directors meeting to be held after the close of this Ordinary General Meeting of Shareholders.

Note 2: The attendance in the current fiscal year is not applicable because Mr. Takayuki Ueda is a new candidate for Director.

Note 3: The attendance after the candidate's assumption of the post on June 27, 2017.

[Translation for Reference Purposes Only]

No. 1	Toshiaki Kitamura (Date of birth: November 15, 1948)	Reappointment

Number of common shares of the Company held by the candidate:
35,200 shares

Term of office as Director:
8 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

Career summary and position

April 1972	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
July 2002	Director-General, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
July 2003	Director-General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
June 2004	Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry
July 2006	Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry
November 2007	Adviser to Tokio Marine & Nichido Fire Insurance Co., Ltd.
August 2009	Senior Executive Vice President of the Company
June 2010	Representative Director, President & CEO (to date)

Reason for nominating as candidate for Director

Mr. Toshiaki Kitamura has superior insights and actual achievement in the fields of government policy 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 Executive Officer since June 2010. Thus, he has abundant operational experience in the Company and he also has insights regarding management 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.

[Translation for Reference Purposes Only]

No. 2	Takayuki Ueda (Date of birth: August 30, 1956)	New candidate

Number of common shares of the Company held by the candidate:
1,700 shares

Term of office as Director:
–

Attendance at Board of Directors meetings in fiscal year 2017:
–

Career summary and position

April 1980	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
July 2010	Director-General, Minister's Secretariat
August 2011	Director-General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
September 2012	Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry
June 2013	Commissioner, Agency for Natural Resources and Energy
July 2015	Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry
April 2017	Special Councilor (part-time) of the Company
August 2017	Senior Executive Vice President (to date)

Reason for nominating as candidate for Director

Mr. Takayuki Ueda has superior insights and actual achievement in the fields of government policy, resources and energy, etc. built through his career at the Ministry of Economy, Trade and Industry. He has been Senior Executive Vice President of the Company since 2017 and has insights regarding management of oil & gas development companies and global business management as well as administrative/operational affairs. For these reasons, we have nominated him for appointment as Director.

[Translation for Reference Purposes Only]

No. 3	Masahiro Murayama (Date of birth: July 16, 1953)	Reappointment

Number of common shares of the Company held by the candidate:
25,800 shares

Term of office as Director:
9 years

Attendance at Board of Directors meetings in fiscal year 2017:
14 out of 16 (87%)

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
June 2016	Director, Senior Managing Executive Officer, Senior Vice President of Finance & Accounting (to date)

Reason for nominating as candidate for Director

Mr. Masahiro Murayama has excellent knowledge and experience as well as actual performance results built 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 Senior Vice President of Finance & Accounting Headquarters and has knowledge and experience concerning administrative/operational matters of oil & gas development companies. For these reasons we have nominated him again for reappointment as Director.

[Translation for Reference Purposes Only]

No. 4	Seiya Ito (Date of birth: September 14, 1954)	Reappointment

Number of common shares of the Company held by the candidate:
21,800 shares

Term of office as Director:
12 years

Attendance at Board of Directors meetings in fiscal year 2017:
15 out of 16 (93%)

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
June 2016	Director, Senior Managing Executive Officer, Senior Vice President of Ichthys Project (to date)

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 and Americas Division. 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 & gas development companies. For these reasons, we have nominated him again for reappointment as Director.

[Translation for Reference Purposes Only]

No. 5	Shunichiro Sugaya (Date of birth: November 27, 1952)	Reappointment

Number of common shares of the Company held by the candidate:
22,500 shares

Term of office as Director:
9 years

Attendance at Board of Directors meetings in fiscal year 2017:
15 out of 16 (93%)

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)

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 is currently the Senior Vice President of Masala Project and has abundant business experience and insights on the global business management as well as administrative/operational matters of oil & gas development companies. For these reasons, we have nominated him again for reappointment as Director.

[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:
28,800 shares

Term of office as Director:
9 years

Attendance at Board of Directors meetings in fiscal year 2017:
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
April 2017	Director, Managing Executive Officer, Senior Vice President of Technical Headquarters (to date)

Reason for nominating as candidate for Director

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

[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:
19,600 shares

Term of office as Director:
6 years

Attendance at Board of Directors meetings in fiscal year 2017:
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
June 2012	Director, Managing Executive Officer, Senior Vice President, New Ventures (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 & gas development companies. For these reasons we have nominated him again for reappointment as Director.

[Translation for Reference Purposes Only]

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

Number of common shares of the Company held by the candidate:
8,100 shares

Term of office as Director:
2 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

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
June 2012	Executive Officer, Vice President of Corporate Strategy & Planning Division, General Manager of Corporate Strategy & Planning Unit, and Corporate Communication Unit
June 2016	Director, Managing Executive Officer, Senior Vice President of Corporate Strategy & Planning (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, has been in the post of General Manager, Corporate Strategy & Planning Unit, and Corporate Communication Unit, Corporate Strategy & Planning Division and is currently Senior Vice President of Corporate Strategy & Planning. 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 & gas development companies. For these reasons we have nominated him again for reappointment as Director.

[Translation for Reference Purposes Only]

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

Number of common shares of the Company held by the candidate:
26,400 shares

Term of office as Director:
2 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

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
June 2016	Director, Managing Executive Officer, Senior Vice President, General Administration (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 currently Senior Vice President of General Administration after having had experience in the post of General Manager, Secretary Unit, and General Manager, Oil Marketing Unit. Thus, he has abundant work experience at the Company as well as knowledge and experience concerning marketing and administrative/operational matters of oil & gas development companies. For these reasons we have nominated him again for reappointment as Director.

[Translation for Reference Purposes Only]

No. 10	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:
6 years

Attendance at Board of Directors meetings in fiscal years 2017:
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 (Tokyo Office)
Outside Director, FEED ONE CO., LTD.

Reason for nominating as candidate for Outside Director

Although Mr. Yasuhiko 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, etc. as well as his professional knowledge and experience as an attorney-at-law, 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. 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 24 of this Notice.
2. Term of office as Outside Director of the Company
   Mr. Okada's term of office as an Outside Director of the Company will be six years at the conclusion of this Ordinary General Meeting of Shareholders.
3. 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]

No. 11	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:
3 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

Career summary and position

April 1970	Joined Japan Petroleum Exploration Co., Ltd. (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, JAPEX

Reason for nominating as candidate for Outside Director

Mr. Hiroshi 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. 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 stipulated 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 24 of this Notice.
2. Term of office as Outside Director of the Company
   Mr. Sato's term of office as an Outside Director of the Company will be three years at the conclusion of this Ordinary General Meeting of Shareholders.
3. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions
   JAPEX is one of the top ten shareholders 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 JAPEX Group, and the INPEX Group's sales to the JAPEX 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 JAPEX Group in this fiscal year were less than 0.1% of the Company's consolidated cost of sales for the same period.
4. 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. 12	Isao Matsushita (Date of birth: April 3, 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:
2 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

Career summary and position

April 1970	Joined Nihon Kogyo Co., Ltd.
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 of Japan Energy Corporation
June 2004	Member of the Board, Executive Vice President of Japan Energy Corporation
April 2005	Member of the Board, Senior Executive Vice President 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 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.
June 2016	Outside Director of the Company (to date)
April 2017	Senior Executive Adviser of JXTG Holdings, Inc. (to date)

Significant concurrently held positions

Senior Executive Adviser, JXTG Holdings, Inc.
Outside Director, Sumitomo Mitsui Trust Holdings, Inc.
Outside Director, Matsumotokiyoshi Holdings Co., Ltd.

Reason for nominating as candidate for Outside Director

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

[Translation for Reference Purposes Only]

	Special remarks concerning the candidate for Director
	1. 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 reported Mr. Matsushita as an Independent Director as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Matsushita 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 24 of this Notice. 2. Term of office as Outside Director of the Company Mr. Matsushita's term of office as an Outside Director of the Company will be two years at the conclusion of this Ordinary General Meeting of Shareholders. 3. Relationships between the Company and any companies in which the candidate holds significant concurrently held positions JXTG Holdings, Inc. is one of the top ten shareholders 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 JXTG Holdings Group and the INPEX Group's sales to JXTG Holdings Group in this fiscal year are less than 10.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from JXTG Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period. 4. Outline of the liability limitation agreement contract Based on Article 427, Paragraph 1, of the Companies Act, the Company has 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. If the election of Mr. Matsushita is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

No. 13	Jun Yanai (Date of birth: July 5, 1950)	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:
2 years

Attendance at Board of Directors meetings in fiscal year 2017:
16 out of 16 (100%)

Career summary and position

April 1973	Joined 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
June 2016	Corporate Advisor, Mitsubishi Corporation (to date)
June 2016	Outside Director of the Company (to date)

Significant concurrently held positions

Corporate Advisor, Mitsubishi Corporation

Reason for nominating as candidate for Outside Director

Mr. Jun Yanai is nominated as an Outside Director of the Company and his reelection 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.

[Translation for Reference Purposes Only]

	Special remarks concerning the candidate for Director
	1. 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 reported Mr. Yanai as an Independent Director as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Yanai 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 24 of this Notice. 2. Term of office as Outside Director of the Company Mr. Yanai's term of office as an Outside Director of the Company will be two years at the conclusion of this Ordinary General Meeting of Shareholders. 3. 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 1.8% 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. 4. 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. 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. If the election of Mr. Yanai is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

No. 14	Norinao Iio (Date of birth: March 2, 1951)	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 27, 2017:
13 out of 13 (100%)

Career summary and position

June 1973	Joined Mitsui & Co., Ltd. /Accounting Department
April 2001	General Manager, Natural Gas Second Division Tokyo Head Office, Mitsui & Co., Ltd.
April 2005	Managing Officer, Chief Operating Officer, Energy Business Unit, Mitsui & Co., Ltd.
April 2008	Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd., Managing Director of Mitsui & Co, Europe Holdings Plc, Managing Director of Mitsui & Co, Europe Plc
October 2008	Senior Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd., Managing Director of Mitsui & Co., Europe Holdings Plc, Managing Director of Mitsui & Co., Europe Plc
June 2009	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd., Director of Mitsui & Co. (Asia Pacific) Pte. Ltd., Ltd.
August 2009	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd., Chief Compliance Officer, Director of Mitsui & Co. (Asia Pacific) Pte., Ltd.
April 2010	Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd.
April 2011	Director, Mitsui & Co., Ltd.
June 2011	Counselor, Mitsui & Co., Ltd.
June 2017	Outside Director of the Company (to date)

Reason for nominating as candidate for Outside Director

Mr. Norinao Iio is nominated as Outside Director of the Company and his reelection 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. Registration of Independent Director
   Mr. Iio 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. Iio as an Independent Director as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Iio 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 24 of this Notice.
2. Term of office as Outside Director of the Company
   Mr. Iio'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.
3. 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. Iio 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. Iio is approved as proposed, the Company intends to continue this contract with him.

[Translation for Reference Purposes Only]

No. 15	Atsuko Nishimura (Date of birth: May 5, 1953)	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 she assumed the current position on June 27, 2017:
13 out of 13 (100%)

Career summary and position

April 1979	Joined Ministry of Foreign Affairs
June 1997	Chief, First Africa Division, Middle Eastern and African Affairs Bureau
August 1999	Counselor/Minister, Permanent Mission of Japan to the United Nations
June 2001	Minister, Embassy of Japan in Belgium
September 2004	Professor, School of Law, Tohoku University
June 2008	Administrative Vice President, Japan Foundation
April 2012	Senior Councilor, Japan Oil, Gas and Metals National Corporation
April 2014	Ambassador Extraordinary and Plenipotentiary to the Grand Duchy of Luxembourg
July 2016	Ambassador Extraordinary and Plenipotentiary in charge of Women, Human Rights and Humanitarian Affairs
June 2017	Outside Director of the Company (to date)

Significant concurrently held positions

Outside Director, TAISEI CORPORATION

Reason for nominating as candidate for Outside Director

Although Ms. Atsuko Nishimura has no experience in being directly involved in corporate management, she is nominated as a candidate for Outside Director of the Company and her reelection is requested, as her extensive knowledge of international affairs created through her abundant experience as a diplomat, her insight into the resources and energy business, and her anticipated diverse and wide-ranging advice are expected to be fully utilized in the execution of her duties as an Outside Director appropriately.

Special remarks concerning the candidate for Director

1. Registration of Independent Director
   Ms. Nishimura 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 Ms. Nishimura as an Independent Director as stipulated by Tokyo Stock Exchange, Inc. If the election of Ms. Nishimura is approved as proposed, she is scheduled to continue to be an Independent Director. For the independence standards for Outside Directors of the Company, please refer to Page 24 of this Notice.
2. Term of office as Outside Director of the Company
   Ms. Nishimura'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.
3. Outline of the liability limitation agreement
   Based on Article 427, Paragraph 1, of the Companies Act, the Company has a liability limitation agreement with Ms. Nishimura 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 Ms. Nishimura is approved as proposed, the Company intends to continue this contract with her.

[Translation for Reference Purposes Only]

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

2. Regarding the resolution on "Proposal No. 2: Election of Fifteen (15) 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 Ordinary 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 the term of office at the conclusion of this Ordinary General Meeting of Shareholders, 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 60,000,000 yen be paid to the nine (9) incumbent Directors, excluding Outside Directors, as of March 31, 2018 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]

Proposal No. 4: Introduction of Stock-Based Remuneration System for Directors and Executive Officers

1. Reasons for the proposal and why the said remuneration is appropriate

The introduction of a stock-based remuneration system (hereinafter the "System") for Directors (excluding Outside Directors and non-residents in Japan; the same applies hereinafter in this proposal) and Executive Officers (excluding non-residents in Japan) of the Company (hereinafter collectively "Directors, etc."), which issues the Company's shares based on each officer's position, etc., is proposed. The proposed System is a form of share remuneration paid to Directors, etc. that falls under a separate category from the maximum monthly remuneration for Directors of the Company (within ¥47 million) as resolved in the 2nd Ordinary General Meeting of Shareholders held on June 25, 2008.

The System aims to clarify the linkage between the remuneration of Directors, etc. and the Company's share value, to raise the awareness of Directors, etc. towards increasing corporate value, and further increase their willingness to contribute to maximizing shareholder value. Therefore, the introduction of the System is considered to be appropriate.

The number of Directors eligible for the System will be seven (7) if Proposal 2 "Election of Fifteen (15) Directors" is approved as originally proposed. Also, as mentioned above, Executive Officers are also eligible for the System (there will be 20 Executive Officers who will not serve concurrently as Directors and be eligible for the System as of June 26, 2018), and the remuneration based on the System includes remuneration for Executive Officers. However, in this proposal, considering the possibility that the eligible Executive Officers may assume office as Directors after the System has commenced, the amount and details of overall remuneration based on the System is proposed as remuneration for Directors, etc.

2. Amount and details of remuneration in the System

(1) Overview of the System

The System is a stock-based remuneration system where, using the Company's contribution for remuneration for Directors, etc. as funds, a trust will acquire the Company's shares, and conduct the issuance and payment (hereinafter "issuance, etc.") of the Company's shares and cash amounts corresponding to the Company's shares converted (hereinafter "the Company's shares, etc.") to Directors, etc. (detailed in (2)-(6) below).

(a) Persons eligible to receive issuance, etc. of the Company's shares, etc. through the System	• Directors (excluding Outside Directors and non-residents in Japan) of the Company • Executive Officers (excluding non-residents in Japan) of the Company

(b) Effect of the Company's shares to be issued in the System on total number of shares issued	
Maximum amount of money the Company contributes (as detailed in (2) below)	• Total of ¥0.2 billion over five years of the period of execution of duties by Directors, etc.
Maximum number of the Company's shares to be issued to Directors, etc. (including the number of shares that will be converted into cash) and acquisition method of the Company's shares (as detailed in (2) and (3) below)	• Maximum number of points assigned to Directors, etc. shall be 40,000 points in a year (40,000 shares) (Total of 200,000 points in five years (200,000 shares)) • Maximum number of points assigned to Directors, etc. in a year is around 0.003% (as of March 31, 2018, after subtracting treasury share) of total number of issued shares of the Company (1 point = 1 common share) • As the Company' shares will be acquired from the stock market, the System will not cause share dilution

(c) Timing of issuance, etc. of the Company's shares, etc. to Directors, etc. (as detailed in (4) below)	• After retirement from office

(2) Maximum amount of money the Company contributes

The period of the System is five consecutive years of the period of execution of duties by Directors, etc. (the first period will be the five years from 2018 to 2023, and subsequent periods of five years each if the Trust Period as defined in the third paragraph of (2) is extended; hereinafter "Target Period").

The Company will establish a trust with a trust period of five years (including the continuation of the Trust stated in the third paragraph of (2); the same applies hereinafter) for beneficiaries, who are Directors, etc. fulfilling the beneficiary requirements, and contribute a maximum of ¥0.2 billion in total as remuneration for Directors, etc. in each Target Period (hereinafter the "Trust"). By following directions from the trust administrator, using money contributed to the trust as funds, the Trust will acquire the Company's shares from the stock market. During the trust period, the Company will assign allocated points (defined in (3) below) to Directors, etc. each year, and conduct the issuance, etc. of the Company's shares, etc. corresponding to the accumulated value of allocated points (hereinafter "accumulated points") to Directors, etc. after their retirement from office (in the case where a Director, etc. passes away, after they pass away; the same applies hereafter) through the Trust.

When the trust period of the Trust expires, the Trust may be continued through amending the trust agreement and conducting additional trust contributions in place of the establishment of establishing a new Trust. In such a case, the trust period will only be extended for the same period as the initial trust period of the Trust, and the five years of the period of execution of duties by Directors, etc. after the extension of the trust period shall be set as a new Target Period. For each extension of the trust period, the Company will make additional contribution within a total amount of ¥0.2 billion, assign points to Directors, etc. in the extended trust period, and the Trust will continue the issuance, etc. of the Company's shares, etc. However, in the abovementioned case of additional contributions, if the Company's shares (excluding the Company's shares to be assigned as a corresponding number of points to Directors, etc. where issuance has not been made) and cash (hereinafter collectively "remaining shares, etc.") remain in the trust on the final day of the trust period before the extension, the sum of the remaining shares, etc. and the amount of additional contributions to the Trust shall be within ¥0.2 billion in total.

When the trust period expires (in the case where the Trust is continued as stated in the third paragraph of (2) above, when the trust period after the extension expires) and amendment of the trust agreement and additional contributions is not conducted, points will not be assigned to Directors, etc. after the expiration. However, if a Director, etc. who may fulfill the beneficiary requirements remains in office at that point in time, the trust period of the Trust may be extended for a certain defined period until that Director, etc. retires from office and the issuance, etc. of the Company's shares is completed. Nonetheless, even in that case, new points will not be assigned to the said Director, etc.

(3) Maximum number of the Company's shares (including the number of shares that will be converted to cash) to be issued to Directors, etc. and calculation method thereof

The number of the Company's shares that will be issued, etc. to Directors, etc. will be determined by the points assigned to the Directors, etc. each year during the trust period. The number of points predetermined by the position and such will be assigned to the Director, etc. at a certain time of each year, and the issuance, etc. of the Company's shares etc. corresponding to the points accumulated during the term of office of a Director, etc. will be conducted after a Director, etc. retires from office.

*Points assigned in each year (fractions are rounded off) = stock-based remuneration amount based on position / average closing price (fractions are rounded off) of the Company's shares on the Tokyo Stock Exchange in July 2018 (if the Trust is extended, the month before the month when the fiscal year that the extension date falls under begins)

One point shall be equal to one common share of the Company. Regarding the Company's shares in the Trust, if a share split, share consolidation and such occurs during the trust period, depending on the ratio of the share split or consolidation, the number of the Company's shares (including the number of shares that will be converted to cash) corresponding to one point shall be adjusted.

The total number of points that the Trust assigns to Directors, etc. during the trust period shall be a maximum of 40,000 points in a year. The maximum number of the Company's shares that the Trust acquires during each trust period shall be the maximum number of points in the said year (i.e. 40,000 points) multiplied by five, the number of years of the Target Period (i.e. 200,000 shares). This upper limit is set based on the maximum amount of trust funds in (2) above and by considering the current market price of shares.

(4) Method and period of issuance, etc. of the Company's shares, etc. to Directors, etc.

After retiring from office, Directors, etc. who fulfill the beneficiary requirements will be provided with the Company's shares etc. corresponding to the accumulated points calculated based on (3) above; the said Directors, etc. will receive the Company's shares (rounded off to the nearest voting unit) corresponding to 70% of the accumulated points, and receive the cash converted from the Company's shares in the Trust in an amount corresponding to the remaining 30% of the accumulated points.

If a Director, etc. who fulfills the beneficiary requirements passes away during the trust period, the Company's shares corresponding to the accumulated points calculated at that point in time will be converted to cash in the Trust, and the corresponding converted cash amount will be paid to the heir of the said Director, etc. If a Director, etc. who fulfills the beneficiary requirements is posted overseas during the trust period, the Company's shares corresponding to the accumulated points calculated at that point in time will be converted to cash in the Trust, and the corresponding converted cash amount will be paid to the said Director, etc.

(5) Voting rights related to the Company's shares in the Trust

With regard to the Company's shares in the Trust (i.e. the Company's shares before issuance, etc. to Directors, etc. as described in (4) above), voting rights shall not be exercised during the trust period in order to ensure the neutrality to the management.

(6) Other terms of the System

Other terms related to the System will be determined by Board of Directors in each of the following occasions: establishment of a Trust, amendments of the trust agreement, and additional contributions to the Trust.

(Reference)

Regarding the details of the System, please refer to the "Notice Regarding the Introduction of the Share-Based Remuneration System for Directors and Executive Officers" released as timely disclosure on May 21, 2018.

[Translation for Reference Purposes Only]

(Attachment)

Business Report

(April 1, 2017 to March 31, 2018)

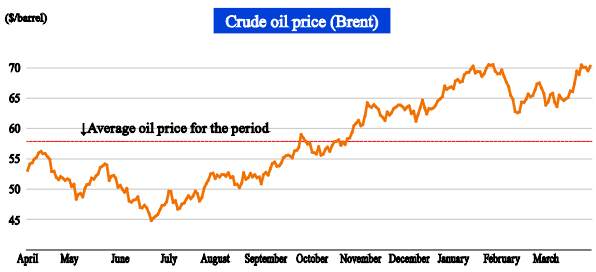
I. Present State of the Corporate Group

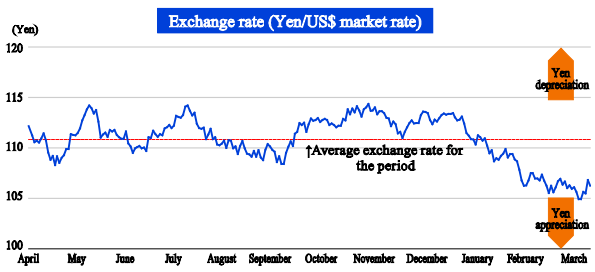
1. Progress and Results of Operations

In the fiscal year ended March 31, 2018, the global economy continued its gradual recovery amid uncertainty over the future outlook due to geopolitical risks, owing to the robust European and U.S. economies, and recovery in the economies of Asian countries including China. The Japanese economy continued on a path of gradual recovery driven by continued improvements in corporate earnings as well as employment and income levels, and signs of recovery are seen in personal consumption and capital investment.

Of the international crude oil price indices, which significantly influence the financial performance of the INPEX Group, Brent crude (on a near-term closing price basis), commonly considered a benchmark index for crude oil, started in April 2017 at US$53.12 per barrel and decreased to US$44.82 per barrel in late June, due to the continued declining trend of crude oil prices on the back of excessive crude oil supply, resulting from high U.S. crude oil inventory levels, an expected increase in U.S. shale oil production, and the recovery of crude oil production in Libya and Nigeria. Thereafter, crude oil prices switched to a rising trend, with the index recording a price of US$70.53 in late January, due to the alleviation of oversupply concerns, followed by the OPEC-Non-OPEC Joint Ministerial Monitoring Committee (JMMC) meeting in July, where it was announced that Nigeria will self-impose production limits and Saudi Arabia will reduce its export volume in August. Entering February 2018, the index dropped temporarily to US$62.59 due to concerns over the supply-demand balance loosening, as Iran was expected to increase production and the U.S. crude oil production volume hit a record high. However, in March, crude oil prices rose again owing to favorable factors including Saudi Arabia and other countries suggesting the intention to extend the coordinated production cut to 2019, and the production cut compliance rate hitting a record high in February, with the index ultimately closing at US$70.27 per barrel at the end of March, 2018. Meanwhile, in Japan, crude oil and petroleum product prices shifted in correlation with international oil prices. The INPEX Group's average crude oil sales price for the fiscal year ended March 31, 2018 reflected this shift and rose to US$56.30 per barrel, up US$9.89 from the previous fiscal year.

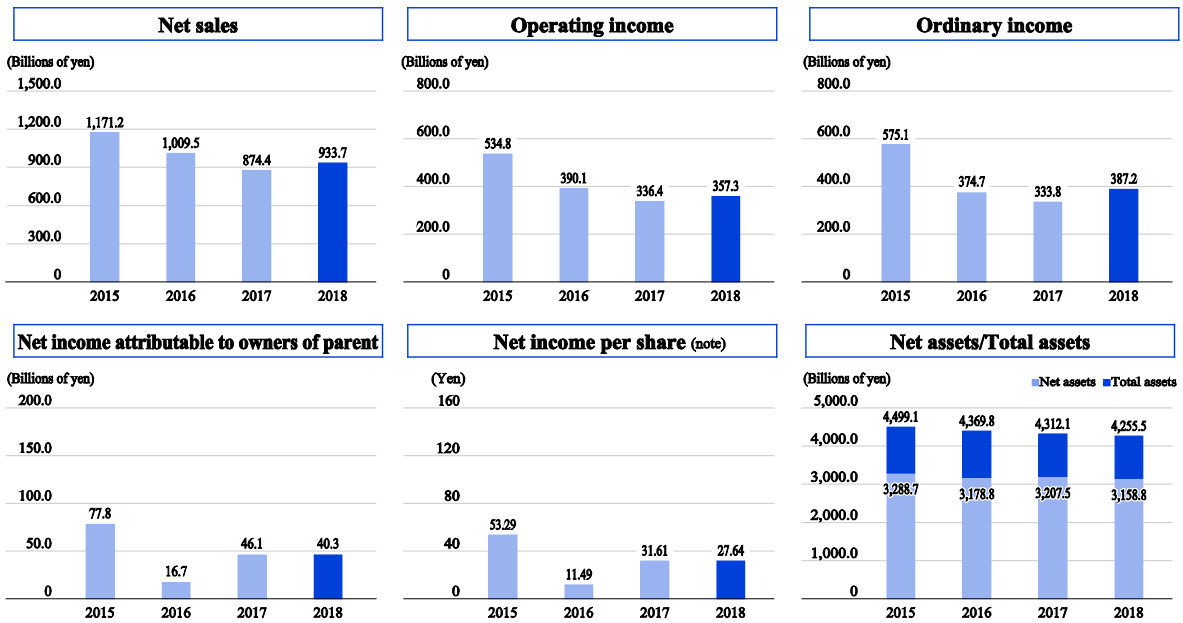
The foreign exchange market, another important factor that affects the business of our Group, began to trade at ¥111 level against the U.S. dollar. From the start of the fiscal year until summer, the yen has remained in steadiness roughly at ¥108 level to lower ¥114 level against the U.S. dollar. After that, European Central Bank (ECB) showed the possibility to change an easy-money policy and the Euro appreciated against the U.S. dollar, which began falling. At the beginning of September, because of hurricane in the U.S. and geopolitical risk in Asia, the yen appreciated to ¥107 level against the U.S. dollar. At the end of 2017, the yen picked up to ¥112 level against the U.S. dollar through the rise in interest-rate by the U.S. Federal Open Market Committee (FOMC). However, in 2018, through Treasury Secretary's statement that a weaker dollar is good for U.S. trade, increase in volatility and the share price crash by the result of Current Employment Statistics(CES) in February and concern about trade protectionism, the yen appreciate to mid ¥104 level. TTM closed at ¥106.27 to the U.S. dollar which turned out to be ¥5.93 higher than that of the previous fiscal year, 2017. Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥111.27 against the U.S. dollar, which is ¥2.67 lower than that of the previous fiscal year.



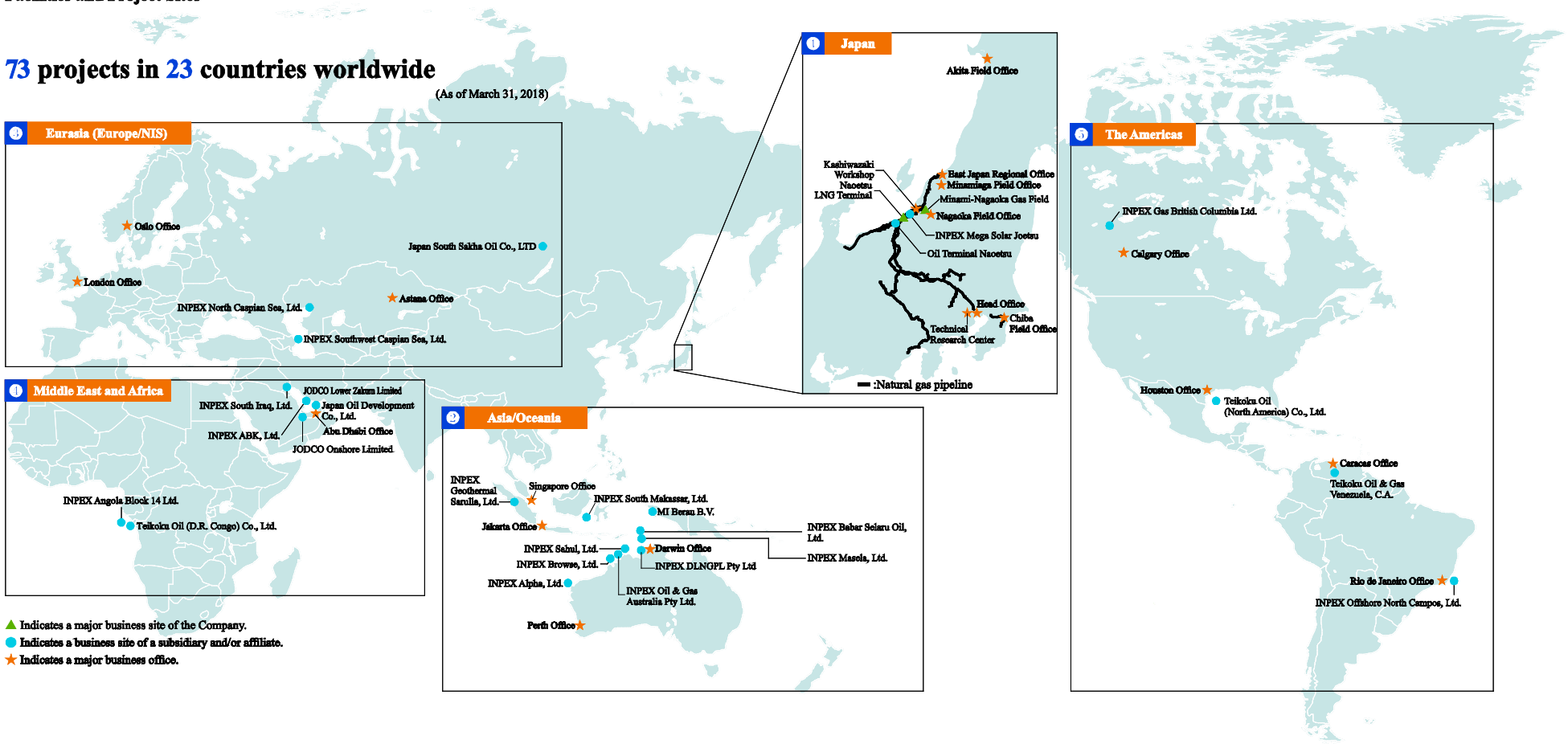


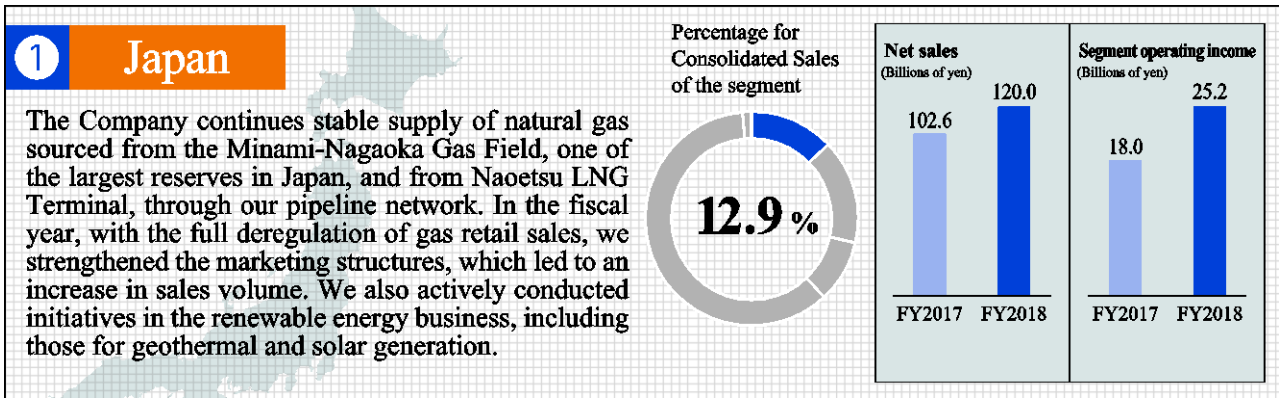
[Translation for Reference Purposes Only]

Consolidated net sales for the year ended March 31, 2018 increased by ¥59.2 billion, or 6.8%, to ¥933.7 billion from the previous fiscal year due to an increase in crude oil price. Net sales of crude oil increased by ¥93.0 billion, or 15.1%, to ¥710.2 billion, and net sales of natural gas decreased by ¥34.4 billion, or 14.2%, to ¥208.1 billion. Sales volume of crude oil decreased by 9,325 thousand barrels, or 7.6%, to 112,882 thousand barrels. Sales volume of natural gas decreased by 78,178 million cf, or 22.8%, to 264,816 million cf. Sales volume of overseas natural gas decreased by 86,126 million cf, or 31.7%, to 185,573 million cf, and sales volume of domestic natural gas increased by 213 million m^3, or 11.1%, to 2,123 million m^3 (79,243 million cf). The average sales price of overseas crude oil increased by US$9.89, or 21.3%, to US$56.30 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US$0.15, or 2.9%, to US$5.04 per thousand cf. In addition, the average sales price of domestic natural gas increased by ¥3.00, or 6.9%, to ¥46.36 per m^3. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥2.67, or 2.5%, to ¥111.27 per U.S. dollar from the corresponding period of the previous fiscal year. The increase of ¥59.2 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, a decrease in sales volume pushing sales down of ¥88.7 billion, an increase in unit sales price contributing ¥127.9 billion to the increase, the depreciation of the Japanese yen against the U.S. dollar contributing ¥19.3 billion to the increase, and an increase in net sales excluding crude oil and natural gas of ¥0.6 billion. Cost of sales for the year ended March 31, 2018 increased by ¥44.1 billion, or 9.7%, to ¥498.0 billion due to an increase in royalty and others. Exploration expenses decreased by ¥5.4 billion, or 80.3%, to ¥1.3 billion. Selling, general and administrative expenses decreased by ¥0.4 billion, or 0.5%, to ¥76.9 billion. As a result, operating income increased by ¥20.9 billion, or 6.2%, to ¥357.3 billion. Other income (expenses) improved by ¥32.4 billion, due mainly to posting gain on reversal of allowance for recoverable accounts under production sharing, meanwhile, posting provision for allowance for recoverable accounts under production sharing for the previous fiscal year. As a result, ordinary income increased by ¥53.3 billion, or 16.0%, to ¥387.2 billion. Extraordinary loss was ¥79.9 billion as a result of posting impairment loss for certain projects due to a drop in future outlook of natural gas prices in Americas. Total amount of current income taxes and deferred income taxes increased by ¥38.0 billion, or 14.0%, to ¥309.3 billion, and net loss attributable to non-controlling interests was ¥42.4 billion. As a result of the above effects, net income attributable to owners of parent for the year ended March 31, 2018 decreased by ¥5.8 billion, or 12.6%, to ¥40.3 billion.



Facilities and Project Sites





The Company has continued steady production mainly at the Minami Nagaoka Gas Field in Niigata Prefecture.

In addition, we continued to steadily provide a stable supply through the Naoetsu LNG Terminal (receiving terminal) in Joetsu, Niigata Prefecture and the natural gas pipeline network that stretches across approximately 1,500 km.

In the domestic gas market, the full deregulation of gas retail sales was implemented in April last year, and competition beyond the barrier on the electric power and gas business is intensifying. In order to deal with this situation, in April of the same year, the Company implemented organizational restructuring with the aim of strengthening the structure of the domestic gas business, and has been working to strengthen its sales activities, including proposal of a fuel conversion from petroleum-based fuel to gas and the introduction of a cogeneration system. Regarding wholesale electricity sold to city gas companies that procure natural gas from the Company, since 2015, the Company has jointly engaged in the business with Chubu Electric Power Company and will aim to increase the volume of its gas sales by continuing to meet the various needs of customers.

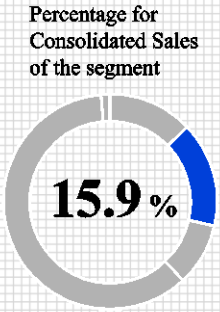
Furthermore, as part of our initiatives regarding renewable energy, in addition to generating solar power at our mega solar plant in Joetsu City, we have been conducting joint surveys for geothermal power generation projects in Hokkaido and Akita Prefecture, aiming at commercialization, and drilled survey wells as we did in the previous fiscal year. We also evaluated the drilling results of survey wells drilled on the outskirts of Mt. Bandai in our joint geothermal survey in Fukushima Prefecture. In addition, the Company is earnestly working toward its participation in the wind power business.

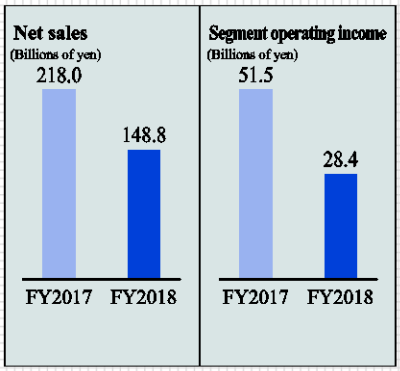


Naoetsu LNG Terminal (receiving terminal)

② Asia and Oceania

In the Asia and Oceania region, one of the Company's core areas, there are two large LNG projects where the Company acts as the Operator. Among them, production for the Ichthys LNG project in Australia is about to commence. As for the Abadi LNG Project in Indonesia, we have begun Pre-FEED (conceptual design) work in preparation for development. Furthermore, we are conducting exploration activities in more than 20 blocks, and proceeding with a large-scale geothermal power generation project.





In Indonesia, while production was being carried out at the Offshore Mahakam Block and Attaka Unit, as the production sharing contracts for these blocks expired at the end of last year, the businesses based on those contracts ended. From 2018, while all the interests in the Mahakam Block are now owned and operated by the state-owned oil company PERTAMINA based on a new production sharing contract, the Company has been continuing its study toward participation in the Block and discussing with the Indonesian government authority and PERTAMINA.

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 Indonesia. The gas field had been planned to be developed by the method of Floating LNG (a floating structure equipped with natural gas liquefaction, storage and offloading facilities). However, in April 2016 the Indonesian government authority requested the reconsideration of the plan to an onshore-based LNG development. Upon constructive discussions with the Indonesian government authority, including the discussions for assurance of economic efficiency of the project, in March this year, we were set to commence Pre-FEED work (conceptual design) for an onshore LNG plant with an expected annual production capacity of 9.5 million tons.

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



A drillship at Abadi gas field

The Company is participating in the Tangguh LNG Project through "MI Berau B.V." (affiliate), which owns an interest in the Berau Block in the West Papua Province of Indonesia, and is steadily continuing gas production and LNG shipments. In this project, construction works to add a third LNG process train with 3.8 million tons per annum (mtpa) of production capacity to the existing facility (two trains with 7.6 mtpa of production capacity) are being advanced. We are aiming to commence the production in the new train in 2020.

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

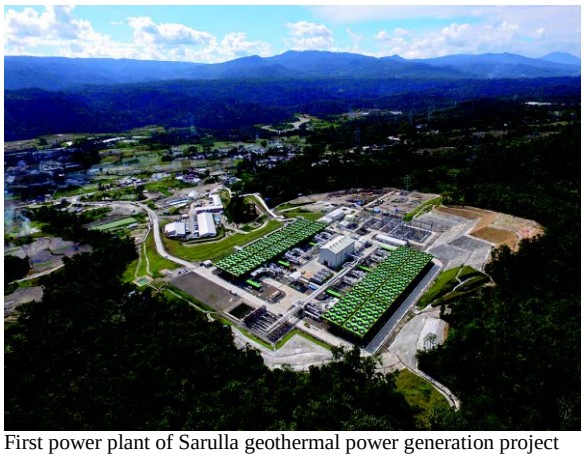
evaluation. In September 2017, we made a request to the Indonesian government for an extension of the exploration period by four years and obtained approval in November 2017.

Furthermore, the Company is participating in the Sarulla geothermal power generation project in Indonesia, which has one of the largest geothermal power generation capacities in the world for a single independent power producer (IPP) contract, through "INPEX Geothermal Sarulla, Ltd." (subsidiary), and commenced commercial operation of the first unit in March 2017 and the second unit in October 2017, steadily generating a total of around 220MW combined. At the end of the fiscal year, we are proceeding with the construction of a power generation plant with the aim of commencing power generation at the third unit in the early timing of the fiscal year 2018.

"INPEX Alpha, Ltd." (subsidiary) has continued steady production from the Ravensworth Oil Field, the Van Gogh Oil Field and Coniston Oil Field located offshore Western Australia.

Moreover, for the Prelude FLNG Project in the WA-44-L Block offshore Western Australia in which "INPEX Oil & Gas Australia Pty Ltd" (subsidiary) participates, development work is underway with the aim to start production in 2018.

Regarding the Bayu-Undan Gas-Condensate Field in the Timor Sea Joint Petroleum Development Area (JPDA) located between Australia and East Timor, in which INPEX Sahul, Ltd. (subsidiary) participates, production continues to proceed steadily, while supplying natural gas to an onshore LNG plant in Darwin, Australia, where "INPEX DLNGPL Pty Ltd" (subsidiary) participates and the subsidiary is exporting gas to Japan.

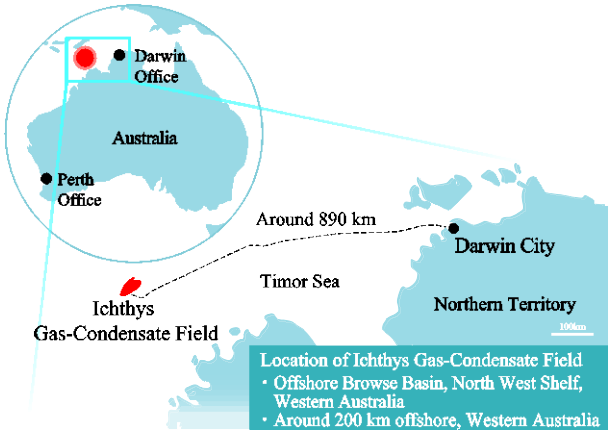


First power plant of Sarulla geothermal power generation project

[Translation for Reference Purposes Only]

First large-scale LNG project where a Japanese company acts as the operator

Ichthys LNG Project



Regarding the Ichthys Gas-Condensate Field, located offshore Western Australia (the Ichthys LNG Project) in Australia, "INPEX Browse, Ltd." (subsidiary) has been working for the development through an Australian subsidiary. While this project is the first large-scale LNG project where a Japanese company acts as the operator, the project is finally entering the last stage—the commencement of production. The subsidiary has finished the construction of a Central Processing Facility (CPF) and Floating Production Storage and Offloading (FPSO) facility, completed the towing and mooring to the Ichthys Gas-Condensate Field in August 2017, and is currently conducting test operations. The production wells required for production to commence have been drilled, and the installation of facilities including the approx. 890 km-long gas export pipeline (GEP) and the subsea production system (SPS) have been completed.

Meanwhile at our onshore LNG plant in Darwin, we are conducting trial operations of the natural gas liquefaction facility.

With regard to LNG produced in this project, approximately 70% of the planned annual production of LNG is scheduled to be exported to Japan.

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

Overview of Development Concept

Production capacity (planned)	Around 8.9 mtpa of LNG, around 1.65 mtpa of LPG, around 0.1 million barrels per day of condensate (peak levels)
Depth of gas reservoir	Around 4,000 m to 4,500 m
Offshore production facilities	CPF, FPSO, subsea production systems, etc.
Subsea pipeline	42-inch subsea pipeline of around 890 km
Onshore gas liquefaction plant	Two LNG liquefaction trains, LNG tank, LPG tank, condensate tank, shipment facility, etc.

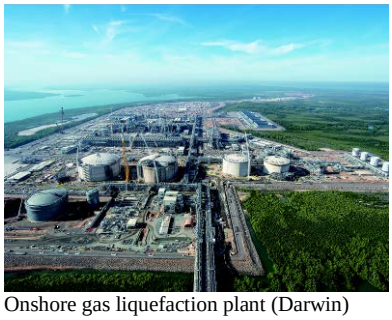


Central Processing Facility (CPF)

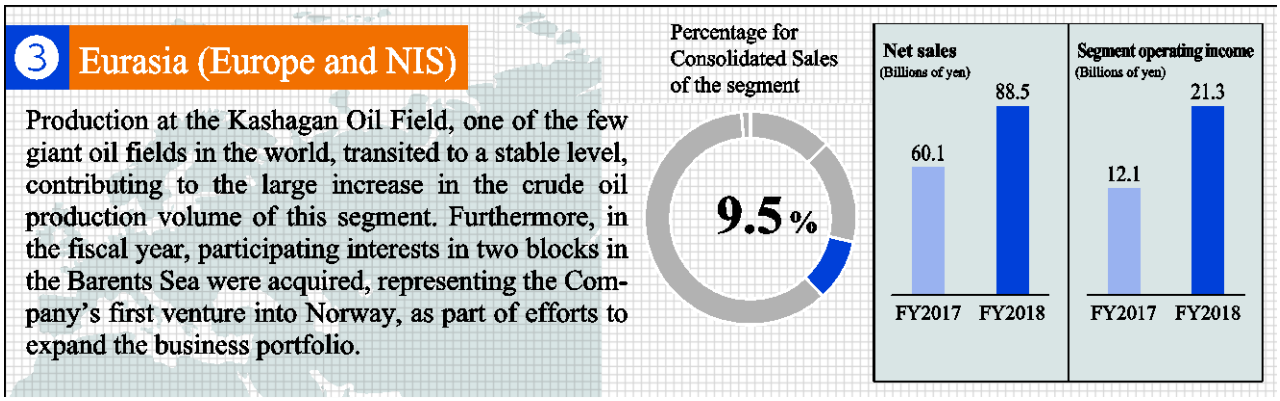
[Translation for Reference Purposes Only]



Floating Production Storage and Offloading (FPSO) facility



Onshore gas liquefaction plant (Darwin)



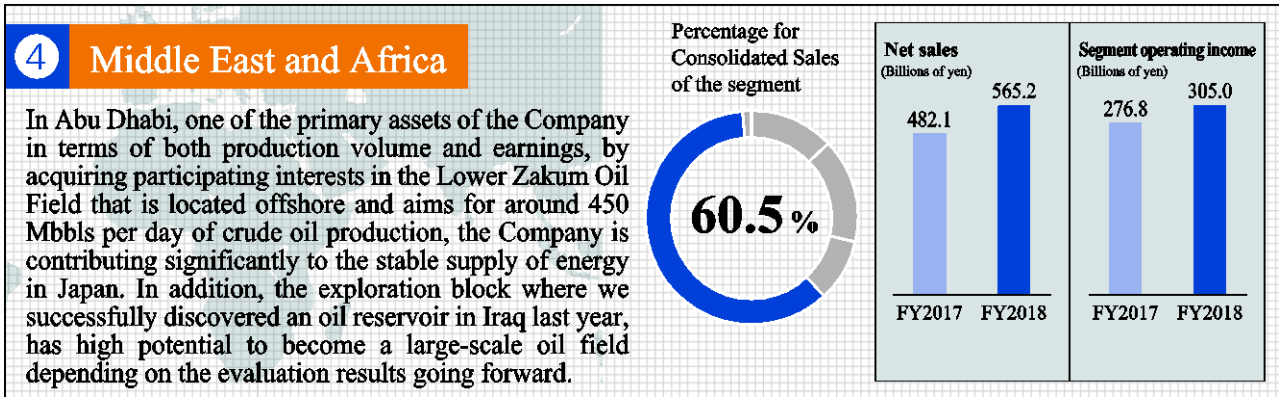
Regarding the Caspian Sea coastal area, in Kazakhstan, "INPEX North Caspian Sea, Ltd." (subsidiary) produces crude oil and is currently conducting development to further increase production in the Offshore North Caspian Sea Contract Area, in which the subsidiary has an interest. In addition, among the structures where the presence of oil layers was confirmed through exploratory drilling, at the Kalamkas structure, a feasibility study is underway into joint development with adjacent blocks. At the Aktote and Kairan structures, evaluation 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. During the fiscal year, the product sharing contract for the said oil fields was revised, and the contract period was extended by 25 years (until the end of 2049).

In Russia, through Japan South Sakha Oil Co., Ltd. (affiliate), we are participating in oil exploration operations of the ZY and BT Blocks in Irkutsk province. The Ichyodinskoye Oil Field located in the ZY Block that moved to the development and production stages in December 2016 has been steadily continuing production.

In addition to the above, during the fiscal year, we acquired participating interests in two new blocks in the western Barents Sea in offshore Norway, and conducted exploration activities.


ACG Oil Fields offshore production facilities



In the Middle East, crude oil production in the United Arab Emirates is steadily continuing in the oil fields in offshore Abu Dhabi where “Japan Oil Development Co., Ltd.” (subsidiary) holds an interest, and at the ADCO Block in onshore Abu Dhabi where “JODCO Onshore Ltd.” (subsidiary) holds an interest. In the Satah and Umm Al Dalkh fields where Japan Oil Development Co., Limited. holds an interest, although the concession agreements were scheduled to expire in March 2018, we extended the agreement by 25 years in February 2018 with a 40% interest share. Regarding the Umm Shaif Oil Field, the Lower Zakum Oil Field, the Umm Al Lulu Oil Field, and the Nasr Oil Field in the ADMA Block where Japan Oil Development Co., Ltd. holds an interest, although the agreements were scheduled to expire in March 2018, in February 2018, we acquired a 10% interest share for 40 years in the Lower Zakum Oil Field (the largest oil field in the ADMA block) through JODCO Lower Zakum Limited (subsidiary). At the Abu Al Bukhoosh Block where “INPEX ABK, Ltd.” (subsidiary) holds an interest, we have concluded our business upon the expiration of the concession agreement in March 2018.

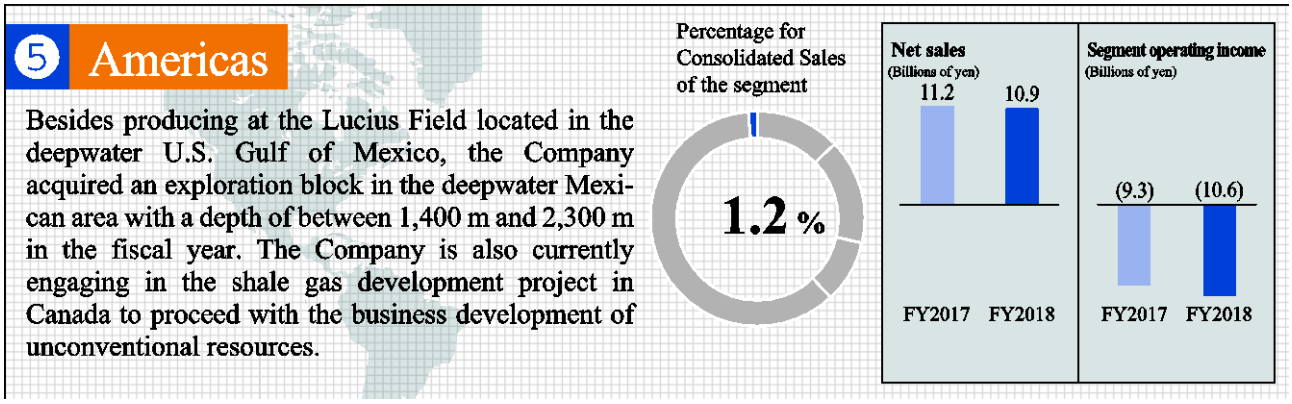
In Iraq, exploration and evaluation activities are being undertaken in Block 10 in which “INPEX South Iraq, Ltd.” (subsidiary) holds an interest. After drilling two evaluation wells in this fiscal year, the presence of oil layers were confirmed in the oil reservoir discovered in fiscal year 2016. Going forward, we will continue the feasibility study for commercial development.

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. Furthermore, in November 2017, the current concession agreement in the said block was extended until 2043.

In Angola, “INPEX Angola Block 14 Ltd.” (subsidiary) is steadily continuing production of crude oil via Angola Block 14 B.V., a joint venture with TOTAL, in the Angola Block 14, located offshore Angola.



Signing ceremony for Abu Dhabi offshore oil fields



In Canada, 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 evaluation activity is continuing in the Cordova and Liard Blocks. In addition, a feasibility study to examine the potential for the commercialization of LNG is being conducted.

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

Besides the above, during the fiscal year, with the aim of exploration in the large deepwater region in Mexico, following the new block we obtained in 2016, we made a successful bid for our second block jointly with other companies in January 2018.

In Venezuela, based on a joint venture agreement with Petróleos de Venezuela, S.A. (PDVSA) and through a local joint venture, “Teikoku Oil & Gas Venezuela, C.A.” (subsidiary) is conducting development and production at onshore oil and gas fields. Production of natural gas is also proceeding in the Copa Macoya Block and so is production of crude oil in the Guarico Oriental Block.

In Brazil, production of crude oil has been continuing in the Frade Oil Field development project where “INPEX Offshore North Campos, Ltd.” (affiliate) has an interest through its Brazilian subsidiary, “Frade Japão Petróleo Limitada.”



Offshore production facilities of the Lucius Field

[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, 2018.

(1) Production

The following table shows actual production of crude oil, natural gas, etc. by the INPEX Group for the year ended March 31, 2018.

Category	Production for the year ended March 31, 2018	Changes from the previous fiscal year
Crude oil	120.1 MMbbls (329.1 Mbbls per day)	(5.5)%
Natural gas	237.1 Bcf (649.7 MMcf per day)	(29.6)%
Subtotal	**164.2 MMboe (449.9 Mboe per day)**	**(13.7)%**
Iodine	554.5 tons	(1.9)%
Electric power generation	403.3 million kWh	92.5%
Sulfur	23.4 Mtons	–

Notes:
1. The volume of LPG produced overseas is included in 'Crude oil.'
2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
3. 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 of April 1 through March 31 regardless of the closing date of fiscal periods of its subsidiaries or affiliates.
4. 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 150.5 MMbbls (412.2 Mbbls per day) of crude oil, 422.9 Bcf (1,158.6 MMcf per day) of natural gas, and in total 229.9 MMboe (629.8 Mboe per day) for the year ended March 31, 2017, and 139.9 MMbbls (383.4 Mbbls per day) of crude oil, 286.7 Bcf (785.3 MMcf per day) of natural gas, and in total 193.2 MMboe (529.4 Mboe per day) for the year ended March 31, 2018.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded off 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, 2018.

	Segment	Sales volume			Net sales (Billions of yen)				
		Crude oil (Mbbls)	Natural gas (MMcf)	LPG (Mbbls)	Crude oil	Natural gas	LPG	Other	Subtotal
For the year ended March 31, 2018	Japan	940	79,243	5	6.2	98.4	0.0	15.2	120.0
	Asia & Oceania	6,554	137,371	1,181	42.7	100.0	6.0	–	148.8
	Eurasia (Europe & NIS)	13,266	7,808	–	87.2	1.3	–	0.0	88.5
	Middle East & Africa	90,412	–	–	565.2	–	–	–	565.2
	Americas	1,710	40,394	–	8.7	2.2	–	–	10.9
	Total	**112,882**	**264,816**	**1,186**	**710.2**	**202.0**	**6.0**	**15.3**	**933.7**

	Segment	Sales volume			Net sales (Billions of yen)				
		Crude oil (Mbbls)	Natural gas (MMcf)	LPG (Mbbls)	Crude oil	Natural gas	LPG	Other	Subtotal
For the year ended March 31, 2017	Japan	900	71,295	5	5.1	82.8	0.0	14.6	102.6
	Asia & Oceania	12,246	230,183	1,855	61.2	150.0	6.7	–	218.0
	Eurasia (Europe & NIS)	11,336	1,947	–	59.9	0.2	–	–	60.1
	Middle East & Africa	95,495	—	–	482.1	–	–	–	482.1
	Americas	2,230	39,569	–	8.6	2.6	–	–	11.2
	Total	**122,207**	**342,994**	**1,860**	**617.1**	**235.7**	**6.7**	**14.6**	**874.4**

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.

[Translation for Reference Purposes Only]

2. Investments

The Company's investments during this fiscal year totaled ¥610.2 billion. They comprise exploration expenditures of ¥4.9 billion, and investments of ¥605.2 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 ¥56.2 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, to raise funds for development expenditures, etc., the Company utilized external loans of ¥77.4 billion from the Japan Bank for International Cooperation and Mizuho Bank, Ltd., and received external equity financing of ¥25.2 billion from the Japan Oil, Gas and Metals National Corporation.

The Company utilized internal cash flow and received external equity financing of ¥2.3 billion from the said corporation to fund exploration projects, etc.

4. Assets and Profit/Loss

Years ended March 31

Category	9th Fiscal Year 2015	10th Fiscal Year 2016	11th Fiscal Year 2017	12th fiscal year (This fiscal year) 2018
Net sales (Billions of yen)	1,171.2	1,009.5	874.4	933.7
Ordinary income (Billions of yen)	575.1	374.7	333.8	387.2
Net income attributable to owners of parent (Billions of yen)	77.8	16.7	46.1	40.3
Net income per share (Yen)	53.29	11.49	31.61	27.64
Net assets (Billions of yen)	3,288.7	3,178.8	3,207.5	3,158.8
Total assets (Billions of yen)	4,499.1	4,369.8	4,312.1	4,255.5

Note: Amounts under ¥0.1 billion are rounded down. Net income per share figures are rounded off to two decimal places.

5. Important Subsidiaries, etc.

(1) Important Subsidiaries

At the end of this fiscal year, the Company had 72 subsidiaries (as defined under Article 2, Item 3, of the Companies Act). From the previous fiscal year, one (1) new subsidiary was established, two (2) subsidiaries were eliminated due to the completion of liquidation, and one (1) subsidiary was eliminated due to a sale. 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.

Area	Company name	Issued capital (Millions of yen, unless otherwise stated)	Ownership (%)	Main business
Indonesia	INPEX Masela, Ltd.	60,494	51.93	Exploration and development of oil and natural gas
Australia	INPEX Alpha, Ltd.	8,014	100	Exploration, development, production, and sale of oil and natural gas
	INPEX Oil & Gas Australia Pty Ltd	US$1,011 million	100	Exploration and development of oil and natural gas
	INPEX Browse, Ltd.	423,190	100	Financing, etc. for the exploration and development of oil and natural gas and development work at the Ichthys LNG Project, etc.

Timor Sea Joint Petroleum Development Area	INPEX Sahul, Ltd.	4,600	100	Exploration, development, production, and sale of oil and natural gas
Kazakhstan	INPEX North Caspian Sea, Ltd.	76,950	51	Exploration, development, production, and sale of oil
Azerbaijan	INPEX Southwest Caspian Sea, Ltd.	53,594	51	Exploration, development, production, and sale of oil
United Arab Emirates	Japan Oil Development Co., Ltd.	32,067	100	Exploration, development, production, and sale of oil
	JODCO Onshore Limited	US$111 thousand	51	Exploration, development, production, and sale of oil
Indonesia	INPEX Geothermal Sarulla, Ltd.	10	100	Geothermal power generation business
Singapore	INPEX FINANCIAL SERVICES SINGAPORE PTE. LTD.	US$1,601 million	100	The Group’s intercompany finance operations and support for financial administration of projects
Others: 61 companies				

(2) 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	823,390	2,918,963

[Translation for Reference Purposes Only]

6. Management Initiatives

Regarding the business environment surrounding the INPEX Group, in the medium to long term, owing to factors including the growth of the global middle-class population and economic growth centering on emerging countries, demand for primary energy is expected to increase sustainably. Demand for oil is expected to continue to grow steadily. Demand for natural gas, which has lower CO_2 emissions than other fossil fuels, is expected to increase substantially over the long term along with demand for renewable energy, which has environmental impact.

Japan's priorities are in securing stable energy supplies and improving the self-development ratio of oil and natural gas. In comparison to the goal of an independent development percentage of 40% or more in fiscal year 2030 set by the Japanese government, the actual level in fiscal year 2016 was less than 30%. In addition, the Paris Agreement, which was adopted in 2015, sets a target of limiting the increase in the average global temperature to less than 2°C above pre-industrial levels, with efforts to limit the increase even further to 1.5°C, as a long-term, globally shared goal. The agreement also proposes the reduction of greenhouse gas emissions and the realization of a low-carbon society, requiring proactive measures by the entire international community.

Based on the recognition of such a business environment, in May 2018, we formulated *"Vision 2040 -Delivering tomorrow's energy solutions-."* Our goal is to become a leading energy company serving an essential role in society by fulfilling our mission to deliver energy in a sustainable way.

■ ***Vision 2040***



To achieve this goal, INPEX will 1) promote sustainable growth in its core business of oil and natural gas exploration and production (E&P), aiming to be a top-class oil and gas company, 2) develop a global gas value chain to expand natural gas supply and enhance flexibility in LNG supply, and 3) reinforce its renewable energy initiatives by expanding businesses in future growth areas with a view to responding to climate change.

INPEX is fully aware of the social responsibilities it must fulfill as a corporate citizen and the various expectations of its stakeholders. INPEX aims to sustainably increase its corporate value over the long term by continuously enhancing its CSR management while building a vibrant corporate culture.

In May 2018, along with *"Vision 2040,"* the Group formulated *"Medium-Term Business Plan 2018-2022 -Growth & Value Creation-,"* which lists specific initiatives and goals from fiscal year 2018 to fiscal year 2022 that work towards the realization of *"Vision 2040."*

[Translation for Reference Purposes Only]

■ *Medium-Term Business Plan 2018-2020*

Cash Allocation during the 5-Year Period*



Notes: * Assumes a crude oil price (Brent) of US$60/bbl and an exchange rate of ¥110/US$. Includes Ichthys downstream JV
** All expenditures for "Main Business Initiatives" as addressed from (1) to (3)

Financial Targets

- Achieve steady growth from stable production at the Ichthys LNG project
- Financial targets

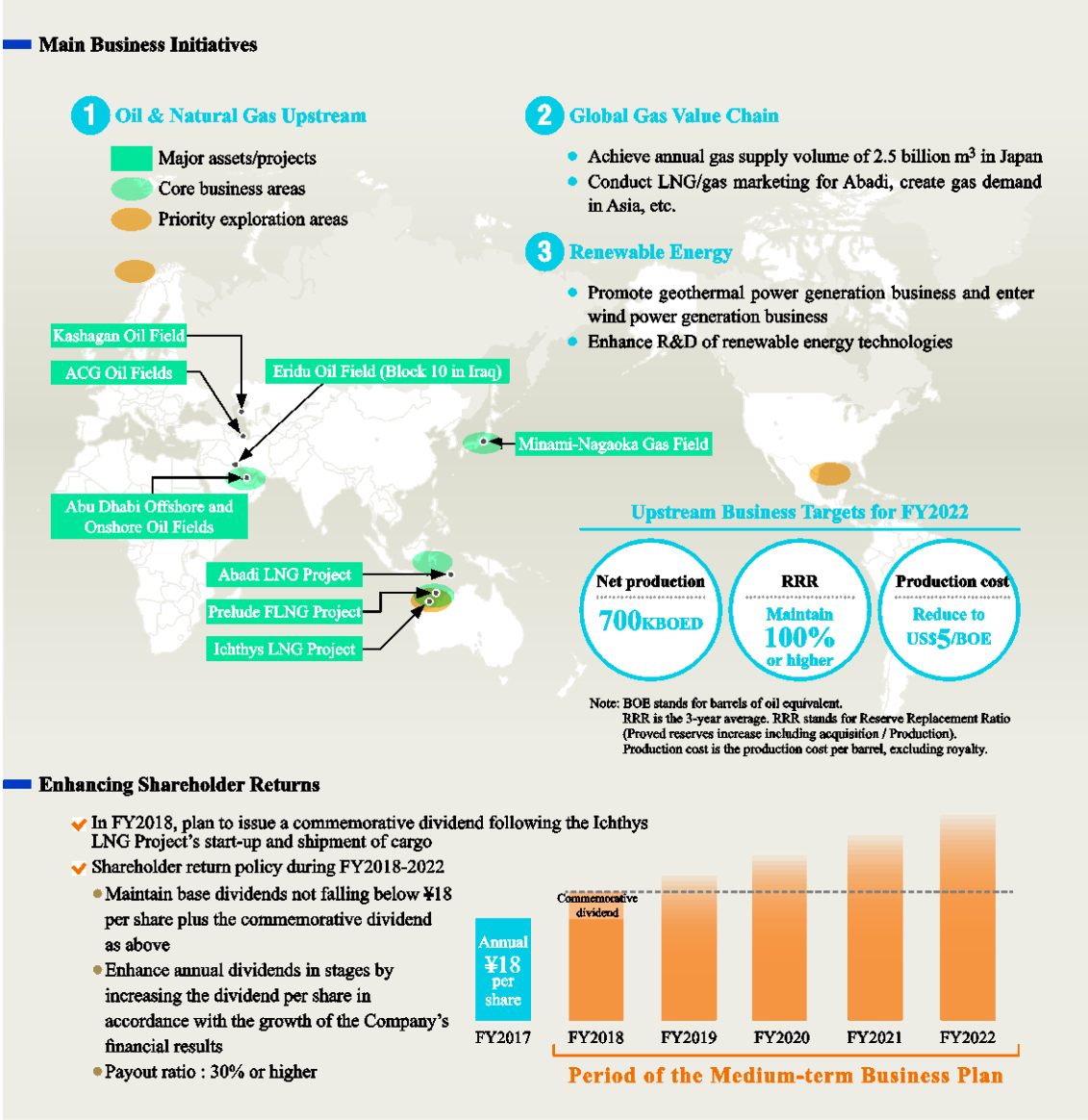
	FY2022	FY2017 Results
Net sales	Around ¥1,300 bn	¥933.7 bn
Net income attributable to owners of parent	Around ¥150 bn	¥40.3 bn
Cash flow from operations	Around ¥450 bn	¥278.5 bn
Return on equity (ROE)	5% or higher	1.4%

- Maintain financial strength (expecting an equity ratio of 50% or higher)
- Maintain financial and corporate resilience even if the crude oil prices drop to US$50/bbl

Note:
Crude oil price assumption is per one barrel of Brent crude oil; the exchange rate assumption is per U.S. dollar.
Targets are on a financial accounting basis.
Sensitivity of FY2022 net income attributable to owners of parent to the crude oil price and exchange rate is approximately +¥8.0 billion (-¥8.0 billion) from a US$1/bbl increase (decrease) in the Brent crude oil price and approximately +¥2.0 billion (-¥2.0 billion) from a ¥1/US$ depreciation (appreciation).
See page 5 of "Medium-term Business Plan 2018-2022"
(URL: https://www.inpex.co.jp/english/company/pdf/business_plan.pdf) for other notes.

[Translation for Reference Purposes Only]

■ *Medium-Term Business Plan 2018-2020*



Furthermore, for the maintenance and strengthening of an efficient business execution structure, the Group continues to evaluate individual project investments and reduce operating expenditures as well as sales, general and administrative expenses. The production cost (excluding royalties) per barrel of oil equivalent (BOE) was US$10.9 in the fiscal year ended March 31, 2015, US$7.6 in the fiscal year ended March 31, 2016, US$5.9 in the fiscal year ended March 31, 2017, and US$5.9 in the fiscal year ended March 31, 2018—it is steadily being reduced.

Based on the abovementioned recognition of the business environment and the management policy in the medium to long term, to realize the business goals listed in *Vision 2040* and the *Medium-Term Business Plan* as well as to build the foundation to support the realization, the Group will engage in continuous and solid initiatives as follows.

(1) Business Goals

i) Sustainable Growth of Oil and Natural Gas E&P Activities

Regarding the company's core oil and natural gas E&P activities, the Group shall promote new exploration, enhance the value of existing development and production projects through greater efficiency, improved recovery factors, acquire strategic assets and conduct M&A, enhance and expand core areas to enable broader business development, and execute INPEX-operated projects to improve the company's technical capabilities.

Through these efforts, we aim to realize sustainable growth through significantly growing the quality and quantity of our portfolio, via acquiring three essential components for the growth: (1) a balanced

project portfolio in terms of location, operational stage and other factors, (2) stable and efficient development and operation of the INPEX-operated Ichthys and Abadi projects, and (3) generation of new growth projects through successful exploration, asset acquisitions and other means.

In particular, INPEX aims to achieve its goal of becoming one of the top ten international oil companies in terms of production volume, reserves, profitability, technical capabilities and other criteria during the period until 2040 through maintaining and expanding reserves with the aim of a net production volume of 1 million barrels per day over the long term, and realizing a large increase in net income and operating cash flow and capital efficiency improvement.

- Regarding the Ichthys LNG Project in Australia, we have completed the test operations of the onshore gas liquefaction plant 1st Train (natural gas liquefaction facility), the Floating Production Storage and Offloading (FPSO) facility, the subsea production system, etc. and are prepared to commence production. In addition, the production wells required for production to commence have been drilled, and the approx. 890 km-long gas export pipeline (GEP) has been completed, the test operations necessary to commence production at the Central Processing Facility (CPF) have been finished, and we will begin production from the production wells. Subsequently, we will progressively begin and continue the production and shipment of condensate liquefaction natural gas (LNG) and liquefied petroleum gas (LPG).
- Regarding the Abadi LNG Project in Indonesia, in September 2015, we submitted to the Indonesian government authorities a plan of development of a floating LNG with an annual processing capacity of 7.5 million tons, but received a notification from the Indonesian government authorities instructing to re-propose a plan of development based on onshore LNG development in April 2016. Subsequently, after constructive negotiations with the Indonesian government authorities regarding this project that included the assurance of economic efficiency, in March 2018, it was decided that operations on the Pre-FEED (conceptual design) of onshore LNG with an expected annual processing capacity of 9.5 million tons would begin. Going forward, as we carry out the Pre-FEED operations, we will further advance negotiations with the Indonesian government authorities in order to raise the project's competitiveness, and formulate a specific revised plan of development based on the results.
- For the Abu Dhabi business in the United Arab Emirates, in November 2017, regarding the Upper Zakum Oil Field in offshore Abu Dhabi, we agreed on a plan to raise the production capacity to 1 million barrels per day by 2024. Also, in February 2018, we acquired participating interests in the Lower Zakum Oil Field in offshore Abu Dhabi, and reached agreements regarding the extension of our participating interests in the Satah and Umm Al Dalkh fields. Out of these, regarding the Lower Zakum Oil Field, the Company was appointed as the asset leader of the oil field by Abu Dhabi National Oil Company (ADNOC) in April 2018. As such, in line with the continuation and expansion of the Abu Dhabi business, we plan to establish the "Abu Dhabi Project Division" in June 2018 to strengthen the operations management structure of the business.
- We also agreed on the extension of our participating interests in the Caspian Sea ACG Block in the Republic of Azerbaijan in September 2017, and of the offshore block in the Democratic Republic of the Congo in December 2017, and will continue to stably conduct production operations in both blocks.
- We acquired new participating interests for the following exploration blocks: the PL767 Block in the western Barents Sea in of Norway in September 2017, the WA-532-P Block in offshore Western Australia in November 2017, the PL950 Block in the western Barents Sea in Norway in January 2018, Block 22 in the deepwater area in the southern part of the Gulf of Mexico in February 2018, and the WA-533-P Block in offshore Western Australia in March 2018.

We will continue to undertake exploration activities aimed at the acquisition of new oil and gas reserves and pursue opportunities to join viable projects.

ii) Development of Global Gas Value Chain Business

The INPEX Group strives to sustainably improve the value of the natural gas business through stable supply using its existing infrastructure and cooperating with other business partners, as well as through maintaining and strengthening the global trading functions, including transportation capabilities and supply-and-demand adjustment capabilities, by promoting discovering of gas demand in growth markets in Asia, including Indonesia, and other regions. Also, we are working towards our goal of becoming one of

the major players in the development and supply of natural gas in 2040, not only in Japan but worldwide centering on the Asia and Oceania region.

- In April 2017, we implemented organizational restructuring to further strengthen the domestic natural gas business, and in July, we established a new organization related to the LNG marketing of overseas projects to efficiently and accurately promote supply-and-demand adjustment as well as transportation of LNG. Also, in August, we established a new organization to strive for the global development of the gas value chain business in growth markets in Asia and other regions. where demand for natural gas and LNG is expected to grow. Under these new organizational structures, the Group is working on constructing the gas supply chain that will organically link overseas natural gas sources with domestic and overseas natural gas markets.

iii) Reinforcement of Renewable Energy Initiatives

The INPEX Group aims to make the renewable energy business 10% of its Group portfolio in the long term, by expanding its participation in renewable energy businesses including the geothermal power generation business and wind power generation business. In line with this, we will continue research and development related to the reduction of greenhouse gas emissions. By appropriately responding to climate change through these efforts, we will respond to the long-term growth in the demand for renewable energy.

- Regarding the Sarulla geothermal IPP business that we are promoting in the Sarulla region in North Sumatra, Indonesia, following the commencement of commercial operation of the first and second units in 2017, we began commercial operation of the third unit in 2018. The plants are steadily generating a total of 330MW combined.
- As we strive to smoothly and steadily promote the renewable energy business, we implemented organizational restructuring with the aim of further strengthening the business structure and conducting active business development, and plan to newly establish the “Renewable Energy and Power Business Division” in June 2018.

To achieve the above business goals, we will continue to conduct the following initiatives to build the business foundation.

(2) Building the Foundation

i) CSR Management

The INPEX Group has identified Governance, Compliance, HSE, Local Communities, Climate Change, and Employees as the six key material issues that are high in importance to both the Group’s business and its stakeholders, and strives for the sustainable development of its business and society through the practice of CSR management.

- Based on concerns heightening in recent years in global society, the Group is endeavoring to strengthen its human rights management efforts. Besides releasing a statement in fiscal year 2016 in response to the UK Modern Slavery Act 2015, we formulated the “INPEX Group Human Rights Policy” and released it in May 2017, to comprehensively define our commitments to respect human rights.

  The Group has always conducted its business by considering safety assurance, environmental conservation and human rights in the promotion of its projects, and based on the above policy, it will continue striving to thoroughly respect human rights.

ii) Response to Climate Change

Pursuant to its basic policy on responding to climate change, INPEX strives to enhance its governance system, business strategies, risks & opportunities assessments and management of emissions in order to proactively contribute to a low-emissions world based on the long-term targets outlined in the Paris Agreement.

- In the previous fiscal year, expecting countries where we implement projects to introduce a carbon price policy in the future, we began to adopt an internal carbon price as the risk evaluation technique in our economic evaluations. By incorporating the carbon price into the economic evaluation, we have turned CO_2 emission volume into a component for judging investments.
- Regarding the outlook for energy demand, using the new policy scenario of the International Energy Agency (IEA) as the base, we have set the following as the Group’s low-carbon society scenarios: the scenario of higher demand for renewable energy or electric vehicles (EVs) owing to cost reduction

based on market principles, and the scenario of each country further strengthening their climate change policies based on the Paris Agreement. The Group believes the current period is the transition period to a low-carbon society, and utilizes the scenarios as a framework for business portfolio consideration.

- In terms of further initiatives in the future, regarding governance system, INPEX will work to maintain and expand the scope of involvement of its Board of Directors. Regarding business strategies, INPEX will assess how effectively its business strategies are able to respond to a number of scenarios, including a 2℃ scenario, and how these scenarios affect portfolio decisions. Regarding risk and opportunity assessments, INPEX will continue to assess and manage climate related risks and opportunities on an annual basis and implement measures based on this process. Regarding management of emissions, INPEX will strive to set and manage targets in line with international standards while observing the rules of each country in which it does business based on the Paris Agreement. With regard to information disclosure based on the above, we are promoting sustainable initiatives in line with suggestions given by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) in June 2017.

iii) Health, Safety and Environment (HSE)

Based on the INPEX's HSE Policy, all members of the Group from the management to the employees will earnestly implement our HSE management system based on global standards, and we will strive to address the most important issues of management: prevent occupational accidents, the safeguarding of workplace health and safety, and the preservation of the environment.

- To ensure a certain degree of execution of the HSE management system, we promoted HSE assurance (assurance that the HSE risk level is reduced to ALARP [As Low As Reasonably Practicable]), the strengthening of governance, and HSE technical support. We promoted HSE activities by recognizing that actual sites are the relevant parties of the HSE activities, and the onsite HSE management abilities are our competitiveness. Furthermore, to achieve the goal of zero accidents and prevent the occurrence of major accidents, we thoroughly implemented HSE Risk Management, and in preparation for the case where an accident happens, we strengthened the ability to respond to an emergency or crisis. In addition, to reduce our environmental impact, we also actively engaged in environmental management. By continuing to conduct these activities going forward, we will raise awareness and create a positive stance within the organization and among individuals towards HSE, and cultivate an HSE culture.

iv) Human Resources and Organization

While considering diversity and work-life balance, through embodying the "INPEX Values" as a common foundation to the Company's global workforce as one team, the Group will promote the creation of a workplace where a wide range of human resources can fully realize their potential by utilizing their independency and possessing a sense of mission.

- We steadfastly pursued measures in accordance with the INPEX Action Plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace, and actively implemented initiatives related to work style reform, including introducing a staggered working hours system, reducing the amount of overtime work hours, and improving the rate of paid leave taken. Going forward, through the pursuit of further flexibility in the work style, we will endeavor to secure and utilize human resources with a wide range of experiences and values, including foreign nationals, women and those with disabilities, and continue to advance the construction of an efficient organizational structure.

v) Technology

The Group will steadfastly strengthen core technologies and specialty technologies cultivated through its abundant experience and track record in the E&P business and further increase its global competitiveness, take on the challenge of developing new technologies, improve the value of the Group's projects, and promote the next-generation energy business that accurately identifies characteristics in the diversifying energy society.

- Besides reflecting on the results of initiatives taken to address important technological issues raised in "Technology Road Map 2013" formulated in fiscal year 2013, the new technology theme that we should take on in the next five years and the initiatives for doing so are summarized in "Technology

Road Map 2018.” Based on the said road map, we are earnestly making preparations to start initiatives aimed at the next-generation energy business within the current fiscal year.

We therefore kindly request your continuous support and understanding.

[Translation for Reference Purposes Only]

【Reference】

INPEX Corporate Governance Framework

Our mission is to contribute to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way. To achieve this mission, 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 shareholders and other stakeholders and aim to increase our sustainable growth and corporate value over the medium- to long-term.

The Company announced its "Corporate Governance Guidelines" in November 2015 for the purpose of ensuring transparency and fairness in its decision-making by making proactive transmission of information and achieving effective corporate governance.

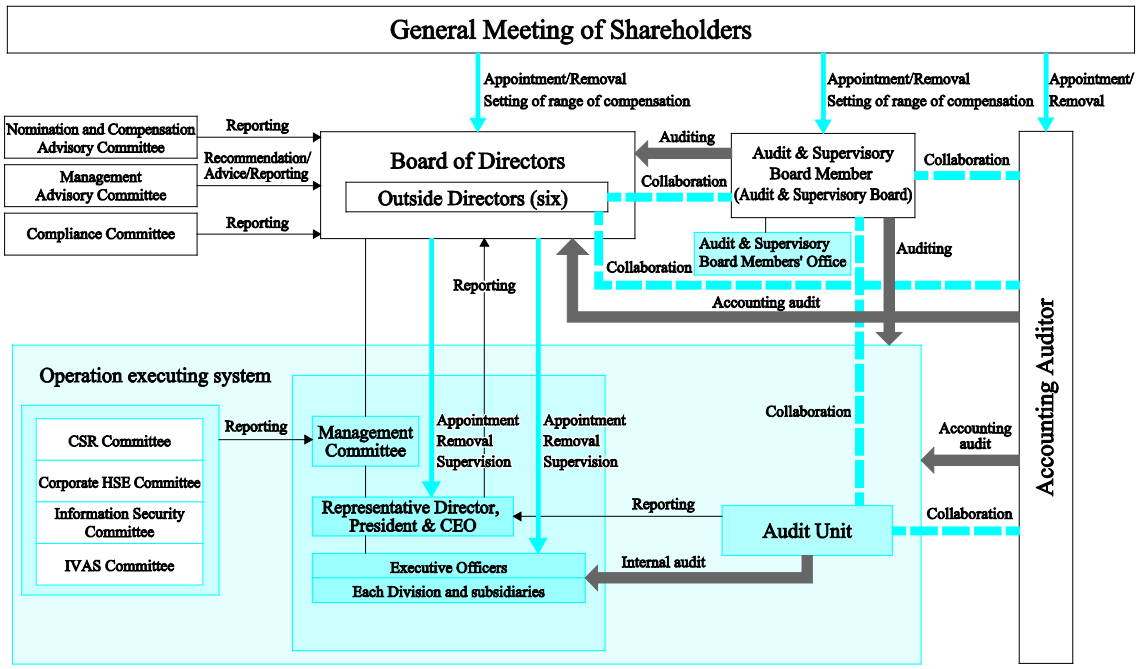
For the details of our "Corporate Governance Guidelines", please refer to the Company's website:

https://www.inpex.co.jp/english/company/pdf/e-guidelines.pdf



<Management Advisory Committee>

The Company's Corporate Governance Structure (pattern diagram)



[Translation for Reference Purposes Only]

【Reference】

Evaluation results of effectiveness of Board of Directors in FY 2017

With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues to resolve for continuing improvement, the Company undertakes an evaluation of the effectiveness of the Board of Directors each year, and disclose the summary of the evaluation results. Based on this policy, an evaluation was conducted in fiscal year 2017. The evaluation method and summary of the results are as follows.

Evaluation Method	Prior to this FY 2017 evaluation, at a meeting between Outside Directors and Audit & Supervisory Board Members held in November 2017, the progress in the first half of the fiscal year regarding issues identified in the previous evaluation was discussed and an interim evaluation was conducted. In addition to the interim evaluation, at the Board of Directors meeting held in January 2018, overall results of the initiatives taken during the fiscal year were reviewed, and the implementation policy of the evaluation for the FY 2017 was deliberated and determined. The evaluation items included the self-evaluation of each Director and Audit & Supervisory Board Member, the composition, operations, roles and responsibilities of the Board of Directors, as well as the status of improvement of issues identified in the previous evaluation. An anonymous survey of all Directors and Audit & Supervisory Board Members was conducted from mid-February to early March. In order to obtain more specific views and opinions from the directors, the directors were encouraged to make comments on many of the questions. Subsequently, results of the survey were consolidated and analyzed by the Board of Directors office. The results of the analysis, new issues identified, and action plans were discussed at a meeting among the Outside Directors, Audit & Supervisory Board Members and the Representative Director. Based on such discussion, the final evaluation results and action plans were confirmed at the Board of Directors meeting held in April 2018.
Summary of Evaluation Results	1) Effectiveness of the Board of Directors is ensured appropriately. 2) Compared to the previous fiscal year's evaluation results, notable improvements based on the past evaluations were seen. In particular, among issues identified in the previous evaluation, the election of a female independent Outside Director represented an improvement in diversity of the Board of Directors, and the operation of board meetings was also improved in the areas of board meeting materials and briefings for outside directors prior to board meetings. Furthermore, intensive strategic discussions conducted for the formulation of *"Vision 2040"* and *"Medium-Term Business Plan 2018-2022"* resulted in better evaluation on the status of improvement of issues identified in the previous evaluation. 3) The priority issues for further improvement in the effectiveness of the Board of Directors are as follows: • Continue strategic discussions at Board of Directors meetings, including monitoring of the steady execution of the medium-term business plan spanning from FY 2018 to FY 2022; • For efficient deliberation and decisive investment decisions by the Board of Directors, enhance information regarding risks and the Company's business portfolio in investment-related proposal materials; and • Continue discussions regarding the medium-to long-term improvement

	of the board, such as the further advance of diversity of the Board of Directors.

Based on these evaluation results, the Company will continue striving to improve the effectiveness of the Board of Directors.

[Translation for Reference Purposes Only]

7. Primary Business

- Surveys, exploration, development and production of oil, natural gas, and other mineral resources
- Refinery, processing, storage, production and sale, consignment sale and transportation of oil, natural gas, and other mineral resources as well as their by-products
- Supply of electricity, heat, etc.

8. Principal Business Sites

Name	Location
Head Office	5-3-1, Akasaka, Minato-ku, Tokyo
Technical Research Center	Setagaya-ku, Tokyo
Naoetsu LNG Terminal	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
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
Caracas Office	Venezuela
Houston Office	The United States of America
Rio de Janeiro Office	Brazil
Calgary Office	Canada

Notes: 1. The above includes operational bases of the Company's subsidiaries.
2. The Kashiwazaki Workshop was closed as of April 1, 2018.

9. Employees

Number of employees	Year-on-year change
3,189 [1,142]	-39

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 employees seconded from other companies to 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	231.8
Mizuho Bank, Ltd.	141.8
Bank of Tokyo-Mitsubishi UFJ, Ltd.	77.6
Development Bank of Japan Inc.	61.8
Sumitomo Mitsui Banking Corporation	56.9

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.

[Translation for Reference Purposes Only]

II. Items Related to Shares

1. Total Number of Shares Authorized to be Issued

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

2. Type and Total Number of Issued Shares

(Common Share) 1,462,323,600
(Including 1,966,500 Treasury Shares)
(Class A Share) 1

3. Number of Shareholders

(Common Share) 33,724
(Class A Share) 1

4. Major Shareholders

Name	Number of Shares			Shareholding Ratio (%)
	Common Share	Class A Share	Total Share	
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
The Master Trust Bank of Japan, Ltd. (Trust Account)	54,594,300	-	54,594,300	3.74
Japan Trustee Services Bank, Ltd. (Trust Account)	45,456,300	-	45,456,300	3.11
JXTG Holdings, Inc.	43,810,800	-	43,810,800	3.00
Mitsui Oil Exploration Co., Ltd.	32,924,000	-	32,924,000	2.25
The Bank of New York 133524	24,028,800	-	24,028,800	1.65
State Street Bank Client Omnibus OM04	21,847,358	-	21,847,358	1.50
CBNY-GOVERNMENT OF NORWAY	20,979,500	-	20,979,500	1.44
Japan Trustee Services Bank, Ltd. (Trust Account 5)	20,819,700	-	20,819,700	1.43

Notes: 1. The shareholding ratio is calculated after subtracting treasury shares (1,966,500 shares).
2. The shareholding ratio is rounded off 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
Toshiaki Kitamura	Representative Director, President & CEO	–
Masaharu Sano	Director, Senior Executive Vice President	Chief Technical Executive In charge of HSE and Compliance Outside Director, Japan Drilling Co., Ltd.
Masahiro Murayama	Director, Senior Managing Executive Officer	Senior Vice President, Finance & Accounting
Seiya Ito	Director, Senior Managing Executive Officer	Senior Vice President, Ichthys Project
Shunichiro Sugaya	Director, Managing Executive Officer	Senior Vice President, Masela Project
Takahiko Ikeda	Director, Managing Executive Officer	Senior Vice President, Technical Headquarters
Yoshikazu Kurasawa	Director, Managing Executive Officer	Senior Vice President, New Ventures
Kimihisa Kittaka	Director, Managing Executive Officer	Senior Vice President, Corporate Strategy & Planning
Nobuharu Sase	Director, Managing Executive Officer	Senior Vice President, General Administration
Yasuhiko Okada	Director (Outside)	Partner, Kitahama Partners (Tokyo Office) Outside Director, FEED ONE CO., LTD.
Hiroshi Sato	Director (Outside)	Advisor, Japan Petroleum Exploration Co., Ltd.
Isao Matsushita	Director (Outside)	Senior Executive Adviser, JXTG Holdings, Inc. Outside Director, Sumitomo Mitsui Trust Holdings, Inc. Outside Director, Matsumotokiyoshi Holdings Co., Ltd.
Jun Yanai	Director (Outside)	Corporate Adviser, Mitsubishi Corporation
Norinao Iio	Director (Outside)	–
Atsuko Nishimura	Director (Outside)	Outside Director, TAISEI CORPORATION
Kazuo Yamamoto	Audit & Supervisory Board Member	–
Hideyuki Toyama	Audit & Supervisory Board Member (Outside)	–
Koji Sumiya	Audit & Supervisory Board Member (Outside)	–
Masaru Funai	Audit & Supervisory Board Member (part time, Outside)	–
Michiro Yamashita	Audit & Supervisory Board Member (part time, Outside)	Managing Executive Officer, Japan Petroleum Exploration Co., Ltd.

Notes: 1. Directors Norinao Iio and Atsuko Nishimura were elected and assumed their position at the 11th Ordinary General Meeting of Shareholders held on June 27, 2017.

2. The following changes occurred in Directors' positions and responsible areas of duties during this fiscal year. Inside the parentheses are their positions and areas of responsibility before the change.

[Translation for Reference Purposes Only]

Name	Date	Company Position & Responsibility
Masaharu Sano	April 1, 2017	Director, Senior Executive Vice President Chief Technical Executive In charge of HSE and Compliance (Director, Senior Executive Vice President Senior Vice President, Technical Headquarters In charge of HSE and Compliance)
Takahiko Ikeda	April 1, 2017	Director, Managing Executive Officer Senior Vice President, Technical Headquarters (Director, Managing Executive Officer Senior Vice President, Gas Supply & Infrastructure)

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 Masaru Funai possesses extensive knowledge of finance and accounting, etc.
7. Audit & Supervisory Board Member Michiro Yamashita possesses extensive knowledge of financial and accounting matters, etc.
8. Director Yoshiyuki Kagawa resigned at the expiration of his term of office as of June 27, 2017.

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

Category	No. of Officers	Total Compensation		
Directors	16	¥398 million	(Including 7 Outside Directors	¥52 million)
Audit & Supervisory Board Members	5	¥100 million	(Including 4 Outside Audit & Supervisory Board Members	¥72 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.

[Translation for Reference Purposes Only]

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

Major activities of Outside Directors and Audit & Supervisory Board Members

1) Outside Directors

Name	Comments made, etc. in Board of Directors meetings	Attendance at Board of Directors meetings
Yasuhiko Okada	He appropriately made necessary comments during deliberations of proposals, etc. based on his management experience in financial institutions as well as his extensive experience and broad range of insights in the financial field and his professional knowledge and experience as a lawyer. **[Relationships between the Company and companies in which the Director holds significant concurrent positions]** The INPEX Group has no transactions with Kitahama Partners or FEED ONE CO., LTD.	16 out of 16 (100%)
Hiroshi Sato	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights in the oil and gas development industry. **[Relationships between the Company and companies in which the Director holds significant concurrent positions]** Japan Petroleum Exploration Co., Ltd. is one of the top 10 shareholders 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.	16 out of 16 (100%)

Isao Matsushita	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights as a business executive. **[Relationships between the Company and companies in which the Director holds significant concurrent positions]** JXTG Holdings, Inc. is one of the top 10 shareholders of the Company. Some of the JXTG 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 JXTG Holdings Group, and the INPEX Group's sales to the JXTG Holdings Group in this fiscal year are less than 10.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the JXTG Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period. The INPEX Group has no transactions with Sumitomo Mitsui Trust Holdings, Inc. or Matsumotokiyoshi Holdings Co., Ltd.	16 out of 16 (100%)
Jun Yanai	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights in the resource/energy industry. **[Relationships between the Company and companies in which the Director holds significant concurrent 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 1.8% 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.	16 out of 16 (100%)
Norinao Iio	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights in the resource/energy industry.	13 out of 13 (100%)
Atsuko Nishimura	She appropriately made necessary comments during deliberations of proposals, etc. based on her extensive knowledge of international affairs created through her abundant experience as a diplomat, and her insight into the resources and energy business. **[Relationships between the Company and companies in which the Director holds significant concurrent positions]** The INPEX Group has no transactions with TAISEI CORPORATION.	13 out of 13 (100%)

Note: The activities of Directors Norinao Iio and Atsuko Nishimura described above occurred after they assumed their position on June 27, 2017.

2) Outside Audit & Supervisory Board Members

Name	Comments made, etc. in Board of Directors meetings and Audit & Supervisory Board meetings	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
Hideyuki Toyama	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights in the field of finance and his expertise and experience as a lawyer.	16 out of 16 (100%)	15 out of 15 (100%)
Koji Sumiya	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience and broad range of insights in the field of finance and its related matters.	16 out of 16 (100%)	15 out of 15 (100%)
Masaru Funai	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience in accounting operations, his knowledge and experience in the resource/energy industry as well as broad range of insights in areas of finance and accounting.	16 out of 16 (100%)	15 out of 15 (100%)
Michiro Yamashita	He appropriately made necessary comments during deliberations of proposals, etc. based on his extensive experience in accounting operations, his abundant experience in the oil and gas development industry as well as his broad range of insights in finance and accounting, etc. **[Relationships between the Company and companies in which the Director holds significant concurrent positions]** Japan Petroleum Exploration Co., Ltd. is one of the top 10 shareholders 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.	15 out of 16 (93%)	14 out of 15 (93%)

[Translation for Reference Purposes Only]

V. Items Related to Accounting Auditors

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of Compensation for Accounting Auditors

	Amount paid
Amount of Compensation, etc., for Accounting Auditors during this fiscal year	¥178 million
Total amount of money and other financial benefits paid by the Company and its subsidiaries	¥276 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 its consent by judging it as appropriate in view of ensuring the audit quality with respect to Article 399, Paragraph 1 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.

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

(As of March 31, 2018)

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

Accounts	As of March 31, 2017 (Reference)	As of March 31, 2018	Accounts	As of March 31, 2017 (Reference)	As of March 31, 2018
(Assets)			**(Liabilities)**		
Current assets	**942,960**	**469,582**	**Current liabilities**	**297,465**	**309,194**
Cash and deposits	652,614	276,102	Accounts payable-trade	51,105	45,675
Accounts receivable-trade	72,364	66,900	Short-term loans	44,252	71,250
Marketable securities	5,503	—	Income taxes payable	45,219	17,234
Inventories	30,720	32,321	Accounts payable-other	73,721	94,360
Deferred tax assets	7,264	3,231	Provision for loss on business	2,920	9,887
Accounts receivable-other	83,291	71,014	Provision for exploration projects	4,478	4,005
Recoverable accounts under production sharing	47,263	—	Accrued bonuses to officers	62	62
Other	68,403	40,997	Asset retirement obligations	4,301	407
Less allowance for doubtful accounts	(20,763)	(20,984)	Other	71,403	66,310
Less allowance for recoverable accounts under production sharing	(3,701)	—			
Fixed assets	**3,369,213**	**3,785,982**	**Long-term liabilities**	**807,166**	**787,502**
Tangible fixed assets	**1,928,597**	**2,044,619**	Long-term debt	643,432	627,326
Buildings and structures	214,575	201,045	Deferred tax liabilities	45,615	35,619
Wells	44,980	38,323	Accrued special repair and maintenance	331	380
Machinery, equipment and vehicles	120,713	99,472	Liability for retirement benefits	5,952	5,937
Land	19,189	19,098	Asset retirement obligations	104,845	111,128
Construction in progress	1,511,660	1,678,743	Other	6,989	7,110
Other	17,478	7,936	**Total liabilities**	**1,104,631**	**1,096,696**
			(Net assets)		
Intangible assets	**521,253**	**541,502**	**Shareholders' equity**	**2,556,852**	**2,568,230**
Goodwill	60,798	54,037	**Common share**	290,809	290,809
Exploration and development rights	154,556	153,168	**Capital surplus**	676,273	673,574
Mining rights	298,370	328,086	**Retained earnings**	1,595,018	1,609,094
Other	7,528	6,210	**Treasury share**	(5,248)	(5,248)
Investments and other assets	**919,362**	**1,199,860**	**Accumulated other comprehensive income**	**386,316**	**348,449**
Investment securities	246,085	367,417	**Unrealized holding gain (loss) on securities**	6,479	10,217
Long-term loans receivable	134,235	295,861	**Unrealized gain(loss) from hedging instruments**	717	25,724
Recoverable accounts under production sharing	611,937	589,098	**Translation adjustments**	379,119	312,507
Deferred tax assets	25,750	20,263	**Non-controlling interests**	**264,372**	**242,188**
Other	29,248	11,359			
Less allowance for doubtful accounts	(8,282)	(849)			
Less allowance for recoverable accounts under production sharing	(116,842)	(81,625)			
Less allowance for investments in exploration	(2,769)	(1,664)			
			Total net assets	**3,207,542**	**3,158,868**
Total assets	**4,312,174**	**4,255,565**	**Total liabilities and net assets**	**4,312,174**	**4,255,565**

Note: The figures in "As of March 31, 2017 (Reference)" are outside the scope of audits.

[Translation for Reference Purposes Only]

Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

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

Accounts	For the year ended March 31, 2017 (Reference)		For the year ended March 31, 2018	
Net sales		874,423		933,701
Cost of sales		453,846		498,039
Gross profit		**420,576**		**435,662**
Exploration expenses		6,734		1,327
Selling, general and administrative expenses		77,389		76,971
Operating income		**336,452**		**357,363**
Other income				
Interest income	10,460		6,477	
Dividend income	2,802		4,778	
Gain on sales of investment securities	4,999		—	
Equity in earnings of affiliates	2,175		4,192	
Gain on reversal of allowance for recoverable accounts under production sharing	—		17,528	
Compensation income	—		12,625	
Other	18,652	39,090	9,664	55,266
Other expenses				
Interest expense	5,228		7,075	
Provision of allowance for doubtful accounts	8,308		—	
Provision for allowance for recoverable accounts under production sharing	14,374		—	
Provision for loss on business	—		3,264	
Foreign exchange loss	3,759		10,472	
Other	9,980	41,651	4,547	25,360
Ordinary income		**333,891**		**387,269**
Extraordinary loss				
Impairment loss	6,366	6,366	79,970	79,970
Income before income taxes		**327,525**		**307,299**
Income taxes-current	304,620		308,351	
Income taxes-deferred	(33,227)	271,393	1,048	309,399
Net income (loss)		**56,131**		**(2,100)**
Net income (loss) attributable to non-controlling interests		9,963		(42,462)
Net income attributable to owners of parent		**46,168**		**40,362**

Note: The figures in “For the year ended March 31, 2017 (Reference)” are outside the scope of audits.

[Translation for Reference Purposes Only]

Non-Consolidated Balance Sheet

(As of March 31, 2018)

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

Accounts	As of March 31, 2017 (Reference)	As of March 31, 2018	Accounts	As of March 31, 2017 (Reference)	As of March 31, 2018
(Assets)			**(Liabilities)**		
Current assets	**1,130,302**	**696,212**	**Current liabilities**	**380,666**	**128,175**
Cash and deposits	617,554	443	Accounts payable-trade	2,956	12,361
Accounts receivable-trade	22,403	21,577	Short-term loans	—	33,515
Marketable securities	5,503	—	Current portion of long-term debt	10,176	38,560
Finished goods	2,233	2,409	Lease obligations	53	41
Work in process and partly-finished construction	58	203	Accounts payable-other	13,867	23,863
Raw materials and supplies	9,701	9,825	Accrued expenses	2,781	3,142
Advance payments-trade	72	49	Income taxes payable	9,902	3,528
Prepaid expenses	401	259	Deferred tax liabilities	—	575
Short-term loans receivable from subsidiaries and affiliates	420,507	177,881	Advances received	44	18
Deposit paid in subsidiaries and affiliates	—	523,907	Deposits payable	270	257
Deferred tax assets	5,758	—	Deposits received from subsidiaries and affiliates	337,339	1,984
Recoverable accounts under production sharing	47,263	—	Accrued bonuses to officers	62	62
Other	37,249	22,341	Provision for loss on business	2,920	9,887
Allowance for doubtful accounts	(23,547)	(62,686)	Asset retirement obligations	163	128
Allowance for investments in exploration	(11,158)	—	Other	129	248
Allowance for recoverable accounts under production sharing	(3,701)	—	**Long-term liabilities**	**352,961**	**407,521**
Fixed assets	**2,007,401**	**2,222,751**	Long-term debt	333,708	361,402
Tangible fixed assets	**283,229**	**264,629**	Lease obligations	86	44
Buildings	17,119	16,231	Deferred tax liabilities	2,919	2,608
Structures	176,747	169,047	Accrued retirement benefits to employees	5,506	5,449
Wells	1,218	642	Provision for loss on business of subsidiaries and affiliates	7,568	8,188
Machinery and equipment	65,711	59,339	Provision for loss on guarantees of subsidiaries and affiliates	—	26,693
Vehicles	16	10	Asset retirement obligations	2,985	2,964
Tools, furniture and fixtures	2,263	1,574	Other	187	169
Land	16,984	16,890	**Total liabilities**	**733,627**	**535,697**
Leased assets	120	77	**(Net assets)**		
Construction in progress	3,047	816	**Shareholders' equity**	**2,397,599**	**2,373,077**
Intangible assets	**68,642**	**61,150**	**Common share**	**290,809**	**290,809**
Goodwill	62,576	55,623	**Capital surplus**	**1,023,802**	**1,023,802**
Mining right	2	2	Legal capital surplus	1,023,802	1,023,802
Software	2,080	1,550	**Retained earnings**	**1,088,235**	**1,063,713**
Other	3,982	3,973	Other retained earnings	1,088,235	1,063,713
Investments and other assets	**1,655,530**	**1,896,970**	Reserve for advanced depreciation of non-current assets	2,108	2,105
Investment securities	68,964	73,919	Reserve for special depreciation	4,536	3,404
Investment in share of subsidiaries and affiliates	1,491,638	1,787,811	Mine prospecting reserve	10,035	13,213
Long-term loans receivable from employees	10	13	Retained earnings brought forward	1,071,554	1,044,989
Long-term loans receivable from subsidiaries and affiliates	210,091	136,241	**Treasury share**	**(5,248)**	**(5,248)**
Long-term prepaid expenses	50	39	**Valuation, translation adjustments and others**	**6,476**	**10,188**
Other	7,386	6,235	**Unrealized holding gain (loss) on securities**	**6,476**	**10,188**
Allowance for doubtful accounts	(17,490)	(106)			
Allowance for investments in exploration	(105,122)	(107,183)	**Total net assets**	**2,404,076**	**2,383,265**
Total assets	**3,137,704**	**2,918,963**	**Total liabilities and net assets**	**3,137,704**	**2,918,963**

Note: The figures in "As of March 31, 2017 (Reference)" are outside the scope of audits.

[Translation for Reference Purposes Only]

Non-Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

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

Accounts	For the year ended March 31, 2017 (Reference)		For the year ended March 31, 2018	
Net sales		258,160		233,574
Cost of sales		148,521		144,627
Gross profit		**109,639**		**88,947**
Exploration expenses		3,879		519
Selling, general and administrative expenses		40,967		42,036
Operating income		**64,792**		**46,390**
Other income				
Interest income	20,472		14,567	
Dividend income	87,273		31,650	
Guarantee commission received	17,574		17,764	
Other	12,715	138,036	2,824	66,807
Other expenses				
Interest expense	4,179		9,119	
Loss on valuation of shares of subsidiaries and affiliates	42,246		18,303	
Provision of allowance for doubtful accounts	14,546		36,757	
Provision of allowance for investment loss in exploration	4,479		3,546	
Provision for loss on business	—		3,264	
Provision for loss on business of subsidiaries and affiliates	2,423		351	
Provision for loss on guarantees of subsidiaries and affiliates	—		2,086	
Foreign exchange loss	7,137		6,958	
Other	5,497	80,511	2,674	83,062
Ordinary income		**122,317**		**30,136**
Extraordinary loss				
Impairment loss	2,033	2,033	3,630	3,630
Income before income taxes		**120,283**		**26,506**
Income taxes-current	38,559		19,958	
Income taxes-deferred	(7,196)	31,362	4,783	24,741
Net income		**88,920**		**1,764**

Note: The figures in “For the year ended March 31, 2017 (Reference)” are outside the scope of audits.

[Translation for Reference Purposes Only]

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

Independent Auditor's Report

May 10, 2018

The Board of Directors
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Hiroaki Kosugi
Certified Public Accountant
Designated and Engagement Partner

Toru Kimura
Certified Public Accountant
Designated and Engagement Partner

Takeshi Yoshida
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 12th fiscal year from April 1, 2017 through March 31, 2018.

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 12th fiscal year ended March 31, 2018 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 10, 2018

The Board of Directors
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Hiroaki Kosugi
Certified Public Accountant
Designated and Engagement Partner

Toru Kimura
Certified Public Accountant
Designated and Engagement Partner

Takeshi Yoshida
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 12th fiscal year from April 1, 2017 through March 31, 2018.

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 12th fiscal year ended March 31, 2018 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 12th business year (from April 1, 2017 to March 31, 2018), 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' 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 10, 2018

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):	Masaru Funai (Seal)
Outside Audit & Supervisory Board Member (part-time):	Michiro Yamashita (Seal)

[Translation for Reference Purposes Only]

(Please use these pages for your notes)