

**[Translation for Reference Purposes Only]**

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Securities Code: 1605  
June 2, 2015

**To Those Shareholders with Voting Rights**

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

**NOTICE OF THE 9<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

You are cordially invited to attend the 9<sup>th</sup> Ordinary General Meeting of INPEX CORPORATION (hereinafter the “Company”) to be held as described below.

In the event you are not able to attend, you may exercise your voting rights by either of the following two methods. It is requested that you review the Reference Documents for the General Meeting of Shareholders (pages 5-30) before exercising your voting rights.

[Voting in writing]

Please carefully read the “Procedures to Exercise Your Voting Rights” (pages 3-4 of this document), indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form and return the form for arrival no later than the close of business (5:25 p.m.) on Tuesday, June 23, 2015.

[Voting by electromagnetic means (the Internet, etc.)]

Please carefully read the “Procedures to Exercise Your Voting Rights” (pages 3-4 of this document) and enter your votes for or against each of the proposals by the close of business (5:25 p.m.) of Tuesday, June 23, 2015.

- 1. Date and Time:** Wednesday, June 24, 2015 at 10:00 a.m.
- 2. Place:** Ascot Hall, B2F, South Wing, Hotel Okura, Tokyo  
2-10-4 Toranomon, Minato-ku, Tokyo
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. Business Report, Consolidated Financial Statements for the 9<sup>th</sup> Fiscal Year (from April 1, 2014 to March 31, 2015) 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 9<sup>th</sup> Fiscal Year (from April 1, 2014 to March 31, 2015)
  - Proposals to be resolved:**
    - Proposal No. 1:** Appropriation of Surplus
    - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
    - Proposal No. 3:** Election of Fifteen Directors
    - Proposal No. 4:** Election of Five Audit & Supervisory Board Members
    - Proposal No. 5:** Payment of Bonuses to Directors

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**4. Decisions Concerning Convocation**

- (1) Should you choose to exercise your voting rights via a proxy, you may designate a shareholder other than yourself, who is entitled to vote with respect to the Company, as your proxy. It should be noted, however, that it will be necessary to submit a document certifying said individual's proxy.
- (2) In the event of a diverse exercise of voting rights, it is requested that you notify the Company in writing to that effect, together with the reasons, by no later than three days before the General Meeting of Shareholders.
- (3) When you exercise your voting rights both by the Voting Rights Exercise Form and via the Internet, etc., the voting right exercised via the Internet, etc. shall be deemed and treated as your valid vote. When you exercise your voting rights twice or more via the Internet, etc., the voting right exercised last shall be deemed and treated as your valid vote.

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- Those attending the General Meeting of Shareholders are requested to submit the enclosed Voting Rights Exercise Form at the reception desk.
  - In the event the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements or Reference Documents for the General Meeting of Shareholders require modification, the contents as modified will be posted on the Company's website (<http://www.inpex.co.jp/>).

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**Procedures to Exercise Voting Rights**

At INPEX CORPORATION, you may exercise your voting rights in writing (on the Voting Rights Exercise Form) or by electromagnetic means (via the Internet, etc.).

If you attend the 9<sup>th</sup> Ordinary General Meeting, neither procedure of sending your Voting Rights Exercise Form by writing nor via electromagnetic means is necessary.

**Exercise of Voting Rights by Attending the Ordinary General Meeting**

Please bring the enclosed Voting Rights Exercise Form, and submit the form at the reception desk.

**Exercise of Voting Rights in Writing (on the Voting Rights Exercise Form)**

Please indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form for arrival by the close of business (5:25 p.m.) on Tuesday, June 23, 2015. In case there is no indication of your vote for or against a proposal, such a missing vote is treated as a vote “for” the proposal.

**Exercise of Voting Rights by Electromagnetic Means (via the Internet)**

To exercise your voting rights via the Internet, please carefully read “Items Required to be Agreed on for the Exercise of Voting Rights via the Internet” on the next page and exercise your voting rights no later than the close of business (5:25 p.m.) on Tuesday, June 23, 2015.

If you have any questions, please contact the Internet Help Dial indicated at the “Inquiries Concerning Voting Rights via the Internet” on the next page.

For Institutional Investors:

Institutional investors may use the “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd.

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

1. You may exercise your voting rights via the Internet only through the Web site for exercising voting rights specified by the Company (see 1. of “Specific Procedures to Exercise Your Voting Rights via the Internet” below).
2. When exercising your voting rights via the Internet, the “Code for the Exercise of Voting Rights” and the “Password” described in the enclosed Voting Form are required.
3. If you exercise your voting rights twice, in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as your effective vote.
4. If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as your effective vote.
5. The cost of Internet access (access fees to providers, telecommunications fees, etc.) shall be borne by the shareholder.

**Specific Procedures to Exercise Your Voting Rights via the Internet**

1. Access the Web site for exercising voting rights specified by the Company (<http://www.it-soukai.com/>).
2. Enter the “Code for the Exercise of Voting Rights” and the “Password” described in the enclosed Voting Form and click on the “Log-in” button.  
Note: To ensure security, you will need to change the password at the initial log-in.
3. Exercise your voting rights by following the directions on the screen.

**System Requirements**

|                      |  |
|----------------------|--|
| Personal Computer    | Windows <sup>®</sup> computer  |
| Browser              | Microsoft <sup>®</sup> Internet Explorer 5.01SP2 or higher                   |
| Internet Environment | Internet access such as through a contract with an Internet service provider |
| Monitor Resolution   | 800×600 dots (SVGA) or higher is recommended.                                |

\*Microsoft<sup>®</sup> and Internet Explorer are registered trademarks or trademarks of Microsoft Corporation in the United States and other countries.

**Securities**

You may exercise your voting rights safely as encryption technology (SSL128bit) is used to protect your voting information from being tampered with or wiretapped.

In addition, the “Code for the Exercise of Voting Rights” and the “Password” described in the Voting Form are very important to authenticate shareholders, so please ensure that you do not disclose them to other people. Please note that the Company does not make any inquiries regarding your “Password.”

**Inquiries Concerning Exercise of Voting Rights via the Internet**

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

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## Reference Documents for the General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1: Appropriation of Surplus

It is proposed that surplus be appropriated as indicated below.

#### Matters Concerning Year-End Dividend

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

Based on this basic policy, it is proposed that the year-end dividend for 9<sup>th</sup> fiscal year be as follows.

- 1) Type of dividend  
Cash
- 2) Matters concerning allotment of property to be distributed and total amount

|                          |                    |
|--------------------------|--------------------|
| Amount per common share  | 9 yen              |
| Amount per Class A stock | 3,600 yen          |
| Total amount of dividend | 13,143,218,400 yen |
- 3) Effective date of distribution of surplus  
June 25, 2015

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

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

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**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for the Amendments

In connection with the change of the scope of parties with whom the Company may enter into a liability limitation contract pursuant to the Act on Partial Revision of the Companies Act (Act No. 90 of 2014), coming into force on May 1, 2015, it is proposed that necessary amendments be made to Article 42 and Article 50. In addition, concerning the proposal for partial amendment to Article 42 of the current Articles of Incorporation, the Company has obtained the consent of all Audit & Supervisory Board Members.

2. Description of Proposed Amendments

Proposed amendments are as follows.

(Revisions are underlined.)

| Current Articles   | Proposed Amendments   |
|--|---|
| <p>Articles 1-41 omitted as no amendments are required</p> <p>(Limitation of Liability for <u>Outside</u> Directors)<br/>Article 42.<br/>This company may enter into a contract with <u>outside</u> directors that limits the <u>outside</u> directors' liability for the compensation of damage due to the neglect of their duties, pursuant to the provisions of Paragraph 1 of Article 427 of the Company Law; provided, however, that the limitation on the amount of liability based on the contract shall be the amount specified by laws and ordinances.</p>  | <p>None</p> <p>(Limitation of Liability for Directors)<br/>Article 42.<br/>This company may enter into a contract with directors (<u>excluding those are Executive Directors, etc.</u>) that limits the directors' liability for the compensation of damage due to the neglect of their duties, pursuant to the provisions of Paragraph 1 of Article 427 of the Company Law; provided, however, that the limitation on the amount of liability based on the contract shall be the amount specified by laws and ordinances.</p>                              |
| <p>Articles 43-49 omitted as no amendments are required</p> <p>(Limitation of Liability for <u>Outside</u> Audit &amp; Supervisory Board Members)<br/>Article 50.<br/>This company may enter into a contract with <u>outside</u> Audit &amp; Supervisory Board Members that limits the <u>outside</u> Audit &amp; Supervisory Board Members' liability for the compensation of damage due to the neglect of their duties, pursuant to the provisions of Paragraph 1 of Article 427 of the Company Law; provided, however, that the limitation on the amount of liability based on the contract shall be the amount specified by laws and ordinances.</p> | <p>None</p> <p>(Limitation of Liability for Audit &amp; Supervisory Board Members)<br/>Article 50.<br/>This company may enter into a contract with Audit &amp; Supervisory Board Members that limits the Audit &amp; Supervisory Board Members' liability for the compensation of damage due to the neglect of their duties, pursuant to the provisions of Paragraph 1 of Article 427 of the Company Law; provided, however, that the limitation on the amount of liability based on the contract shall be the amount specified by laws and ordinances.</p> |
| <p>Articles 51-54 omitted as no amendments are required</p>  | <p>None</p>   |

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**Proposal No. 3: Election of Fifteen Directors**

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

The candidates for Directors are as follows:

| No. 1  | <b>Naoki Kuroda</b><br>(Date of birth: December 18, 1940)                         | Reappointment   |
|--|---|---|
| Number of common shares of the Company held by the candidate:<br>32,400 shares<br><br>Term of office as Director:<br>9 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>14 out of 15 (93%)  | <b>Career summary and position</b>  |   |
|  | April 1963  | Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)   |
|  | June 1992   | Director-General for the Agency of Natural Resources and Energy   |
|  | August 1993   | Advisor to the Bank of Tokyo Ltd. / Advisor to the Mitsui Marine Insurance, Ltd. (currently Bank of Tokyo-Mitsubishi UFJ, Ltd. / Mitsui Sumitomo Insurance Co., Ltd.) |
|  | August 1995   | Advisor to Sumitomo Corporation   |
| June 1996  | Managing Executive Director of Sumitomo Corporation                               |   |
| June 1999  | Director of Indonesia Petroleum, Ltd. (INPEX Corporation)                         |   |
| April 2001   | Representative Director, Executive Vice President of Sumitomo Corporation         |   |
| August 2004  | Senior Advisor to Sumitomo Corporation  |   |
| September 2004   | Representative Director, Executive Senior Vice President of INPEX Corporation     |   |
| June 2005  | Representative Director, President of INPEX Corporation                           |   |
| April 2006   | Representative Director, President of INPEX Holdings Inc. (currently the Company) |   |
| June 2010  | Representative Director, Chairman, the Company (incumbent)                        |   |
| <b>Significant concurrently-held positions</b>   |   |   |
| Representative Director<br>INPEX North Caspian Sea, Ltd.<br>The above company in which Mr. Kuroda holds significant concurrently held positions is the Company's subsidiary, which has been established as a legal entity to acquire participating interests in mining lots and to promote projects. |   |   |
| <b>Special remarks concerning the candidate for Director</b>   |   |   |
| Special interest between the Company and the candidate<br>There is no special interest between Mr. Kuroda and the Company.   |   |   |





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|--|--|---|
| No. 3  | <p><b>Seiji Yui</b><br/>(Date of birth: March 17, 1949)</p>  | Reappointment   |
| <p>Number of common shares of the Company held by the candidate:<br/>18,800 shares</p> <p>Term of office as Director:<br/>9 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>15 out of 15 (100%)</p> | <p><b>Career summary and position</b></p>  |   |
|  | <p>April 1975<br/>September 1999<br/>June 2000<br/><br/>March 2003<br/><br/>June 2003<br/>April 2004<br/>March 2006<br/><br/>April 2006<br/><br/>March 2007<br/><br/>June 2007<br/><br/>October 2008<br/><br/>June 2012<br/><br/>June 2014</p> | <p>Joined Indonesia Petroleum, Ltd. (INPEX Corporation)<br/>General Manager of Jakarta Office, INPEX Corporation<br/>Director, General Manager of Jakarta Office, INPEX Corporation<br/><br/>Director, Coordinator of Exploration Department 1 and Exploration Department 2, INPEX Corporation<br/>Managing Director of INPEX Corporation<br/>Managing Director of Japan Oil Development Co., Ltd.<br/>Representative Director, Managing Director of Japan Oil Development Co., Ltd.<br/><br/>Director, Deputy Senior General Manager of Corporate Strategy &amp; Planning Division and Technology Division of INPEX Holdings Inc. (currently the Company)<br/><br/>Managing Director, Senior General Manager of Technology and HSE Division, in charge of Oceania &amp; America projects of INPEX Holdings Inc.<br/><br/>Managing Director, Senior General Manager of Technology and HSE Division and Oceania &amp; America Project Division of INPEX Holdings Inc.<br/><br/>Director, Senior Managing Executive Officer, Senior Vice President, Asia &amp; Australasia of the Company<br/><br/>Director, Senior Vice President, Corporate Strategy &amp; Planning of the Company<br/><br/>Director, Senior Executive Vice President, Corporate Strategy &amp; Planning of the Company (incumbent)</p> |
|  | <p><b>Special remarks concerning the candidate for Director</b></p> <p>Special interest between the Company and the candidate<br/>There is no special interest between Mr. Yui and the Company.</p>  |   |



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| No. 5  | <b>Shunichiro Sugaya</b><br>(Date of birth: November 27, 1952)  | Reappointment  |
|--|---|--|
| Number of common shares of the Company held by the candidate:<br>15,900 shares<br><br>Term of office as Director:<br>6 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>14 out of 15 (93%)  | <b>Career summary and position</b>  |  |
|  | 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 and Coordinator in charge of Asia region / technology and HSE of INPEX Corporation |  |
| June 2007  | Managing Director, Senior General Manager of Asia Project Division, INPEX Corporation   |  |
| October 2008   | Director, Managing Executive Officer, Senior Vice President of Masela Project of the Company (incumbent)  |  |
| <b>Significant concurrently-held positions</b>   |   |  |
| Representative Director, President & CEO<br>INPEX Masela, Ltd.<br>The above company in which Mr. Sugaya holds significant concurrently-held positions is the Company's subsidiary, which has been established as a legal entity to acquire participating interests in mining lots and to promote projects. |   |  |
| <b>Special remarks concerning the candidate for Director</b>   |   |  |
| Special interest between the Company and the candidate<br>There is no special interest between Mr. Sugaya and the Company.   |   |  |

[Translation for Reference Purposes Only]

| No. 6   | Masahiro Murayama<br>(Date of birth: July 16, 1953)   | Reappointment   |
|---|---|---|
| <p>Number of common shares of the Company held by the candidate:<br/>16,000 shares</p> <p>Term of office as Director:<br/>6 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>15 out of 15 (100%)</p>  | <b>Career summary and position</b>  |   |
|   | 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.   |   |
| April 2009  | Council of Mizuho Securities Co., Ltd.  |   |
| May 2009  | Advisor to the Company  |   |
| June 2009   | Director, Managing Executive Officer, Senior Vice President of Finance & Accounting of the Company (incumbent)    |   |
| <b>Significant concurrently-held positions</b>  |   |   |
| <p>Representative Director<br/>INPEX Masela, Ltd., INPEX Browse, Ltd.</p> <p>The above companies in which Mr. Murayama holds significant concurrently-held positions are the Company's subsidiaries, both of which have been established as legal entities to acquire participating interests in mining lots and to promote projects.</p> |   |   |
| <b>Special remarks concerning the candidate for Director</b>  |   |   |
| <p>Special interest between the Company and the candidate<br/>There is no special interest between Mr. Murayama and the Company.</p>  |   |   |

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|---|--|---------------|
| No. 7   | <p><b>Seiya Ito</b><br/>(Date of birth: September 14, 1954)</p>  | Reappointment |
| <p>Number of common shares of the Company held by the candidate:<br/>15,300 shares</p> <p>Term of office as Director:<br/>9 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>13 out of 15 (87%)</p> | <p><b>Career summary and position</b></p> <p>April 1977            Joined Indonesia Petroleum, Ltd. (INPEX Corporation)</p> <p>April 2002            General Manager of Corporate Planning &amp; Management Department of INPEX Corporation</p> <p>June 2003 Director, General Manager of Corporate Planning &amp; Management Department of INPEX Corporation</p> <p>November 2004      Director, General Manager of Corporate Planning &amp; Management Department and Public Affairs Department of INPEX Corporation</p> <p>September 2005     Director, Assistant Senior General Manager of Corporate Strategy &amp; Administration Division, General Manager of Corporate Strategy &amp; Planning Unit and Public Affairs Unit of INPEX Corporation</p> <p>April 2006            Director, Assistant Senior General Manager of Corporate Strategy &amp; Administration Division, General Manager of Corporate Strategy &amp; Planning Unit of INPEX Corporation</p> <p>April 2006            Director, Assistant Senior General Manager of Corporate Strategy &amp; Planning Division of INPEX Holdings Inc. (currently the Company)</p> <p>July 2006 Director, Deputy Senior General Manager of Oceania &amp; America Project Division of INPEX Corporation</p> <p>October 2008        Director, Managing Executive Officer, Senior Vice President of Ichthys Project of the Company (incumbent)</p> <p><b>Significant concurrently-held positions</b></p> <p>Representative Director, President &amp; CEO<br/>INPEX Browse, Ltd.<br/>The above company in which Mr. Ito holds significant concurrently-held positions is the Company's subsidiary, which has been established as a legal entity to acquire participating interests in mining lots and to promote projects.</p> <p><b>Special remarks concerning the candidate for Director</b></p> <p>Special interest between the Company and the candidate<br/>There is no special interest between Mr. Ito and the Company.</p> |               |

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| No. 8  | Wataru Tanaka<br>(Date of birth: May 25, 1953)  |   | Reappointment |
|--|---|---|---------------|
| Number of common shares of the Company held by the candidate:<br>26,100 shares<br><br>Term of office as Director:<br>6 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>15 out of 15 (100%) | <b>Career summary and position</b>  |   |               |
|  | April 1977  | Joined Indonesia Petroleum, Ltd. (INPEX Corporation)  |               |
|  | June 2000   | General Manager of Planning & New Ventures Department of INPEX Corporation  |               |
|  | June 2003   | Director, General Manager of Planning & New Ventures Department of INPEX Corporation                                      |               |
|  | June 2004   | Director, Coordinator in charge of the Middle East and Caspian Sea regions of INPEX Corporation                           |               |
|  | October 2004  | Director, Deputy General Manager of Tehran Office of INPEX Corporation  |               |
|  | February 2007   | Director, Coordinator in charge of Middle East projects of INPEX Corporation  |               |
|  | April 2007  | Director, Assistant Senior General Manager of General Administration and Corporate Planning Division of INPEX Corporation |               |
|  | October 2008  | Managing Executive Officer, Deputy Senior General Manager of General Administration Division of the Company               |               |
|  | June 2009   | Director, Managing Executive Officer, Senior Vice President of General Administration of the Company                      |               |
| June 2011  | Director, Managing Executive Officer, Senior Vice President of General Administration (incumbent), Corporate Strategy & Planning of the Company |   |               |
| <b>Special remarks concerning the candidate for Director</b>   |   |   |               |
| Special interest between the Company and the candidate<br>There is no special interest between Mr. Tanaka and the Company.   |   |   |               |

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|--|---|--|
| No. 9  | <b>Takahiko Ikeda</b><br>(Date of birth: January 18, 1955)  | Reappointment  |
| Number of common shares of the Company held by the candidate:<br>22,300 shares<br><br>Term of office as Director:<br>6 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>15 out of 15 (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 of Teikoku Oil Co., Ltd.  |
| March 2005   | Director of Teikoku Oil Co., Ltd.   |  |
| April 2006   | General Manager of Domestic Project Planning and Administration Unit of Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company) |  |
| June 2007  | Managing Director, President of Domestic Operation Division and General Manager of Niigata District Department of Teikoku Oil Co., Ltd.                             |  |
| October 2008   | Director, Managing Executive Officer, Senior Vice President of Domestic Projects of the Company   |  |
| June 2014  | Director, Managing Executive Officer, Senior Vice President of Gas Supply & Infrastructure Division of the Company (incumbent)                                      |  |
| Special remarks concerning the candidate for Director  |   |  |
| Special interest between the Company and the candidate<br>There is no special interest between Mr. Ikeda and the Company.  |   |  |





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|   |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
|---|---|--|--|-----------|---|-----------|---|-----------|-------------------------------------|------------|---|-----------|--|-----------|---|-----------|---|-----------|------------------------------|
| No. 11  | <p><b>Hiroshi Sato</b><br/>(Date of birth: January 22, 1947)</p>  | <p>Candidate for:<br/>Outside Director<br/>Independent Officer</p> | <p>New appointment</p>                               |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <p>Career summary and position</p>  |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <p>Number of common shares of the Company held by the candidate:<br/>0 shares</p> <p>Term of office as Audit &amp; Supervisory Board Member:<br/>9 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>13 out of 15 (87%)</p> <p>Attendance at Audit &amp; Supervisory Board meetings in fiscal 2014:<br/>12 out of 12 (100%)</p>  | <table border="1"> <tr> <td>April 1970</td> <td>Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)</td> </tr> <tr> <td>June 1999</td> <td>General Manager of Finance and Accounting Department of JAPEX</td> </tr> <tr> <td>June 2002</td> <td>Director, General Manager of Finance and Accounting Department of JAPEX</td> </tr> <tr> <td>June 2005</td> <td>Managing Executive Officer of JAPEX</td> </tr> <tr> <td>April 2006</td> <td>Audit &amp; Supervisory Board Member (part-time) of INPEX Holdings Inc. (currently INPEX CORPORATION) (incumbent)</td> </tr> <tr> <td>June 2006</td> <td>Managing Director &amp; Executive Officer of JAPEX</td> </tr> <tr> <td>June 2007</td> <td>Senior Managing Director &amp; Executive Officer of JAPEX</td> </tr> <tr> <td>June 2010</td> <td>Executive Vice President &amp; Executive Officer of JAPEX</td> </tr> <tr> <td>June 2014</td> <td>Advisor of JAPEX (incumbent)</td> </tr> </table> | April 1970   | Joined Japan Petroleum Exploration Co., Ltd. (JAPEX) | June 1999 | General Manager of Finance and Accounting Department of JAPEX | June 2002 | Director, General Manager of Finance and Accounting Department of JAPEX | June 2005 | Managing Executive Officer of JAPEX | April 2006 | Audit & Supervisory Board Member (part-time) of INPEX Holdings Inc. (currently INPEX CORPORATION) (incumbent) | 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 (incumbent) |
| April 1970  | Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)  |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| June 1999   | General Manager of Finance and Accounting Department of JAPEX   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| June 2002   | Director, General Manager of Finance and Accounting Department of JAPEX   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| June 2005   | Managing Executive Officer of JAPEX   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| April 2006  | Audit & Supervisory Board Member (part-time) of INPEX Holdings Inc. (currently INPEX CORPORATION) (incumbent)   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| 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 (incumbent)  |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <p>Significant concurrently-held positions</p>  |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <p>Advisor<br/>Japan Petroleum Exploration Co., Ltd.</p>  |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <p>Special remarks concerning the candidate for Director</p>  |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |
| <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Sato and the Company.</li> <li>2. Registration of Independent Officer<br/>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. If the election of Mr. Sato is approved as proposed, the Company is scheduled to report him as an Independent Officer as defined by Tokyo Stock Exchange, Inc.</li> <li>3. Reason for nominating as candidate for Outside Director<br/>Mr. Sato is nominated as Outside Director of the Company and his election is requested so that his extensive experience and wide-ranging insight cultivated in the petroleum exploration and production industry can be utilized in the management of the Company.</li> <li>4. Term of office as Outside Director of the Company<br/>Mr. Sato is a new candidate for Outside Director.<br/>Mr. Sato is currently serving as an Outside Audit &amp; Supervisory Board Member of the Company. His term of office as an Outside Audit &amp; Supervisory Board Member will be nine years at the conclusion of this Ordinary General Meeting of Shareholders. Mr. Sato will retire as an Outside Audit &amp; Supervisory Board Member of the Company at the conclusion of this Ordinary General Meeting of Shareholders due to expiration of the term.</li> <li>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>Japan Petroleum Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company. The INPEX Group has had transactions related to crude oil, etc., with the Japan Petroleum Exploration Group, and the INPEX Group's sales to the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchases from the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated cost of sales for the same period.</li> <li>6. Outline of the liability limitation agreement<br/>Based on Article 427, Paragraph 1, of the Companies Act, the Company has a liability limitation agreement with Mr. Sato, an Outside Audit &amp; Supervisory Board Member of the Company, 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.</li> </ol> |   |  |  |           |   |           |   |           |                                     |            |   |           |  |           |   |           |   |           |                              |

**[Translation for Reference Purposes Only]**

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|  | <p>If the election of Mr. Sato is approved as proposed, the Company intends to enter into a liability limitation agreement with him based on Article 427, Paragraph 1, of the Companies Act 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 Paragraph 1 of Article 425 of the Companies Act.</p> |
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**[Translation for Reference Purposes Only]**

| No. 12   | Yoshiyuki Kagawa<br>(Date of birth: November 22, 1946)  | Candidate for:<br>Outside Director<br>Independent Officer   | Reappointment |
|--|---|---|---------------|
| Number of common shares of the Company held by the candidate:<br>0 shares<br><br>Term of office as Director:<br>8 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>15 out of 15 (100%)  | <b>Career summary and position</b>  |   |               |
|  | April 1970  | Joined Mitsui & Co., Ltd.   |               |
|  | September 2001  | Director of Mitsui Oil Exploration Co., Ltd.  |               |
|  | October 2001  | Chief Operating Officer of Energy Business Unit of Energy Group, Mitsui & Co., Ltd.                   |               |
|  | April 2002  | Managing Officer, Chief Operating Officer of Energy Business Unit of Energy Group, Mitsui & Co., Ltd. |               |
| April 2003   | Executive Managing Officer, Chief Operating Officer of Energy Business Unit, Mitsui & Co., Ltd. |   |               |
| April 2005   | Representative Director, Executive Vice President, Mitsui Oil Exploration Co., Ltd.             |   |               |
| June 2005  | Representative Director, President, CEO, Mitsui Oil Exploration Co., Ltd.                       |   |               |
| June 2006  | CCO, Mitsui Oil Exploration Co., Ltd.   |   |               |
| June 2007  | Director of INPEX Holdings Inc. (currently the Company) (incumbent)                             |   |               |
| June 2012  | Senior Adviser, Mitsui Oil Exploration Co., Ltd. (incumbent)                                    |   |               |
| <b>Significant concurrently-held positions</b>   |   |   |               |
| Senior Adviser<br>Mitsui Oil Exploration Co., Ltd.   |   |   |               |
| <b>Special remarks concerning the candidate for Director</b>   |   |   |               |
| <p>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Kagawa and the Company.</p> <p>2. Registration of Independent Officer<br/>Mr. Kagawa 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. Kagawa as an Independent Officer as defined by Tokyo Stock Exchange, Inc. If the election of Mr. Kagawa is approved as proposed, he is scheduled to continue to be an Independent Officer.</p> <p>3. Reason for nominating as candidate for Outside Director<br/>Mr. Kagawa is nominated as Outside Director of the Company and his election is requested so that his extensive experience and wide-ranging insight as a business executive can be utilized in the management of the Company. Mr. Kagawa was previously an Outside Director of a subsidiary of the Company.</p> <p>4. Term of office as Outside Director of the Company<br/>Mr. Kagawa's term of office as Outside Director of the Company will have been eight years by the time of the closing of this Ordinary General Meeting of Shareholders.</p> <p>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>Mitsui Oil Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company. The INPEX Group has no transactions with Mitsui Oil Exploration.</p> <p>6. Outline of the liability limitation agreement<br/>Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Kagawa to limit liabilities to the Company stipulated in Article 423, Paragraph 1, of the Companies Act to the total of the amounts stipulated in each Item under Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Kagawa is approved as proposed, the Company intends to continue this contract with him.</p> |   |   |               |

[Translation for Reference Purposes Only]

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|---|--|--|---------------|
| No. 13  | <b>Seiji Kato</b><br>(Date of birth: August 3, 1948)   | Candidate for:<br>Outside Director<br>Independent Officer                                      | Reappointment |
| Number of common shares of the Company held by the candidate:<br>0 shares<br><br>Term of office as Director:<br>5 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>15 out of 15 (100%) | <b>Career summary and position</b>   |  |               |
|   | April 1971   | Joined Mitsubishi Corporation  |               |
|   | July 1997  | General Manager of LNG Business Department A, Mitsubishi Corporation                           |               |
|   | April 2003   | Senior Vice President, Division COO of Natural Gas Business Division, Mitsubishi Corporation   |               |
|   | April 2006   | Senior Vice President, Division COO of Natural Gas Business Division B, Mitsubishi Corporation |               |
|   | April 2007   | Executive Vice President, Group COO of Energy Business Group, Mitsubishi Corporation           |               |
|   | April 2008   | Executive Vice President, Group CEO of Energy Business Group, Mitsubishi Corporation           |               |
|   | June 2010  | Director of the Company (incumbent)  |               |
|   | June 2011  | Corporate Adviser of Mitsubishi Corporation (incumbent)  |               |
|   | <b>Significant concurrently-held positions</b>   |  |               |
|   | Corporate Adviser<br>Mitsubishi Corporation  |  |               |
|   | <b>Special remarks concerning the candidate for Director</b>   |  |               |
|   | <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>           There is no special interest between Mr. Kato and the Company.</li> <li>2. Registration of Independent Officer<br/>           Mr. Kato 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. Kato as an Independent Officer as defined by Tokyo Stock Exchange, Inc. If the election of Mr. Kato is approved as proposed, he is scheduled to continue to be an Independent Officer.</li> <li>3. Reason for nominating as candidate for Outside Director<br/>           Mr. Kato is nominated as Outside Director of the Company and his election is requested so that his extensive experience and wide-ranging insight cultivated in the resource/energy industry can be utilized in management of the Company.</li> <li>4. Term of office as Outside Director of the Company<br/>           Mr. Kato's term of office as Outside Director of the Company will have been five years by the time of the closing of this Ordinary General Meeting of Shareholders.</li> <li>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>           Some of Mitsubishi Corporation's businesses belong to the same categories as those of the Company.<br/>           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 1.5% 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 0.01% of the Company's consolidated cost of sales for the same period.</li> <li>6. Outline of the liability limitation agreement<br/>           Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Kato 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. Kato is approved as proposed, the Company intends to continue this contract with him.</li> </ol> |  |               |

[Translation for Reference Purposes Only]

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|--|---|--|-----------------|
| No. 14   | <b>Hiroji Adachi</b><br>(Date of birth: September 1, 1956)  | Candidate for:<br>Outside Director<br>Independent Officer  | New appointment |
| Number of common shares of the Company held by the candidate:<br>0 shares  | Career summary and position   |  |                 |
|  | April 1982  | Joined Nippon Oil Co., Ltd.  |                 |
|  | July 2004   | General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of Nippon Oil Corporation                                |                 |
|  | April 2008  | Executive Officer, General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of Nippon Oil Corporation             |                 |
|  | July 2010   | Executive Officer, General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of JX Nippon Oil & Energy Corporation |                 |
| June 2012  | Senior Vice President and Executive Officer, General Manager of Mizushima Refinery of JX Nippon Oil & Energy Corporation    |  |                 |
| June 2014  | Senior Vice President and Executive Officer, General Manager of Corporate Planning Dept. I of JX Holdings, Inc. (incumbent) |  |                 |
| Significant concurrently-held positions  |   |  |                 |
| Senior Vice President and Executive Officer, General Manager of Corporate Planning Dept. I of JX Holdings, Inc.  |   |  |                 |
| Special remarks concerning the candidate for Director  |   |  |                 |
| <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Adachi and the Company.</li> <li>2. Registration of Independent Officer<br/>Mr. Adachi is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. If the election of Mr. Adachi is approved as proposed, the Company is scheduled to report him as an Independent Officer as defined by Tokyo Stock Exchange, Inc.</li> <li>3. Reason for nominating as candidate for Outside Director<br/>Mr. Adachi is nominated as Outside Director of the Company and his election is requested so that his extensive experience and wide-ranging insight cultivated in the resource/energy industry can be utilized in the management of the Company.</li> <li>4. Term of office as Outside Director of the Company<br/>Mr. Adachi is a new candidate for Outside Director.</li> <li>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>JX Holdings, Inc. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the INPEX Group. The INPEX Group has had transactions related to crude oil sales, etc., with JX Holdings Group and the INPEX Group's sales to JX Holdings Group in this fiscal year are less than 4.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from JX Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.</li> <li>6. Outline of the liability limitation agreement<br/>If the election of Mr. Adachi is approved as proposed, the Company intends to enter into a liability limitation agreement with him based on Article 427, Paragraph 1, of the Companies Act 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 Paragraph 1 of Article 425 of the Companies Act.</li> </ol> |   |  |                 |

[Translation for Reference Purposes Only]

|   |  |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|---|--|---|----------------------------|-----------|--|----------|--|-----------|--|-----------|---|--------------|--|-----------|-------------------------------------|--|--|
| No. 15  | <b>Yasuhiko Okada</b><br>(Date of birth: June 1, 1943)   | Candidate for:<br>Outside Director<br>Independent Officer | Reappointment              |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
| Number of common shares of the Company held by the candidate:<br>0 shares<br><br>Term of office as Director:<br>3 years<br><br>Attendance at Board of Directors meetings in fiscal 2014:<br>15 out of 15 (100%) | <b>Career summary and position</b>   |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|   | <table border="0"> <tr> <td data-bbox="550 309 766 342">April 1966</td> <td data-bbox="766 309 1449 342">Joined Ministry of Finance</td> </tr> <tr> <td data-bbox="550 342 766 376">July 1994</td> <td data-bbox="766 342 1449 376">Director-General, the Tokyo Regional Taxation Bureau</td> </tr> <tr> <td data-bbox="550 376 766 409">May 1995</td> <td data-bbox="766 376 1449 409">Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission</td> </tr> <tr> <td data-bbox="550 409 766 443">July 1999</td> <td data-bbox="766 409 1449 443">Administrative Vice-Minister, Environment Agency (currently Ministry of the Environment)</td> </tr> <tr> <td data-bbox="550 443 766 477">June 2003</td> <td data-bbox="766 443 1449 477">President, National Association of Labour Banks; President, The Rokinren Bank</td> </tr> <tr> <td data-bbox="550 477 766 510">January 2012</td> <td data-bbox="766 477 1449 510">Attorney at Law admitted to practice in Japan; Partner, Kitahama Partners (Tokyo Office) (incumbent)</td> </tr> <tr> <td data-bbox="550 510 766 544">June 2012</td> <td data-bbox="766 510 1449 544">Director of the Company (incumbent)</td> </tr> </table>  | 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) (incumbent) | June 2012 | Director of the Company (incumbent) |  |  |
| 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) (incumbent)   |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
| June 2012   | Director of the Company (incumbent)  |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|   | <b>Significant concurrently-held positions</b>   |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|   | Partner<br>Kitahama Partners   |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|   | <b>Special remarks concerning the candidate for Director</b>   |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |
|   | <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Okada and the Company.</li> <li>2. Registration of Independent Officer<br/>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 Officer 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 Officer.</li> <li>3. Reason for nominating as candidate for Outside Director<br/>Although Mr. Okada has no experience in being directly involved in corporate management, he is nominated as Outside Director of the Company and his election is requested, as his extensive experience and knowledge in finance as well as his professional knowledge and experience as an attorney, in addition to management experience in financial institutions as the President of The Rokinren Bank, are expected to be fully utilized in the execution of his duties as Outside Director appropriately. Mr. Okada was previously an Outside Director of a subsidiary of the Company.</li> <li>4. Term of office as Outside Director of the Company<br/>Mr. Okada's term of office as Outside Director of the Company will have been three years by the time of the closing of this Ordinary General Meeting of Shareholders.</li> <li>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>There is no business relationship between the INPEX Group and the Kitahama Partners.</li> <li>6. Outline of the liability limitation agreement<br/>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.</li> </ol> |   |                            |           |  |          |  |           |  |           |   |              |  |           |                                     |  |  |

**[Translation for Reference Purposes Only]**

- Notes:
1. In addition to common shares, the Company has issued one Class A stock share, which is held by the Minister of Economy, Trade and Industry.
  2. As regards the resolution on “Proposal No. 3: Election of Fifteen Directors,” pursuant to Article 15, Paragraph 1 of the Articles of Incorporation of the Company, in the event at least 20% of the total voting rights of shareholders relating to common shares of the Company are held by a Single Shareholder of common shares of the Company other than a public entity, or by such Single Shareholder and its Co-holder, at the time of the adoption of a resolution by this General Meeting of Shareholders, the resolution of a general meeting of Class A stock shareholders will be required in addition to the resolution of this Ordinary General Meeting of Shareholders. Although the Company determined that a general meeting of Class A stock shareholders should not be required as of the date this notice was posted, a resolution by a general meeting of Class A stock shareholders may be required depending on such factors as subsequent findings. Further, pursuant to Article 32, Paragraph 4 of the Articles of Incorporation of the Company, a Class A stock shareholder may file an objection within two weeks from the date of the adoption of the resolution by this Ordinary General Meeting of Shareholders, stating that a general meeting of Class A stock shareholders should be held.
  3. As the term of office for each Director is expressed in years, partial years have been truncated.

**[Translation for Reference Purposes Only]**

**Proposal No. 4: Election of Five Audit & Supervisory Board Members**

As the term of office of all five Audit & Supervisory Board Members will expire at the conclusion of this Ordinary General Meeting of Shareholders, the election of five Audit & Supervisory Board Members is proposed.

Approval of the Audit & Supervisory Board has been obtained for this Proposal.

The candidates for Audit & Supervisory Board Members are as follows:

| No. 1  | Kazuo Yamamoto<br>(Date of birth: December 26, 1954)  |   | New appointment |
|--|---|---|-----------------|
| Number of common shares of the Company held by the candidate:<br>8,700 shares  | <b>Career summary and position</b>  |   |                 |
|  | April 1978  | Joined TEIKOKU OIL CO., LTD (TOC)   |                 |
|  | March 2002  | General Manager of Petroleum Products Marketing Department, Marketing Division of TOC                               |                 |
|  | August 2003   | General Manager of Petroleum Products Marketing Department and Power Business Department, Marketing Division of TOC |                 |
| March 2004   | Senior General Manager, General Manager of Petroleum Products Marketing Department and Power Business Department, Marketing Division of TOC |   |                 |
| March 2005   | Director, General Manager of Technical Planning Department and Deputy General Manager of LNG Planning Office of TOC                         |   |                 |
| April 2006   | General Manager of Technology Planning Unit, Technology Division of INPEX Holdings Inc. (currently the Company)                             |   |                 |
| October 2008   | Executive Officer; Assistant to General Manager of Technical Division; General Manager of Technical Planning Unit of the Company            |   |                 |
| November 2010  | Executive Officer, Assistant to General Manager of Technical Division, General Manager of Technical Infrastructure Unit of the Company      |   |                 |
| June 2011  | Managing Executive Officer, General Manager of Logistics & IMT of the Company   |   |                 |
| <b>Special remarks concerning the candidate for Audit &amp; Supervisory Board Member</b>   |   |   |                 |
| <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Yamamoto and the Company.</li> <li>2. Outline of the liability limitation agreement<br/>If Proposal No. 2 is approved and the election of Mr. Yamamoto is approved as proposed, the Company intends to enter into a liability limitation agreement with him based on Article 427, Paragraph 1, of the Companies Act 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 Paragraph 1 of Article 425 of the Companies Act.</li> </ol> |   |   |                 |



[Translation for Reference Purposes Only]

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|--|---|--|--|-----------|--|-----------|---|-----------|--|--------------|---|---------------|---|--------------|--------------------|------------|--|--|--|
| No. 2  | <p><b>Hideyuki Toyama</b><br/>(Date of birth: February 25, 1952)</p>  | <p>Candidate for:<br/>Outside Audit &amp; Supervisory<br/>Board Member<br/>Independent Officer</p> | <p>New appointment</p>                     |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| <p>Number of common shares of the<br/>Company held by the candidate:<br/>0 shares</p>  | <p>Career summary and position</p>  |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
|  | <table border="0"> <tr> <td>April 1975</td> <td>Co-ordination Division, Budget Bureau, MOF</td> </tr> <tr> <td>July 2001</td> <td>Director-General of Sapporo Regional Taxation Bureau,<br/>National Tax Agency (NTA)</td> </tr> <tr> <td>July 2003</td> <td>Executive Secretary of the Administration Office of the<br/>Director-General, Cabinet Legislation Bureau (CLB)</td> </tr> <tr> <td>July 2005</td> <td>Director-General of the Fourth Department, CLB</td> </tr> <tr> <td>October 2006</td> <td>Director-General of the Third Department, CLB</td> </tr> <tr> <td>November 2012</td> <td>Advisor, Aioi Nissay Dowa Insurance CO., Ltd. (incumbent)</td> </tr> <tr> <td>January 2013</td> <td>Lawyer (incumbent)</td> </tr> <tr> <td>April 2013</td> <td>Visiting Professor, Graduate School of Public Policy,<br/>University of Tokyo (incumbent)</td> </tr> </table> | April 1975   | Co-ordination Division, Budget Bureau, MOF | July 2001 | Director-General of Sapporo Regional Taxation Bureau,<br>National Tax Agency (NTA) | July 2003 | Executive Secretary of the Administration Office of the<br>Director-General, Cabinet Legislation Bureau (CLB) | July 2005 | Director-General of the Fourth Department, CLB | October 2006 | Director-General of the Third Department, CLB | November 2012 | Advisor, Aioi Nissay Dowa Insurance CO., Ltd. (incumbent) | January 2013 | Lawyer (incumbent) | April 2013 | Visiting Professor, Graduate School of Public Policy,<br>University of Tokyo (incumbent) |  |  |
|  | April 1975  | Co-ordination Division, Budget Bureau, MOF   |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| July 2001  | Director-General of Sapporo Regional Taxation Bureau,<br>National Tax Agency (NTA)  |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| July 2003  | Executive Secretary of the Administration Office of the<br>Director-General, Cabinet Legislation Bureau (CLB)   |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| July 2005  | Director-General of the Fourth Department, CLB  |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| October 2006   | Director-General of the Third Department, CLB   |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| November 2012  | Advisor, Aioi Nissay Dowa Insurance CO., Ltd. (incumbent)   |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| January 2013   | Lawyer (incumbent)  |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| April 2013   | Visiting Professor, Graduate School of Public Policy,<br>University of Tokyo (incumbent)  |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| <p>Special remarks concerning the candidate for Audit &amp; Supervisory Board Member</p>   |   |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |
| <ol style="list-style-type: none"> <li>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Toyama and the Company.</li> <li>2. Registration of Independent Officer<br/>Mr. Toyama is a candidate for Outside Audit &amp; Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. If the election of Mr. Toyama is approved as proposed, the Company is scheduled to report him as an Independent Officer as defined by Tokyo Stock Exchange, Inc.</li> <li>3. Reason for nominating as candidate for Outside Audit &amp; Supervisory Board Member<br/>Although Mr. Toyama has no experience of direct involvement in corporate management, he is nominated as Outside Audit &amp; Supervisory Board Member of the Company and his election is requested, as his extensive experience and knowledge in finance as well as his professional knowledge and experience as an attorney, are expected to be fully utilized in the execution of his duties as Outside Audit &amp; Supervisory Board Member appropriately.</li> <li>4. Term of office as Outside Audit &amp; Supervisory Board Member of the Company<br/>Mr. Toyama is a new candidate for Outside Audit &amp; Supervisory Board Member.</li> <li>5. Outline of the liability limitation agreement<br/>If the election of Mr. Toyama is approved as proposed, the Company intends to enter into a liability limitation agreement with him based on Article 427, Paragraph 1, of the Companies Act 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 Paragraph 1 of Article 425 of the Companies Act.</li> </ol> |   |  |  |           |  |           |   |           |  |              |   |               |   |              |                    |            |  |  |  |

[Translation for Reference Purposes Only]

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| No. 3   | <p><b>Koji Sumiya</b><br/>(Date of birth: October 14, 1951)</p>  | <p>Candidate for:<br/>Outside Audit &amp; Supervisory<br/>Board Member<br/>Independent Officer</p> | <p>Reappointment</p> |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| <p>Number of common shares of the Company held by the candidate:<br/>7,600 shares</p> <p>Term of office as Audit &amp; Supervisory Board Member:<br/>5 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>15 out of 15 (100%)</p> <p>Attendance at Audit &amp; Supervisory Board meetings in fiscal 2014:<br/>12 out of 12 (100%)</p> | <p>Career summary and position</p> <table border="1"> <tr> <td data-bbox="572 342 762 376">April 1976</td> <td data-bbox="770 342 1457 409">Joined The Export-Import Bank of Japan (currently Japan Bank for International Cooperation)</td> </tr> <tr> <td data-bbox="572 409 699 443">April 2001</td> <td data-bbox="770 409 1457 499">Director General, International Finance Department I of Japan Bank for International Cooperation (currently Japan Bank for International Cooperation)</td> </tr> <tr> <td data-bbox="572 499 699 533">April 2002</td> <td data-bbox="770 499 1457 566">Director General, Policy Planning and Coordination Department of Japan Bank for International Cooperation</td> </tr> <tr> <td data-bbox="572 566 730 600">October 2005</td> <td data-bbox="770 566 1457 633">Resident Executive Director, Osaka Branch of Japan Bank for International Cooperation</td> </tr> <tr> <td data-bbox="572 633 730 667">October 2007</td> <td data-bbox="770 633 1457 701">Senior Executive Director of Japan Bank for International Cooperation</td> </tr> <tr> <td data-bbox="572 701 730 734">October 2008</td> <td data-bbox="770 701 1457 790">Managing Executive Officer of Japan Bank for International Cooperation, Japan Finance Corporation (currently Japan Bank for International Cooperation)</td> </tr> <tr> <td data-bbox="572 790 699 824">May 2010</td> <td data-bbox="770 790 1457 857">Retired from Japan Bank for International Cooperation, Japan Finance Corporation</td> </tr> <tr> <td data-bbox="572 857 699 891">June 2010</td> <td data-bbox="770 857 1457 925">Audit &amp; Supervisory Board Member of the Company (incumbent)</td> </tr> </table>  |  |                      | April 1976 | Joined The Export-Import Bank of Japan (currently Japan Bank for International Cooperation) | April 2001 | Director General, International Finance Department I of Japan Bank for International Cooperation (currently Japan Bank for International Cooperation) | April 2002 | Director General, Policy Planning and Coordination Department of Japan Bank for International Cooperation | October 2005 | Resident Executive Director, Osaka Branch of Japan Bank for International Cooperation | October 2007 | Senior Executive Director of Japan Bank for International Cooperation | October 2008 | Managing Executive Officer of Japan Bank for International Cooperation, Japan Finance Corporation (currently Japan Bank for International Cooperation) | May 2010 | Retired from Japan Bank for International Cooperation, Japan Finance Corporation | June 2010 | Audit & Supervisory Board Member of the Company (incumbent) |
| April 1976  | Joined The Export-Import Bank of Japan (currently Japan Bank for International Cooperation)  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| April 2001  | Director General, International Finance Department I of Japan Bank for International Cooperation (currently Japan Bank for International Cooperation)  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| April 2002  | Director General, Policy Planning and Coordination Department of Japan Bank for International Cooperation  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| October 2005  | Resident Executive Director, Osaka Branch of Japan Bank for International Cooperation  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| October 2007  | Senior Executive Director of Japan Bank for International Cooperation  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| October 2008  | Managing Executive Officer of Japan Bank for International Cooperation, Japan Finance Corporation (currently Japan Bank for International Cooperation)   |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| May 2010  | Retired from Japan Bank for International Cooperation, Japan Finance Corporation   |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
| June 2010   | Audit & Supervisory Board Member of the Company (incumbent)  |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |
|   | <p>Special remarks concerning the candidate for Audit &amp; Supervisory Board Member</p> <ol style="list-style-type: none"> <li>Special interest between the Company and the candidate<br/>There is no special interest between Mr. Sumiya and the Company.</li> <li>Registration of Independent Officer<br/>Mr. Sumiya is a candidate for Outside Audit &amp; Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. The Company reported Mr. Sumiya as an Independent Officer as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Sumiya is approved as proposed, he is scheduled to continue to be an Independent Officer.</li> <li>Reason for nominating as candidate for Outside Audit &amp; Supervisory Board Member<br/>Mr. Sumiya is nominated as Outside Audit &amp; Supervisory Board Member of the Company and his election is requested, as his extensive experience and knowledge in financial matters, are expected to be fully utilized in the execution of his duties as Outside Audit &amp; Supervisory Board Member appropriately. Mr. Sumiya was previously an Audit &amp; Supervisory Board Member of a subsidiary of the Company.</li> <li>Term of office as Outside Audit &amp; Supervisory Board Member of the Company<br/>Mr. Sumiya's term of office as Outside Audit &amp; Supervisory Board Member of the Company will have been five years by the time of the closing of this Ordinary General Meeting of Shareholders.</li> <li>Outline of the liability limitation agreement<br/>Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Sumiya 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 Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Sumiya is approved as proposed, the Company intends to continue this contract with him.</li> </ol> |  |                      |            |   |            |   |            |   |              |   |              |   |              |  |          |  |           |   |

[Translation for Reference Purposes Only]

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|---|--|--|------------------------|
| No. 4   | <p><b>Michiro Yamashita</b><br/>(Date of birth: October 27, 1959)</p>  | <p>Candidate for:<br/>Outside Audit &amp; Supervisory Board Member<br/>Independent Officer</p>   | <p>New appointment</p> |
| <p>Number of common shares of the Company held by the candidate:<br/>0 shares</p>   | <p>Career summary and position</p>   |  |                        |
|   | <p>April 1982<br/>June 2005<br/>April 2010<br/>June 2011<br/>July 2012<br/>June 2013</p>                                       | <p>Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)<br/>General Manager of Corporate Strategy Department of JAPEX<br/>Vice President of Environment and Innovative Technology Projects Division<br/>Vice President of Environment and Innovative Technology Projects Division<br/>Senior Advisor, Assistant to Executive Officer in charge of Finance &amp; Accounting Department of Japan Petroleum Exploration Co., Ltd. (JAPEX)<br/>Executive Officer in charge of Finance &amp; Accounting Department of JAPEX (incumbent)</p> |                        |
|   | <p>Significant concurrently-held positions<br/>Executive Officer in charge of Finance &amp; Accounting Department of JAPEX</p> |  |                        |
|   | <p>Special remarks concerning the candidate for Audit &amp; Supervisory Board Member</p>                                       |  |                        |
| <p>1. Special interest between the Company and the candidate<br/>There is no special interest between Mr. Yamashita and the Company.</p> <p>2. Registration of Independent Officer<br/>Mr. Yamashita is a candidate for Outside Audit &amp; Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. If the election of Mr. Yamashita is approved as proposed, the Company is scheduled to report him as an Independent Officer as defined by Tokyo Stock Exchange, Inc.</p> <p>3. Reason for nominating as candidate for Outside Audit &amp; Supervisory Board Member<br/>Mr. Yamashita possesses extensive experience in the petroleum exploration and production industry and knowledge in financial and accounting matters as well as experience in accounting operations. Mr. Yamashita is nominated as an Outside Audit &amp; Supervisory Board Member of the Company and his election is requested so that such knowledge and experience can be utilized in the audit duties of the Company.</p> <p>4. Term of office as Outside Audit &amp; Supervisory Board Member of the Company<br/>Mr. Yamashita is a new candidate for Outside Audit &amp; Supervisory Board Member of the Company.</p> <p>5. Relationships between the Company and any companies in which the candidate holds significant concurrently-held positions<br/>Japan Petroleum Exploration Co., Ltd. is a major shareholder of the Company. Some of its businesses belong to the same categories as those of the Company. The INPEX Group has had transactions related to crude oil, etc., with the Japan Petroleum Exploration Group, and the INPEX Group's sales to the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchases from the Japan Petroleum Exploration Group in this fiscal year were less than 0.1% of the Company's consolidated cost of sales for the same period.</p> <p>6. Outline of the liability limitation agreement<br/>If the election of Mr. Yamashita is approved as proposed, the Company intends to enter into a liability limitation agreement with him based on Article 427, Paragraph 1, of the Companies Act 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 Paragraph 1 of Article 425 of the Companies Act.</p> |  |  |                        |

**[Translation for Reference Purposes Only]**

|   |   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
|---|---|--|----------------------|------------|-----------------------------|------------|---|------------|--|------------|---|------------|---|------------|---|------------|---|-----------|--|------------|---|------------|---|------------|--|-----------|---|------------|---|
| No. 5   | <p><b>Masaru Funai</b><br/>(Date of birth: August 3, 1949)</p>  | <p>Candidate for:<br/>Outside Audit &amp; Supervisory<br/>Board Member<br/>Independent Officer</p> | <p>Reappointment</p> |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| <p>Number of common shares of the Company held by the candidate:<br/>0 shares</p> <p>Term of office as Audit &amp; Supervisory Board Member:<br/>5 years</p> <p>Attendance at Board of Directors meetings in fiscal 2014:<br/>15 out of 15 (100%)</p> <p>Attendance at Audit &amp; Supervisory Board meetings in fiscal 2014:<br/>12 out of 12 (100%)</p> | <p><b>Career summary and position</b></p> <table border="1"> <tr> <td data-bbox="552 342 762 376">April 1972</td> <td data-bbox="762 342 1453 376">Joined Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 376 762 409">April 1998</td> <td data-bbox="762 376 1453 409">General Manager, Corporate Planning &amp; Coordination Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 409 762 443">April 2000</td> <td data-bbox="762 409 1453 443">Executive Vice President and CFO of Marubeni America Corporation</td> </tr> <tr> <td data-bbox="552 443 762 477">April 2001</td> <td data-bbox="762 443 1453 477">Executive Vice President, CFO and CAO of Marubeni America Corporation</td> </tr> <tr> <td data-bbox="552 477 762 510">April 2002</td> <td data-bbox="762 477 1453 510">General Manager, Risk Management Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 510 762 544">April 2003</td> <td data-bbox="762 510 1453 544">Corporate Vice President, General Manager, Corporate Planning &amp; Coordination Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 544 762 577">April 2005</td> <td data-bbox="762 544 1453 577">Corporate Senior Vice President, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 577 762 611">June 2005</td> <td data-bbox="762 577 1453 611">Corporate Senior Vice President, Member of the Board, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 611 762 645">April 2007</td> <td data-bbox="762 611 1453 645">Corporate Executive Vice President, Member of the Board, Executive Corporate Officer, General Affairs Department, Human Resources Department, Risk Management Department and Legal Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 645 762 678">April 2009</td> <td data-bbox="762 645 1453 678">Senior Executive Vice President, Member of the Board, CIO, Chief Operating Officer, Information Strategy Department, Corporate Accounting Department, Business Accounting Department-I, Business Accounting Department-II, Business Accounting Department-III and Finance Department, Senior Operating Officer, Audit Department, Chief Operating Officer, Investor Relations of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 678 762 712">April 2010</td> <td data-bbox="762 678 1453 712">Senior Executive Vice President, Member of the Board, Senior Operating Officer, Audit Department of Marubeni Corporation</td> </tr> <tr> <td data-bbox="552 712 762 745">June 2010</td> <td data-bbox="762 712 1453 745">Audit &amp; Supervisory Board Member (part-time), INPEX CORPORATION (incumbent)</td> </tr> <tr> <td data-bbox="552 745 762 779">April 2011</td> <td data-bbox="762 745 1453 779">Senior Consultant of Marubeni Corporation</td> </tr> </table> <p><b>Special remarks concerning the candidate for Audit &amp; Supervisory Board Member</b></p> <ol style="list-style-type: none"> <li>Special interest between the Company and the candidate<br/>There is no special interest between Mr. Funai and the Company.</li> <li>Registration of Independent Officer<br/>Mr. Funai is a candidate for Outside Audit &amp; Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. The Company reported Mr. Funai as an Independent Officer as stipulated by Tokyo Stock Exchange, Inc. If the election of Mr. Funai is approved as proposed, he is scheduled to continue to be an Independent Officer.</li> <li>Reason for nominating as candidate for Outside Audit &amp; Supervisory Board Member<br/>Mr. Funai is nominated as Outside Audit &amp; Supervisory Board Member of the Company and his election is requested so that his extensive experience in the energy industry and knowledge in financial and accounting matters as well as experience in accounting can be utilized in the audit duties of the Company.</li> </ol> |  |                      | April 1972 | Joined Marubeni Corporation | April 1998 | General Manager, Corporate Planning & Coordination Department of Marubeni Corporation | April 2000 | Executive Vice President and CFO of Marubeni America Corporation | April 2001 | Executive Vice President, CFO and CAO of Marubeni America Corporation | April 2002 | General Manager, Risk Management Department of Marubeni Corporation | April 2003 | Corporate Vice President, General Manager, Corporate Planning & Coordination Department of Marubeni Corporation | April 2005 | Corporate Senior Vice President, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation | June 2005 | Corporate Senior Vice President, Member of the Board, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation | April 2007 | Corporate Executive Vice President, Member of the Board, Executive Corporate Officer, General Affairs Department, Human Resources Department, Risk Management Department and Legal Department of Marubeni Corporation | April 2009 | Senior Executive Vice President, Member of the Board, CIO, Chief Operating Officer, Information Strategy Department, Corporate Accounting Department, Business Accounting Department-I, Business Accounting Department-II, Business Accounting Department-III and Finance Department, Senior Operating Officer, Audit Department, Chief Operating Officer, Investor Relations of Marubeni Corporation | April 2010 | Senior Executive Vice President, Member of the Board, Senior Operating Officer, Audit Department of Marubeni Corporation | June 2010 | Audit & Supervisory Board Member (part-time), INPEX CORPORATION (incumbent) | April 2011 | Senior Consultant of Marubeni Corporation |
| April 1972  | Joined Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 1998  | General Manager, Corporate Planning & Coordination Department of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2000  | Executive Vice President and CFO of Marubeni America Corporation  |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2001  | Executive Vice President, CFO and CAO of Marubeni America Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2002  | General Manager, Risk Management Department of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2003  | Corporate Vice President, General Manager, Corporate Planning & Coordination Department of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2005  | Corporate Senior Vice President, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| June 2005   | Corporate Senior Vice President, Member of the Board, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation  |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2007  | Corporate Executive Vice President, Member of the Board, Executive Corporate Officer, General Affairs Department, Human Resources Department, Risk Management Department and Legal Department of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2009  | Senior Executive Vice President, Member of the Board, CIO, Chief Operating Officer, Information Strategy Department, Corporate Accounting Department, Business Accounting Department-I, Business Accounting Department-II, Business Accounting Department-III and Finance Department, Senior Operating Officer, Audit Department, Chief Operating Officer, Investor Relations of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2010  | Senior Executive Vice President, Member of the Board, Senior Operating Officer, Audit Department of Marubeni Corporation  |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| June 2010   | Audit & Supervisory Board Member (part-time), INPEX CORPORATION (incumbent)   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |
| April 2011  | Senior Consultant of Marubeni Corporation   |  |                      |            |                             |            |   |            |  |            |   |            |   |            |   |            |   |           |  |            |   |            |   |            |  |           |   |            |   |

**[Translation for Reference Purposes Only]**

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|  | <p>4. Term of office as Outside Audit &amp; Supervisory Board Member of the Company<br/>Mr. Funai's term of office as Outside Audit &amp; Supervisory Board Member of the Company will have been five years by the time of the closing of this Ordinary General Meeting of Shareholders.</p> <p>5. Outline of the liability limitation agreement<br/>Based on Article 427, Paragraph 1, of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Funai 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 Paragraph 1 of Article 425 of the Companies Act. If the election of Mr. Funai is approved as proposed, the Company intends to continue this contract with him.</p> |
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- Notes:
1. In addition to common stock, the Company has issued one share of Class A stock, which is held by the Minister of Economy, Trade and Industry.
  2. As the term of office for each Audit & Supervisory Board Member is expressed in years, partial years have been truncated.

**[Translation for Reference Purposes Only]**

**Proposal No. 5: 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 ¥68,400,000 be paid to the eleven incumbent Directors, excluding Outside Directors, as of March 31, 2015 as bonuses.

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

## **Business Report**

(April 1, 2014 to March 31, 2015)

### **I. Present State of the Corporate Group**

#### **1. Progress and Results of Operations**

In the fiscal year ended March 31, 2015, the Japanese economy continued on a path of gradual recovery, owing to improvements in corporate earnings and the employment rate as a result of economic policies implemented by the Japanese government and monetary easing by the Bank of Japan. However, certain aspects of the recovery in consumer spending remained weak following the consumption tax hike.

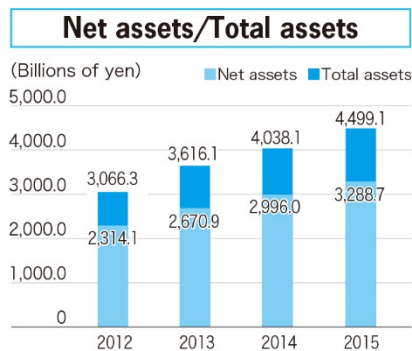
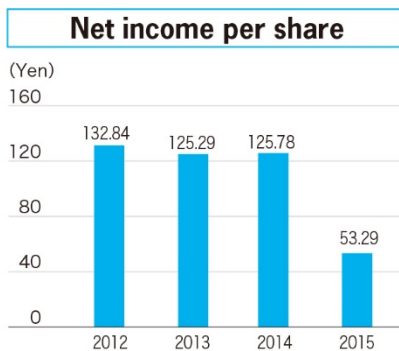
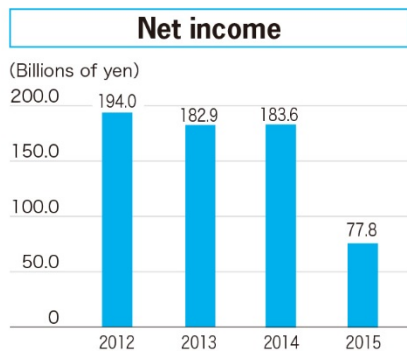
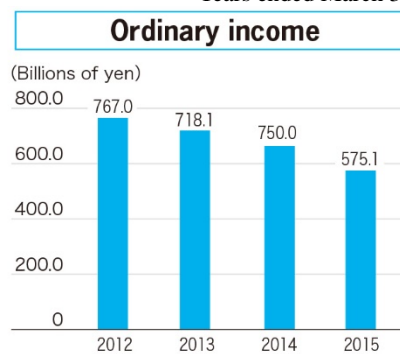
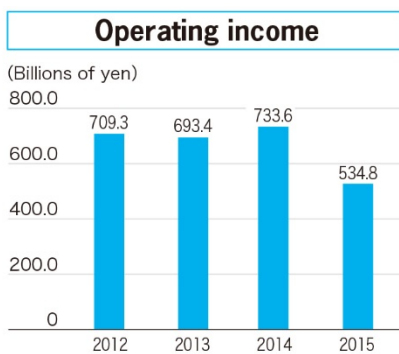
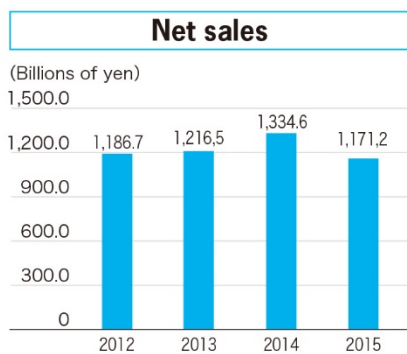
Looking at international crude oil prices, which significantly influence the performance of our Group, Brent crude oil, a common benchmark, started at US\$105.62 per barrel on April 1, 2014, and reached a high of US\$115.06 per barrel in mid-June due to factors including the decrease of crude oil production in Libya. However, Brent crude oil fell thereafter as a result of a downward revision in crude oil demand forecasts for 2015 by IEA and OPEC, and, spurred by OPEC's deferral of crude oil production cutbacks announced on November 27 amid intensifying awareness of a crude oil oversupply, ultimately plunged about 60% in a period of six months, having dropped to a low of US\$46.59 per barrel in January for the first time in five years and nine months. Brent crude oil then bounced back and finished at US\$55.11 per barrel on March 31, 2015, owing to a perceived slowdown in U.S. shale oil production growth combined with instability in Libya. Meanwhile, in the Japanese domestic market, crude oil and petroleum product prices shifted in correlation with international oil prices. The Group's average sales price for crude oil for the fiscal year ended March 31, 2015 reflected this shift, recording US\$84.00 per barrel, down US\$23.78 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at the ¥103 level to the U.S. dollar, with difficulty in foreseeing its direction in the beginning of the fiscal year. However, the suggestion by the FRB (Federal Reserve Board) in August of the possibility of beginning the raising of interest-rates earlier accelerated the yen's depreciation against the U.S. dollar. Afterward, the yen depreciated sharply against the U.S. dollar when the Bank of Japan's unexpected additional monetary easing and an increase in the proportion of operating assets of Japanese public pension funds denominated in foreign currencies were announced in late October. Furthermore, the yen depreciated against the U.S. dollar to the upper ¥121 level when the U.S. employment rate, which was announced in early December, went beyond market expectations. Although the yen temporarily appreciated against the U.S. dollar, its fluctuations remained fragile, resulting in TTM closing at ¥120.27 to the U.S. dollar which turned out to be ¥17.35 lower than that of the fiscal year end of March 31, 2014. Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥107.93 to the U.S. dollar, which is ¥7.73 lower than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2015 decreased by ¥163.3 billion, or 12.2%, to ¥1,171.2 billion from the previous fiscal year due to a decrease in sales price of crude oil and overseas natural gas. Net sales of crude oil decreased by ¥128.3 billion, or 14.9%, to ¥730.4 billion, and net sales of natural gas decreased by ¥33.5 billion, or 7.4%, to ¥421.8 billion. The decrease of ¥163.3 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, decreases in sales volume and unit sales price pushing sales down of ¥8.9 billion and ¥227.5 billion, respectively, and the depreciation of the Japanese yen against the U.S. dollar contributing ¥74.5 billion to the increase, in addition, a decrease in net sales excluding crude oil and natural gas of ¥1.5 billion. Cost of sales for the year ended March 31, 2015 increased by ¥35.0 billion, or 7.1%, to ¥525.4 billion due mainly to the depreciation of the Japanese yen against the U.S. dollar. Exploration expenses decreased by ¥4.9 billion, or 17.6%, to ¥23.2 billion. Selling, general and administrative expenses increased by ¥5.2 billion, or 6.4%, to ¥87.6 billion. As a result, operating income decreased by ¥198.7 billion, or 27.1%, to ¥534.8 billion. Other income increased by ¥51.0 billion, or 100.6%, to ¥101.7 billion due to increases in such as gain on transfer of mining rights and foreign exchange gain. Other expenses increased by ¥27.2 billion, or 79.5%, to ¥61.4 billion due to increases in such as provision for allowance for recoverable accounts under production sharing and equity in losses of affiliates. As a result, ordinary income decreased by ¥174.9 billion, or 23.3%, to ¥575.1 billion. Extraordinary loss was ¥35.1 billion as a result of posting impairment loss for certain projects due to a drop in oil prices and others. Total amount of current income taxes and deferred income taxes decreased by ¥98.7 billion, or 17.5%, to ¥464.4 billion, and minority interests were a debit of ¥2.2 billion. As a result of the above effects, net income for the year ended March 31, 2015 decreased by ¥105.8 billion, or 57.6%, to ¥77.8 billion.

[Translation for Reference Purposes Only]

Years ended March 31



Note:

The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2012.



**[Translation for Reference Purposes Only]**

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

**(1) Japan**

Domestically, the Company continued steady production mainly at the Minami Nagaoka Gas Field in Niigata Prefecture. In addition, we are conducting a geological evaluation based on the seismic survey data obtained in the Shimane and Yamaguchi offshore areas and in the Niigata onshore area. Meanwhile, steady operation has been continuing at the Naoetsu LNG Terminal since its operation commenced in December 2013. This terminal was built at the Naoetsu Port of Joetsu City to ensure that the Company has sufficient natural gas supply capacity over the medium to long term. Also, as part of our initiatives to expand a natural gas pipeline network, construction work is under way to lay the Toyama Line (a pipeline between Itoigawa City in Niigata Prefecture and Toyama City in Toyama Prefecture).

Additionally, as part of our initiatives regarding renewable energy, the construction of a large-scale photovoltaic power generation system (a mega solar plant) was completed at the end of the previous fiscal year in Joetsu City in Niigata Prefecture and its operation is proceeding smoothly. Continuing this initiative, in the adjacent area we are constructing a second mega solar plant, which is scheduled to start power generation in August 2015. Furthermore, in Hokkaido and Akita prefectures, we are conducting joint surveys aiming to commercialize geothermal power generation and continued drilling exploratory wells as we did during the previous fiscal year. In our joint geothermal survey in Fukushima Prefecture, we are conducting the second land surface survey on the outskirts of Mt. Bandai.

In Japan, the INPEX Group recorded net sales of ¥129.5 billion (increased by 7.7% from the previous fiscal year) due to an increase in sales price of natural gas, and operating income of ¥16.6 billion (decreased by 26.7% from the previous fiscal year) due to an increase in depreciation and amortization.

**Domestic Facilities and Project Sites**



## [Translation for Reference Purposes Only]

### (2) Asia and Oceania

In Indonesia, the Company continued steady production at its directly-owned Offshore Mahakam Block and Attaka Unit. During this fiscal year, to maintain the current production levels, the Company continued the workover of production wells in existing oil and gas fields and drilled additional production wells, as during the previous fiscal year.

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. Based on the development plan of the Abadi gas field, which was approved by the Indonesian government, the company completed the front-end engineering and design (FEED) for its subsea production facilities and for the FLNG in January 2014 and November 2014, respectively. Meanwhile, the Company conducted the drilling of additional appraisal wells between 2013 and 2014. Consequently, we confirmed an increase in reserves and it was certified by the Indonesian authorities. Based on the above, we are currently addressing the optimization of the development plan, centering on a large scale FLNG, with the relevant authorities.

Similarly in Indonesia, INPEX Natuna, Ltd. (subsidiary) continues steady production at existing oil and gas fields in the South Natuna Sea Block B. In April 2014, the company started production at the South Belut Gas Field.

Furthermore, regarding INPEX South Makassar, Ltd. (subsidiary), steady production is continuing at the Ruby Gas Field of the Sebuku Block in the South Makassar Strait. The Company is also participating in the Tangguh LNG Project through MI Berau B.V. (affiliate), which owns interests in the Berau Block in the West Papua province of Indonesia. Under this project, gas production and LNG offloading are continuing steadily.

Moreover, INPEX Babar Selaru, Ltd. (subsidiary), is currently conducting exploration activity as the operator in the Babar Selaru Block in the eastern ocean of Indonesia. During this fiscal year, the company is continuing the geological evaluation as during the previous fiscal year.

In Malaysia, INPEX Offshore North West Sabah, Ltd. (subsidiary) is currently conducting exploration activity as the operator in the deepwater Block S located offshore Sabah. The company started exploratory work during the second half of the previous year and drilling is continuing as of the end of this fiscal year.

In Australia, for the development of the Ichthys Gas-Condensate Field, located offshore Western Australia (the Ichthys LNG Project), the INPEX Group, through INPEX Browse, Ltd. (subsidiary), together with an Australian subsidiary and relevant parties, is currently conducting development work as the operator, with a view to commencing production by the end of 2016. During this fiscal year, the company started fabrication of a Central Processing Facility (CPF), installation works of gas transport pipelines and the delivery of modules for building an onshore LNG plant in Darwin. In February 2015, drilling of production wells commenced. In Darwin Harbour, the company completed dredging work to ensure enough water depth for the navigation of LNG carriers and others. With regard to LNG produced from the Ichthys LNG Project, 70% of the planned annual production of LNG is to be exported to Japan. Moreover, with regard to part of the participating interest in this project, the company completed procedures to transfer 2.625% of its participating interest to CPC Corporation in Taiwan in December 2014 and 1.200% to Kansai Electric Power Co., Inc., in January 2015, resulting in the INPEX Group's participating interest of 62.245%.

In addition to the above, in exploration permits including the WA-285-P within the same offshore area, geological and geophysical evaluation work is continuing for evaluation of the remaining exploration potential.

INPEX Alpha, Ltd. (subsidiary) has continued steady production from the Ravensworth Oil Field located offshore Western Australia. At the Van Gogh Oil Field, workover of the Floating Production, Storage and Offloading (FPSO) facility was completed and its production resumed in April 2015. Furthermore, at the Coniston Oil Field near the Van Gogh Oil Field, development work was also completed, followed by the starting of production in May 2015.

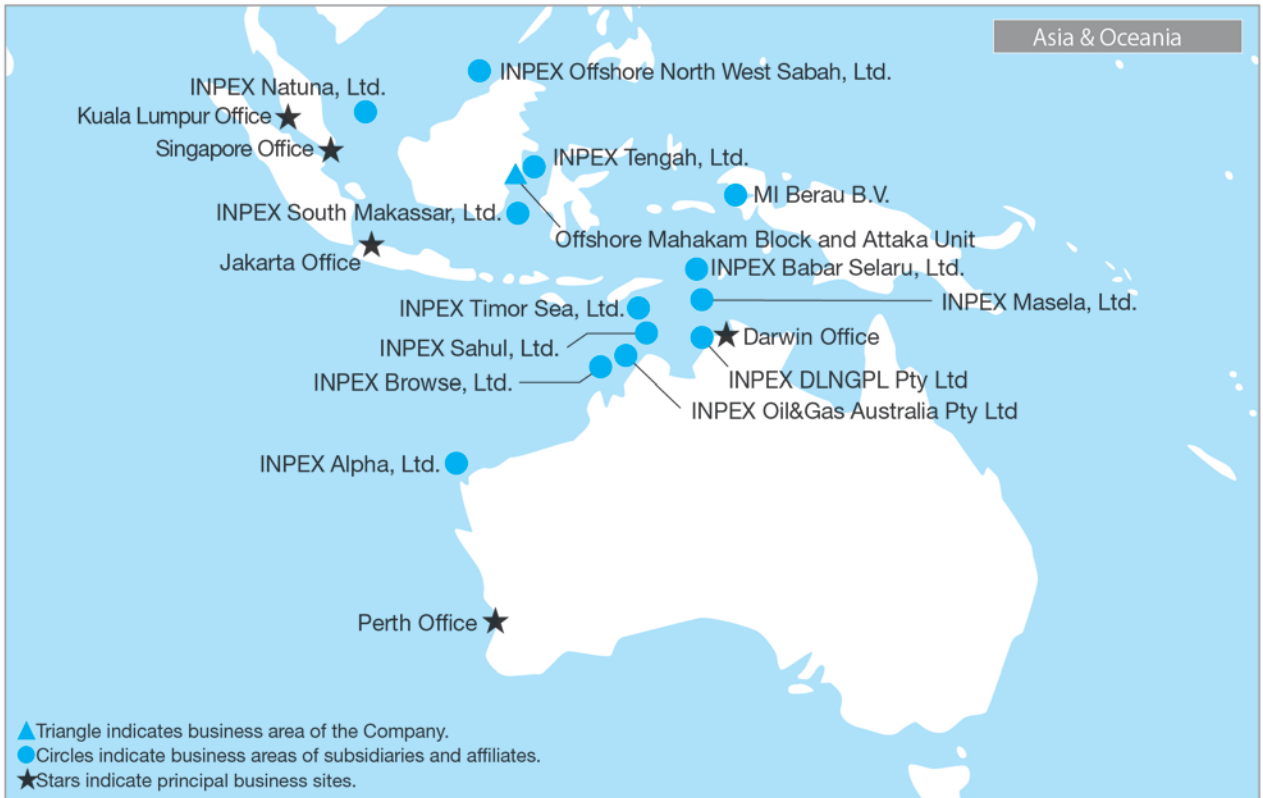
Moreover, for the Prelude FLNG Project, which is in the WA-44-L Block offshore Western Australia with participation by INPEX Oil & Gas Australia Pty Ltd (subsidiary), development work is underway aiming to start production in 2017.

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

Regarding INPEX Timor Sea, Ltd. (subsidiary), which holds a participating interest in the JPDA06-105 Block, production is ongoing at the Kitan Oil Field. In addition, assuming a natural decline in production volume, the company conducted drilling of additional production wells.

In Asia & Oceania, the INPEX Group recorded net sales of ¥409.7 billion (decreased by 15.5% from the previous fiscal year) due to decreases in sales volume, and sales price of crude oil and natural gas, despite the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥178.2 billion (decreased by 32.7% from the previous fiscal year).

### Overseas Facilities and Project Sites



**[Translation for Reference Purposes Only]**

**(3) Eurasia (Europe and NIS)**

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

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

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

In Eurasia (Europe and NIS), the INPEX Group recorded net sales of ¥94.0 billion (decreased by 2.4% from the previous fiscal year) due to a decrease in sales price of crude oil, despite an increase in sales volume and the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥32.2 billion (decreased by 24.3% from the previous fiscal year).

**Overseas Facilities and Project Sites**



[Translation for Reference Purposes Only]

**(4) Middle East and Africa**

Japan Oil Development Co., Ltd. (subsidiary), which has oil concessions pertaining to major oil fields offshore Abu Dhabi in the United Arab Emirates, is steadily producing crude oil from the Upper Zakum (UZ), Umm Al-Dalkh (UA), Satah (ST), Umm Shaif (US), and Lower Zakum (LZ) fields in the ADMA Block. Development work had been under way at the Umm Lulu Field and the Nasr Field toward the start of production, and this fiscal year production commenced at both oil fields in October 2014 and January 2015, respectively. At the Upper Zakum (UZ), Umm Al-Dalkh (UA), the Satah (ST), the Umm Shaif (US) and the Lower Zakum (LZ) oil fields, development work is under way based on our development plan. In the Abu Al Bukhoosh Block, also offshore Abu Dhabi, where INPEX ABK, Ltd. (subsidiary) owns a part of the concessions, crude oil is being produced. In April 2015, through JODCO Onshore Ltd. (subsidiary), we acquired a 5% participating interest in the ADCO Onshore Concession, which is made up of major oil fields onshore in Abu Dhabi.

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

In Angola, INPEX Angola Block 14 Ltd. (subsidiary) is conducting production of crude oil via Angola Block 14 B.V., a joint venture with TOTAL, in the Angola Block 14, located offshore Angola. The company is also conducting development and exploration of discovered undeveloped fields.

In Middle East and Africa, the INPEX Group recorded net sales of ¥524.5 billion (decreased by 15.6% from the previous fiscal year) due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar, and operating income of ¥333.2 billion (decreased by 20.9% from the previous fiscal year).

**Overseas Facilities and Project Sites**



[Translation for Reference Purposes Only]

(5) Americas

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

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

In Suriname, Teikoku Oil (Suriname) Co., Ltd. (subsidiary), is conducting exploration work in the offshore Block 31 as the operator and started exploratory drilling in May 2015.

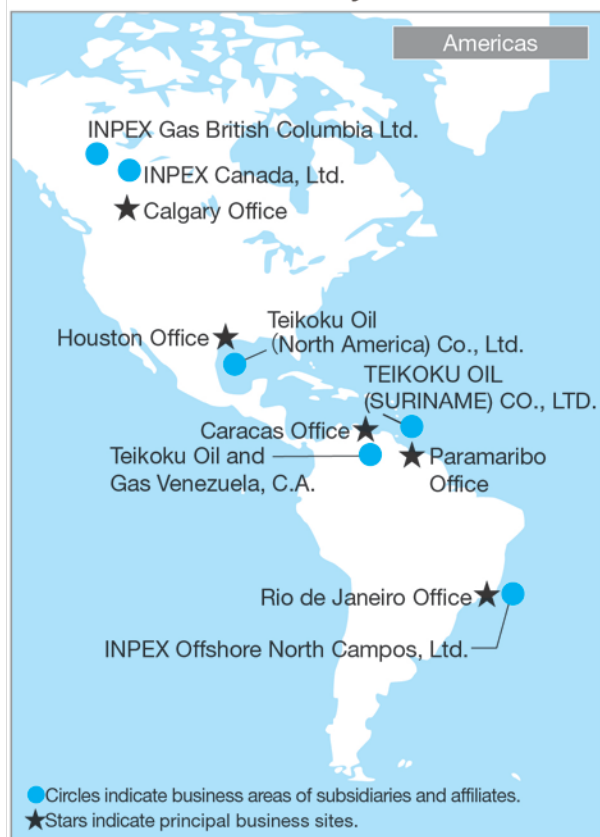
In Canada, in the Joslyn Oil Sands Block in Alberta, where INPEX Canada, Ltd. (subsidiary) participates, the development plan is being reassessed with oil prices, etc., taken into consideration.

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

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

In Americas, the INPEX Group recorded net sales of ¥13.3 billion (increased by 16.8% from the previous fiscal year) due to an increase in sales price of natural gas and the depreciation of the Japanese yen against the U.S. dollar, despite a decrease in sales volume. Meanwhile, operating loss recorded ¥15.3 billion (increased by 100.2% from the previous fiscal year) due to an increase in exploration expenses and others.

Overseas Facilities and Project Sites



**[Translation for Reference Purposes Only]**

**The following information concerns production and sales by the INPEX Group's main business divisions for the year ended March 31, 2015.**

**(1) Production**

The following table shows actual production of crude oil, natural gas, etc. by the INPEX Group for the year ended March 31, 2015.

| Category                  | For the year ended March 31, 2015    | Changes from the previous fiscal year (%) |
|---------------------------|--------------------------------------|---|
| Crude oil                 | 88.6 MMbbls<br>(242.7 Mbbls per day) | (0.9)                                     |
| Natural gas               | 321.2 Bcf<br>(880.0 MMcf per day)    | 0.4                                       |
| Subtotal                  | 148.9 MMboe<br>(408.1 Mboe per day)  | (0.2)                                     |
| Iodine                    | 482.6 tons                           | 2.3                                       |
| Electric power generation | 205.9 million kWh                    | (3.9)                                     |

Notes:

1. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the Group. Figures calculated by multiplying the gross production volume by the Company's interest share are 114.8 MMbbls (314.6 Mbbls per day) of crude oil, 408.0 Bcf (1,117.7 MMcf per day) of natural gas, and in total 191.7 MMboe (525.1 Mboe per day) for the year ended March 31, 2015.
2. The volume of LPG produced overseas is included in 'Crude oil.'
3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
4. Production by the Company's affiliates accounted for by the equity method is included in the figures above. Also, the production volume includes actual results for the period April 1 through March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded to the first decimal place.

**[Translation for Reference Purposes Only]**

**(2) Sales**

The INPEX Group sells the allocated volume of crude oil produced overseas to Japanese customers such as refinery companies and other domestic and foreign customers. Natural gas produced in Indonesia is sold to Japanese power companies and city gas companies, Korean and Taiwanese customers and others mainly in the form of LNG. The majority is sold through PERTAMINA. 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, 2015.

(Billions of yen)

| Segment                | Category                    | For the year ended March 31, 2015 |           | Changes from the previous fiscal year (%) |           |
|------------------------|-----------------------------|-----------------------------------|-----------|---|-----------|
|                        |                             | Sales volume                      | Net sales | Sales volume                              | Net sales |
| Japan                  | Crude oil                   | 791 Mbbls                         | 7.6       | (8.1)                                     | (17.2)    |
|                        | Natural gas (excluding LPG) | 66,679 MMcf                       | 102.8     | (0.6)                                     | 13.7      |
|                        | LPG                         | 7 Mbbls                           | 0.0       | (8.7)                                     | (21.6)    |
|                        | Other                       |                                   | 18.9      |   | (7.4)     |
|                        | Subtotal                    |                                   | 129.5     |   | 7.7       |
| Asia & Oceania         | Crude oil                   | 11,015 Mbbls                      | 103.8     | (9.3)                                     | (20.8)    |
|                        | Natural gas (excluding LPG) | 204,231 MMcf                      | 285.4     | (7.1)                                     | (13.5)    |
|                        | LPG                         | 2,844 Mbbls                       | 20.4      | (3.2)                                     | (15.3)    |
|                        | Subtotal                    |                                   | 409.7     |   | (15.5)    |
| Eurasia (Europe & NIS) | Crude oil                   | 9,946 Mbbls                       | 94.0      | 14.4                                      | (2.4)     |
| Middle East & Africa   | Crude oil                   | 58,773 Mbbls                      | 524.5     | 2.4                                       | (15.6)    |
| Americas               | Crude oil                   | 33 Mbbls                          | 0.3       | (24.1)                                    | (43.8)    |
|                        | Natural gas (excluding LPG) | 38,575 MMcf                       | 13.0      | (4.1)                                     | 20.0      |
|                        | Subtotal                    |                                   | 13.3      |   | 16.8      |
| Total                  | Crude oil                   | 80,558 Mbbls                      | 730.4     | 1.8                                       | (14.9)    |
|                        | Natural gas (excluding LPG) | 309,485 MMcf                      | 401.3     | (5.4)                                     | (6.9)     |
|                        | LPG                         | 2,851 Mbbls                       | 20.5      | (3.2)                                     | (15.3)    |
|                        | Other                       |                                   | 18.9      |   | (7.4)     |
|                        | Total                       |                                   | 1,171.2   |   | (12.2)    |

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 ¥1,029.7 billion. They comprise exploration expenditures of ¥72.6 billion, and investments of ¥957.0 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 ¥165.8 billion corresponding to the amount of development expenditures and others capitalized within "Recoverable accounts under production sharing" under production sharing contracts.

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

### 3. Funding

During this fiscal year, the Company utilized internal cash flow and external loans of ¥29.6 billion from the Japan Bank for International Cooperation, Mizuho Bank and others to raise funds for oil and natural gas development expenditures for production facilities, among others, other capital expenditures for constructing natural gas infrastructure and other investments, expenditures for the acquisition of interests in upstream projects and others. Most of the money raised through loans includes funds for the construction costs for the Offshore North Caspian Sea Contract Area project and the domestic pipeline (Toyama Line). Moreover, during this fiscal year, to raise funds for the Ichthys LNG Project in Australia, the Company continued to utilize external loans through project financing from domestic and foreign export credit agencies (ECAs) and commercial banks, with Ichthys LNG Pty Ltd., an equity method affiliate, as the borrower.

In addition, the Company utilized internal cash flow and external equity financing of ¥16.7 billion from the Japan Oil, Gas and Metals National Corporation and others to fund exploration projects, etc.

### 4. Management Initiatives

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

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

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

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

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

Meanwhile, business operations geared towards our medium- to long-term growth must proceed unhindered. We are making sound progress with development work on the Ichthys LNG Project in Australia ahead of production, while studying ways to optimize development plans for the Abadi LNG Project in Indonesia

## **[Translation for Reference Purposes Only]**

centered on a large scale FLNG. We will also continue our efforts to secure stable production in our existing projects including the Offshore Mahakam Block in Indonesia, the ADMA Block offshore Abu Dhabi and the ACG Oil Fields in Azerbaijan, undertake exploration activities aimed at the acquisition of new oil and gas reserves and pursue opportunities to participate in viable projects. In Japan, we have been enhancing our natural gas infrastructure including the construction of the Toyama Line to respond to the growing demand for natural gas usage. We place considerable importance to sustainably growing our natural gas business by strengthening our gas supply chain in conjunction with the natural gas produced from our assets in Japan and around the world.

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

### **(1) Continuous Enhancement of E&P Activities**

#### **i) Balanced Asset Portfolio**

##### **- Regional Diversification**

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

##### **- Crude Oil and Natural Gas Products Ratio**

The INPEX Group's ratio of crude oil products versus natural gas products is approximately 60/40.

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

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

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

##### **- Balancing Project Stages (Exploration, Development and Production)**

Because crude oil and natural gas reserves become depleted as production advances, the INPEX Group must constantly seek to acquire fresh reserves to ensure stable profitability. For this purpose, it is important to reinvest production revenue in exploration and create an operational cycle of discovering, developing and producing at new oil and natural gas fields to generate revenue, ensuring the stability and continuity of projects at every stage. To maintain this cyclical balance, we will continue to focus on stable production at key assets including the Offshore Mahakam Block and the ADMA Block as well as the steadfast development of the Ichthys and Abadi LNG Projects, while investing in new exploration opportunities.

#### **ii) Implementation of Operator Projects**

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

#### **iii) Strengthening Relationships with Leading Oil and Gas Companies Globally**

Developing oil and gas involves considerable risks. Large-scale projects in particular require investments too large for a company to shoulder on its own. Companies therefore typically form consortiums to share the risks and jointly undertake business operations. The INPEX Group is committed to increasing its chances of participating in viable projects, expanding its business and dispersing risks through enhanced cooperation with major international oil companies and national oil companies in oil

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and gas producing countries as well as leading private oil resource developers, Japanese trading companies and other energy-related enterprises.

### **(2) Strengthening Gas Supply Chain**

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

### **(3) Reinforcement of Renewable Energy Initiatives**

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

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

As part of our efforts to build the organizational structure described in the MEDIUM- TO LONG-TERM VISION OF INPEX, we established two new divisions—the New Ventures Division and Gas Supply & Infrastructure Division—and reorganized overseas project divisions and units. Most recently, we created the Global HR / Diversity & Inclusion Group within the Human Resources Unit in January 2015 to promote diversity and globalization within our company. Meanwhile, in April 2014, we introduced INPEX Values, an important set of values shared by all INPEX officers and employees as the first step in establishing a global HR system. We will continue building an efficient organizational structure and seek to secure and leverage the diverse experiences and values of a global workforce.

### **(5) Investing in Growth and Delivering Suitable Shareholder Returns**

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

### **(6) Responsible Management as a Global Company**

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

As a global entity, the INPEX Group has strived to develop a responsible management system. We are engaged in various initiatives to progressively strengthen our CSR management under the guidance of the CSR Committee chaired by the president. We will continue to promote active disclosure practices so as to reach out to our stakeholders based in many places around the world. We have already implemented measures through the INPEX Advisory Committee to reinforce our corporate governance from a global perspective, and will continue to strengthen internal management with the implementation of the Corporate Governance Code on June 1.

#### **ii) Reinforcement of Health, Safety and Environment Initiatives**

The Company has organized an integrated HSE management system in line with international standards and has been trying hard to secure the safety and health of people concerned in our business and the environment. The Company places top priority on incident prevention and intends to actively improve required documents including manuals and to develop skills through personnel training and education to prepare for emergency situations. As for environmental issues, particularly global warming, we make every effort to minimize the effects on surrounding areas when we explore for, develop energy resources, produce and sell our products. Also we are working to reduce our greenhouse gas emission unit, reduce emissions of chemical substances, suppress emissions into the atmosphere and river systems, prevent soil pollution and reduce waste and conserve biological diversity. And through our global activities, we appropriately evaluate security risks of each country and area where we operate, and will implement measures for minimizing and protecting from them.

Based on its mission of supplying energy in a stable and efficient manner thereby contributing to the

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advancement of society, and through the implementation of activities outlined in its Vision, the INPEX Group will improve its corporate value over the long term with a view to securing steady growth.

We therefore kindly request the continued support and understanding of our shareholders.

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5. Assets and Profit/Loss

Years ended March 31

| Category                          | 6th Fiscal Year<br>2012 | 7th Fiscal Year<br>2013 | 8th Fiscal Year<br>2014 | 9th Fiscal Year<br>(This fiscal<br>year)<br>2015 |
|-----------------------------------|-------------------------|-------------------------|-------------------------|--|
| Net sales (Billions of yen)       | 1,186.7                 | 1,216.5                 | 1,334.6                 | 1,171.2  |
| Ordinary income (Billions of yen) | 767.0                   | 718.1                   | 750.0                   | 575.1  |
| Net income (Billions of yen)      | 194.0                   | 182.9                   | 183.6                   | 77.8   |
| Net income per share (Yen)        | 132.84                  | 125.29                  | 125.78                  | 53.29  |
| Net assets (Billions of yen)      | 2,314.1                 | 2,670.9                 | 2,996.0                 | 3,288.7  |
| Total assets (Billions of yen)    | 3,066.3                 | 3,616.1                 | 4,038.1                 | 4,499.1  |

Notes:

1. Amounts under ¥0.1 billion are rounded down. Net income per share figures are rounded off to two decimal places.
2. The Company conducted a stock split at a ratio of 1:400 of its common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted at the beginning of the 6th fiscal year.

[Translation for Reference Purposes Only]

**6. Important Subsidiaries, Etc.**

**(1) Important Subsidiaries**

At the end of this fiscal year, the Company had 75 subsidiaries (as defined under Article 2, Item 3, of the Companies Act). From the previous fiscal year, two (2) new subsidiaries were established and two (2) subsidiaries were eliminated due to the completion of liquidation. The operations of the Company's subsidiaries are generally administered by the Company through concurrent posts and the secondment of directors and employees. Details of important subsidiaries are shown in the table below.

| Business area | Company name                          | Issued capital<br>(Millions of yen) | Ownership (%) | Main business   |
|---------------|---------------------------------------|-------------------------------------|---------------|---|
| Japan         | Teiseki Pipeline Co., Ltd.            | 100                                 | 100.00        | Natural gas transportation, pipeline operation, maintenance and management under contract from the Company  |
| Indonesia     | INPEX Natuna, Ltd.                    | 5,000                               | 100.00        | Exploration, development, production, and sale of oil and natural gas in the South Natuna Sea Block B in the Republic of Indonesia                    |
|               | INPEX Tengah, Ltd.                    | 1,020                               | 100.00        | Exploration, development, production, and sale of oil and natural gas in the Tengah Block in the Offshore Mahakam in the Republic of Indonesia        |
|               | INPEX Masela, Ltd.                    | 43,436                              | 51.93         | Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea in the Republic of Indonesia                                |
|               | INPEX South Makassar, Ltd.            | 1,097                               | 100.00        | Exploration, development, production, and sale of oil and natural gas in the Sebuku Block in the Offshore South Makassar in the Republic of Indonesia |
|               | INPEX Babar Selaru, Ltd.              | 1,426                               | 26.68         | Exploration of oil and natural gas in the Babar Selaru Block in the Eastern Offshore in the Republic of Indonesia                                     |
| Malaysia      | INPEX Offshore North West Sabah, Ltd. | 2,647                               | 77.24         | Exploration of oil and natural gas in the deepwater Block S in the Offshore Sabah in Malaysia   |

Note:

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

**[Translation for Reference Purposes Only]**

| Business area      | Company name                      | Issued capital<br>(Millions of yen) | Ownership (%) | Main business  |
|--------------------|-----------------------------------|-------------------------------------|---------------|--|
| Australia          | INPEX Alpha, Ltd.                 | 8,014                               | 100.00        | Exploration, development, production, and sale of oil and natural gas in the Commonwealth of Australia   |
|                    | INPEX Oil & Gas Australia Pty Ltd | 48,108<br>(US\$400,000 thousand)    | 100.00        | Exploration and development of oil and natural gas in the Commonwealth of Australia  |
|                    | INPEX Browse, Ltd.                | 421,690                             | 100.00        | Investment in the exploration and development of oil and natural gas in the Commonwealth of Australia and development work at the Ichthys LNG Project, etc.  |
| Australia/<br>JPDA | INPEX DLNGPL Pty Ltd              | 7,938<br>(A\$86,135 thousand)       | 100.00        | Investment in Darwin LNG Pty Ltd., which is engaged in laying an undersea gas pipeline between Bayu-Undan Gas-Condensate Field and the LNG plant in Darwin, Australia, and manages the construction of the LNG plant |
| JPDA               | INPEX Sahul, Ltd.                 | 4,600                               | 100.00        | Exploration, development, production, and sale of oil and natural gas in the Bayu-Undan Gas-Condensate Field   |
|                    | INPEX Timor Sea, Ltd.             | 6,712                               | 100.00        | Exploration, development, production, and sale of oil in the JPDA06-105 Block (the Kitan Oil Field)  |

Notes:

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

**[Translation for Reference Purposes Only]**

| Business area                      | Company name                        | Issued capital<br>(Millions of yen) | Ownership (%) | Main business  |
|------------------------------------|-------------------------------------|-------------------------------------|---------------|--|
| Region surrounding the Caspian Sea | INPEX North Caspian Sea, Ltd.       | 50,680                              | 45.00         | Exploration and development of oil in the Offshore North Caspian Sea Contract Area in the Republic of Kazakhstan   |
|                                    | INPEX Southwest Caspian Sea, Ltd.   | 53,594                              | 51.00         | Exploration, development, production, and sale of oil in the ACG Oil Fields in the Republic of Azerbaijan  |
|                                    | INPEX BTC Pipeline, Ltd.            | 7,673<br>(US\$63,800 thousand)      | 100.00        | Investment in a project to construct and operate an oil pipeline between Baku in the Republic of Azerbaijan, Tbilisi in Georgia, and Ceyhan in the Republic of Turkey  |
| Middle East                        | Japan Oil Development Co., Ltd.     | 18,800                              | 100.00        | Exploration, development, production, and sale of oil in the ADMA Block in offshore Abu Dhabi in the United Arab Emirates  |
|                                    | INPEX ABK, Ltd.                     | 2,500                               | 100.00        | Exploration, development, production, and sale of oil in the Abu Al Bukhoosh Block in offshore Abu Dhabi in the United Arab Emirates   |
| Africa                             | Teikoku Oil Algeria Co., Ltd.       | 708                                 | 100.00        | Exploration and development of oil and natural gas in El Ouar I/II Blocks in People's Republic of Algeria  |
|                                    | INPEX Angola Block 14 Ltd.          | 57,200<br>(US\$475,600 thousand)    | 100.00        | Investments in the exploration, development, production and sale of oil in the Offshore 14 Block in the Republic of Angola   |
|                                    | Teikoku Oil (D.R. Congo) Co., Ltd.  | 10                                  | 100.00        | Exploration, development, production, and sale of oil in the Offshore D.R. Congo Block   |
| South America                      | Teikoku Oil (Suriname) Co., Ltd.    | 7,257                               | 56.78         | Exploration of oil in the offshore Block 31 in the Republic of Suriname  |
|                                    | Teikoku Oil and Gas Venezuela, C.A. | 3<br>(Bs.F1,620 thousand)           | 100.00        | Exploration, development, production and sale of natural gas in the Copa Macoya Block in the Bolivarian Republic of Venezuela and exploration, development, production and sale of oil in the Guarico Oriental Block in the same country |

Notes:

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



**[Translation for Reference Purposes Only]**

| Business area | Company name                          | Issued capital<br>(Millions of yen) | Ownership (%) | Main business  |
|---------------|---------------------------------------|-------------------------------------|---------------|--|
| North America | INPEX Canada, Ltd.                    | 21,325                              | 100.00        | Exploration and development of oil including oil sands in Canada                         |
|               | INPEX Gas British Columbia Ltd.       | 98,964<br>(C\$1,043,488 thousand)   | 45.09         | Exploration, development, production and sale of natural gas in Canada                   |
|               | Teikoku Oil (North America) Co., Ltd. | 2,380<br>(US\$19,793 thousand)      | 100.00        | Development, production, and sale of oil and natural gas in the United States of America |
|               |                                       |                                     |               | 49 other subsidiaries  |

Notes:

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

**[Translation for Reference Purposes Only]**

**(2) Important Affiliates**

At the end of this fiscal year, the Company had 25 affiliates (as defined under Article 2, Paragraph 3, Item 18, of the Ordinance on Accounting of Companies). The most important affiliates are shown in the table below.

| Business area | Company name                         | Issued capital<br>(Millions of yen)  | Ownership (%) | Main business   |
|---------------|--------------------------------------|--------------------------------------|---------------|---|
| Indonesia     | MI Berau B.V.                        | 106,872<br>(US\$888,601<br>thousand) | 44.00         | Exploration, development,<br>production, and sale of natural<br>gas in Berau Block and<br>Tangguh LNG Project in West<br>Papua province in the Republic<br>of Indonesia |
| Angola        | Angola Japan Oil<br>Co., Ltd.        | 8,000                                | 19.60         | Development and production<br>of oil in the Offshore 3/05<br>Block and 3/05 Block A in the<br>Republic of Angola  |
| Brazil        | INPEX Offshore<br>North Campos, Ltd. | 6,852                                | 37.50         | Financing for oil and natural<br>gas exploration, development,<br>production, and sale projects in<br>the Frade Block in the<br>Federative Republic of Brazil           |
|               |                                      |                                      |               | 22 other affiliates   |

Note:

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

**[Translation for Reference Purposes Only]**

**7. Primary Business**

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

**8. Principal Business Sites**

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

Note:

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

**9. Employees**

| Number of employees | Year-on-year change |
|---------------------|---------------------|
| 3,178 (1,551)       | +304                |

Notes:

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

**10. Primary Lenders**

| Lender                                   | Outstanding borrowings (Billions of yen) |
|--|--|
| Japan Bank for International Cooperation | 270.0                                    |
| Mizuho Bank, Ltd.                        | 163.5                                    |
| Bank of Tokyo-Mitsubishi UFJ, Ltd.       | 88.9                                     |
| Sumitomo Mitsui Banking Corporation      | 63.2                                     |
| Development Bank of Japan Inc.           | 58.4                                     |
| Minister of Economy, Trade and Industry  | 24.9                                     |

Note:

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

**[Translation for Reference Purposes Only]**

**II. Items Related to Shares**

|  |                                       |               |
|--|---------------------------------------|---------------|
| <b>1. Total Number of Shares Authorized to be Issued</b> | (Common Stock)                        | 3,600,000,000 |
|  | (Class A Stock)                       | 1             |
| <b>2. Type and Total Number of Issued Shares</b>         | (Common Stock)                        | 1,462,323,600 |
|  | (Including 1,966,400 Treasury Shares) |               |
|  | (Class A Stock)                       | 1             |
| <b>3. Number of Shareholders</b>                         | (Common Stock)                        | 40,190        |
|  | (Class A Stock)                       | 1             |

**4. Major Shareholders**

| Name   | Number of Shares |               |             | Shareholding Ratio (%) |
|--|------------------|---------------|-------------|------------------------|
|  | Common Stock     | Class A Stock | Total Stock |                        |
| Minister of Economy, Trade and Industry              | 276,922,800      | 1             | 276,922,801 | 18.96                  |
| Japan Petroleum Exploration Co., Ltd.                | 106,893,200      | —             | 106,893,200 | 7.32                   |
| Mitsui Oil Exploration Co., Ltd.                     | 50,554,000       | —             | 50,554,000  | 3.46                   |
| Japan Trustee Services Bank, Ltd. (Trust Account)    | 46,364,200       | —             | 46,364,200  | 3.17                   |
| JX Holdings, Inc.                                    | 43,810,800       | —             | 43,810,800  | 3.00                   |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 40,454,300       | —             | 40,454,300  | 2.77                   |
| CBNY-GOVERNMENT OF NORWAY                            | 37,415,475       | —             | 37,415,475  | 2.56                   |
| State Street Bank and Trust Company 505223           | 29,793,001       | —             | 29,793,001  | 2.04                   |
| JP Morgan Chase Bank 385632                          | 27,875,580       | —             | 27,875,580  | 1.91                   |
| The Bank of New York Mellon SA/NV10                  | 20,992,737       | —             | 20,992,737  | 1.44                   |

Notes:

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

[Translation for Reference Purposes Only]

**III. Items Related to Stock Acquisition Rights**

None

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

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

| Name               | Company Position & Responsibility  | Significant Concurrently-Held Positions   |
|--------------------|--|---|
| Naoki Kuroda       | Representative Director, Chairman  | Representative Director, INPEX North Caspian Sea, Ltd.  |
| Masatoshi Sugioka  | Representative Director, Vice Chairman<br>Chief Technical Executive<br>HSE and Compliance            | Representative Director, INPEX North Caspian Sea, Ltd.  |
| Toshiaki Kitamura  | Representative Director, President & CEO   | Representative Director, Chairman,<br>INPEX Natuna Ltd.<br>Representative Director, President &<br>CEO, INPEX North Caspian Sea, Ltd. |
| Seiji Yui          | Director, Senior Executive Vice President<br>Senior Vice President, Corporate Strategy &<br>Planning |   |
| Masaharu Sano      | Director, Senior Managing Executive Officer<br>Senior Vice President, Technical Headquarters         |   |
| Shunichiro Sugaya  | Director, Managing Executive Officer<br>Senior Vice President, Masela Project                        | Representative Director, President &<br>CEO, INPEX Masela, Ltd.   |
| Masahiro Murayama  | Director, Managing Executive Officer<br>Senior Vice President, Finance & Accounting                  | Representative Director, INPEX<br>Masela, Ltd.<br>Representative Director, INPEX<br>Browse, Ltd.                                      |
| Seiya Ito          | Director, Managing Executive Officer<br>Senior Vice President, Ichthys Project                       | Representative Director, President &<br>CEO, INPEX Browse, Ltd.   |
| Wataru Tanaka      | Director, Managing Executive Officer<br>Senior Vice President, General Administration                |   |
| Takahiko Ikeda     | Director, Managing Executive Officer<br>Senior Vice President, Gas Supply &<br>Infrastructure        |   |
| Yoshikazu Kurasawa | Director, Managing Executive Officer<br>Senior Vice President, New Ventures                          |   |
| Kazuo Wakasugi     | Director   | Advisor of Japan Petroleum<br>Exploration Co., Ltd.   |
| Yoshiyuki Kagawa   | Director   | Senior Adviser of Mitsui Oil<br>Exploration Co., Ltd.   |
| Seiji Kato         | Director   | Corporate Adviser of Mitsubishi<br>Corporation  |
| Rentaro Tonoike    | Director   | Director, Senior Vice President, JX<br>Holdings, Inc.   |
| Yasuhiko Okada     | Director   | Attorney, Partner, Kitahama Partners  |
| Yoshitsugu Takai   | Audit & Supervisory Board Member   |   |
| Haruhito Totsune   | Audit & Supervisory Board Member   |   |
| Koji Sumiya        | Audit & Supervisory Board Member   |   |
| Hiroshi Sato       | Audit & Supervisory Board Member (part time)   | Advisor of Japan Petroleum<br>Exploration Co., Ltd.   |
| Masaru Funai       | Audit & Supervisory Board Member (part time)   |   |

Notes:

1. Directors Kazuo Wakasugi, Yoshiyuki Kagawa, Seiji Kato, Rentaro Tonoike and Yasuhiko Okada are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
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  |
|----------------|---------------|--|
| Seiji Yui      | June 25, 2014 | Director, Senior Executive Vice President<br>Senior Vice President, Corporate Strategy & Planning<br>(Director, Senior Managing Executive Officer<br>Senior Vice President, Corporate Strategy & Planning) |
| Takahiko Ikeda | June 25, 2014 | Director, Managing Executive Officer<br>Senior Vice President, Gas Supply & Infrastructure<br>(Director, Managing Executive Officer<br>Senior Vice President, Domestic Project)                            |

**3. The following changes occurred in the Directors' significant concurrently-held positions during this fiscal year.**

| Name              | Date               | Significant Concurrently-Held Positions                       | Changes  |                                      |
|-------------------|--------------------|---|--|--------------------------------------|
| Naoki Kuroda      | June 25, 2014      | INPEX Natuna Ltd.<br>INPEX Masela, Ltd.<br>INPEX Browse, Ltd. | Representative Director<br>Representative Director<br>Representative Director  | Retired<br>Retired<br>Retired        |
|                   | September 30, 2014 | INPEX Southwest Caspian Sea, Ltd.                             | Representative Director  | Retired                              |
| Masatoshi Sugioka | June 25, 2014      | INPEX Natuna Ltd.<br>INPEX Masela, Ltd.<br>INPEX Browse, Ltd. | Representative Director<br>Representative Director<br>Representative Director  | Retired<br>Retired<br>Retired        |
|                   | September 30, 2014 | INPEX Southwest Caspian Sea, Ltd.                             | Representative Director  | Retired                              |
| Toshiaki Kitamura | June 25, 2014      | INPEX Natuna Ltd.<br>INPEX Natuna Ltd.<br>INPEX Masela, Ltd.  | Representative Director,<br>President & CEO<br>Representative Director,<br>Chairman<br>Representative Director,<br>President & CEO | Retired<br>Assumed office<br>Retired |
|                   | September 30, 2014 | INPEX Browse, Ltd.<br>INPEX Southwest Caspian Sea, Ltd.       | Representative Director,<br>President & CEO<br>Representative Director,<br>President & CEO   | Retired<br>Retired                   |
| Shunichiro Sugaya | June 25, 2014      | INPEX Masela, Ltd.  | Representative Director,<br>President & CEO  | Assumed office                       |
| Masahiro Murayama | June 25, 2014      | INPEX Masela, Ltd.  | Representative Director  | Assumed office                       |
|                   |                    | INPEX Browse, Ltd.  | Representative Director  | Assumed office                       |
| Seiya Ito         | June 25, 2014      | INPEX Browse, Ltd.  | Representative Director,<br>President & CEO  | Assumed office                       |

- Audit & Supervisory Board Members Haruhito Totsune, Koji Sumiya, Hiroshi Sato and Masaru Funai are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
- The Company reported all the Outside Directors and Outside Audit & Supervisory Board Members as Independent Officers as stipulated by Tokyo Stock Exchange, Inc.
- Audit & Supervisory Board Member Haruhito Totsune possesses extensive knowledge of financial matters and related matters.
- Audit & Supervisory Board Member Koji Sumiya possesses extensive knowledge of finance and related matters.
- Audit & Supervisory Board Member Hiroshi Sato has extensive experience with accounting operations, and possesses extensive knowledge of financial matters and accounting.
- Audit & Supervisory Board Member Masaru Funai possesses extensive knowledge of financial matters, accounting, and related matters.

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

16 Directors: ¥490 million

(Including 5 Outside Directors: ¥30 million)

5 Audit & Supervisory Board Members: ¥94 million

(Including 4 Outside Audit & Supervisory Board Members: ¥66 million)

Notes:

- Salaries for Directors who are also employees are not included in the above compensation amount.

**[Translation for Reference Purposes Only]**

2. Compensation includes provision for accrued bonuses to officers during this fiscal year.

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

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

- i) Director Kazuo Wakasugi

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

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

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

- B. Major activities

He attended all of the 15 (100% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his viewpoint as an experienced business executive.

- ii) Director Yoshiyuki Kagawa

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

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

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

- B. Major activities

He attended all of the 15 (100% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his viewpoint as an experienced business executive.

- iii) Director Seiji Kato

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

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

The INPEX Group has had transactions related to crude oil, etc., with the Mitsubishi Corporation Group, and the INPEX Group's sales to the Mitsubishi Corporation Group in this fiscal year are less than 1.5% 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 0.01% of the Company's consolidated cost of sales for the same period.

- B. Major activities

He attended all of the 15 (100% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and knowledge in this field.

- iv) Director Rentaro Tonoike

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

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

The INPEX Group has had transactions related to crude oil, etc., with the JX Holdings Group, and the INPEX Group's sales to the JX Holdings Group in this fiscal year are less than 4.0% of the Company's consolidated net sales for the same period. Meanwhile, the INPEX Group's purchase from the JX Holdings Group in this fiscal year is less than 0.1% of the Company's consolidated cost of sales for the same period.

- B. Major activities

He attended 14 of the 15 (93% attendance) Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and knowledge in this field.

**[Translation for Reference Purposes Only]**

v) Director Yasuhiko Okada

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

There are no business transactions between the INPEX Group and Kitahama Partners.

B. Major activities

He attended all of the 15 (100% attendance) of the Board of Directors meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and broad range of insights in the financial field and his professional knowledge and experience as a lawyer.

vi) Audit & Supervisory Board Member Haruhito Totsune

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

None

B. Major activities

He attended 14 of the 15 (93% attendance) Board of Directors meetings and attended 11 of the 12 (92% attendance) Audit & Supervisory Board meetings held during this fiscal year, and made necessary comments during deliberations of proposals, etc., based on his knowledge related to financial matters, etc.

vii) Audit & Supervisory Board Member Koji Sumiya

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

None

B. Major activities

He attended all of the 15 (100% attendance) Board of Directors meetings as well as all of the 12 (100% attendance) Audit & Supervisory Board meetings held during this fiscal year, and made necessary comments during deliberations of proposals, etc., based on his knowledge related to finance, etc.

viii) Audit & Supervisory Board Member Hiroshi Sato

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

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

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

B. Major activities

He attended 13 of the 15 (87% attendance) Board of Directors meetings as well as all of the 12 (100% attendance) Audit & Supervisory Board meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his many years of experience and knowledge in this field.

ix) Audit & Supervisory Board Member Masaru Funai

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

None

B. Major activities

He attended all of the 15 (100% attendance) Board of Directors meetings as well as all of the 12 (100% attendance) Audit & Supervisory Board meetings held during this fiscal year, and appropriately made necessary comments during deliberations of proposals, etc., based on his abundant international experience and knowledge related to the field.

(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 Outside Directors and Outside Audit & Supervisory Board Members to limit liabilities to the



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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.

**[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**

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

¥150 million

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

¥267 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. 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 International Financial Reporting Standards (IFRS).

**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.

**[Translation for Reference Purposes Only]**

**VI. Systems and Policies of the Company**

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

The following is a summary of the resolutions of the Company, as of the date when the business report was prepared, regarding the “Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems).” This summary is a partial revision made by a resolution of the Board of Directors meeting held on April 27, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

- 1) With regard to certain major corporate decisions, an Executive Committee meeting attended by full-time Directors and Managing Executive Officers shall be held weekly and as necessary to ensure that the duties are executed promptly and properly.
- 2) With regard to the execution of daily duties, the authority of the President & CEO shall be delegated in accordance with internal rules regarding job demarcation and administrative authority, among others, and the person in charge at each level shall execute their duties promptly.

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

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

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

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

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

Furthermore, the Company shall require its subsidiaries to cooperate in audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company and other related

**[Translation for Reference Purposes Only]**

in-house departments or an external expert to verify and evaluate the management of risks related to the daily operations of the subsidiaries. Based on the results of such verification and evaluation, the Company shall have its subsidiaries conduct continuous review of their risk management in response to changes in the business environment.

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

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

- i) Important matters of a subsidiary of the Company shall be determined by resolution of the Board of Directors meetings of the subsidiary or by consultation among the Directors of the subsidiary.
- ii) Authority for the execution of daily duties by the Company's subsidiaries shall be delegated in accordance with the internal rules of the Company, etc., regarding administrative authority, and the persons in charge at each level shall execute their duties promptly.

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

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

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

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

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

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

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

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

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

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

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

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

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

Regarding the internal notification system of the INPEX Group, in case detrimental treatment against a reporter is recognized, a disciplinary action may be taken against the person who treated the reporter in such

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a way and against the General Manager, etc., of the department to which the person belongs pursuant to employment rules, etc.

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

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

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

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

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

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

## **2. Basic Policy Regarding Control of the Company**

### **(1) Contents of Basic Policy**

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

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

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

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

To make decisions on i) the appointment or removal of Directors; ii) the disposition of all or a portion of material assets; iii) amendments to the Articles of Incorporation relating to the Company's business objectives and granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the Class A stock, which are already granted to the Class A stock); iv) business integration; v) capital reduction and vi) company dissolution, a resolution of a meeting of the holder of the Class A stock (hereinafter "a general meeting of Class A stock shareholders") is required in addition to resolutions of the shareholders' meeting or the Board of Directors of the Company. However, concerning i) the appointment or removal of Directors and iv) business integration, resolution of a general meeting of Class A stock shareholders is required only when certain conditions under the Articles of Incorporation are met. Concerning the exercise of voting rights at a general meeting of Class A stock shareholders, the Class A stock shareholder can exercise his/her voting rights in accordance with the guidelines set forth in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008).

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

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“when it is judged there is a high probability that it may adversely affect its role to provide a stable supply of energy to Japan in an efficient manner as a core company.”

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

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

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

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

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

[Translation for Reference Purposes Only]

## Consolidated Balance Sheet

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

| Accounts  | As of March<br>31, 2015 | Accounts                                      | As of March<br>31, 2015 |
|---|-------------------------|---|-------------------------|
| <b>(Assets)</b>   |                         | <b>(Liabilities)</b>                          |                         |
| <b>Current assets</b>   | <b>1,342,409</b>        | <b>Current liabilities</b>                    | <b>365,212</b>          |
| Cash and deposits   | 922,683                 | Accounts payable-trade                        | 53,474                  |
| Accounts receivable-trade   | 77,209                  | Short-term loans                              | 33,206                  |
| Marketable securities   | 162,289                 | Income taxes payable                          | 60,185                  |
| Inventories   | 31,652                  | Accounts payable-other                        | 113,567                 |
| Deferred tax assets   | 4,955                   | Provision for exploration projects            | 9,492                   |
| Accounts receivable-other   | 110,314                 | Accrued bonuses to officers                   | 70                      |
| Other   | 46,211                  | Asset retirement obligations                  | 1,093                   |
| Less allowance for doubtful accounts                                | (12,905)                | Other   | 94,122                  |
| <b>Fixed assets</b>   | <b>3,156,743</b>        |   |                         |
| <b>Tangible fixed assets</b>  | <b>1,497,621</b>        | <b>Long-term liabilities</b>                  | <b>845,238</b>          |
| Buildings and structures  | 138,010                 | Long-term debt                                | 643,951                 |
| Wells   | 36,391                  | Deferred tax liabilities                      | 77,917                  |
| Machinery, equipment and vehicles                                   | 109,686                 | Provision for loss on business                | 9,080                   |
| Land  | 19,869                  | Accrued special repair and maintenance        | 227                     |
| Construction in progress  | 1,173,409               | Liability for retirement benefits             | 6,700                   |
| Other   | 20,254                  | Asset retirement obligations                  | 105,234                 |
| <b>Intangible assets</b>  | <b>458,769</b>          | Other   | 2,126                   |
| Goodwill  | 74,319                  | <b>Total liabilities</b>                      | <b>1,210,450</b>        |
| Exploration and development rights                                  | 134,809                 | <b>(Net assets)</b>                           |                         |
| Mining rights   | 238,316                 | <b>Shareholders' equity</b>                   | <b>2,549,494</b>        |
| Other   | 11,324                  | Common stock                                  | 290,809                 |
| <b>Investments and other assets</b>                                 | <b>1,200,352</b>        | Capital surplus                               | 679,287                 |
| Investment securities   | 284,090                 | Retained earnings                             | 1,584,645               |
| Long-term loans receivable  | 126,516                 | Treasury stock                                | (5,248)                 |
| Long-term time deposits   | 120,270                 | <b>Accumulated other comprehensive income</b> | <b>517,185</b>          |
| Recoverable accounts under production sharing                       | 703,291                 | Unrealized holding gain on securities         | 46,049                  |
| Deferred tax assets   | 22,848                  | Unrealized loss from hedging instruments      | (36,423)                |
| Other   | 76,168                  | Translation adjustments                       | 507,560                 |
| Less allowance for doubtful accounts                                | (8,398)                 | <b>Minority interests</b>                     | <b>222,023</b>          |
| Less allowance for recoverable accounts under<br>production sharing | (121,707)               |   |                         |
| Less allowance for investments in exploration                       | (2,727)                 | <b>Total net assets</b>                       | <b>3,288,703</b>        |
| <b>Total assets</b>   | <b>4,499,153</b>        | <b>Total liabilities and net assets</b>       | <b>4,499,153</b>        |

[Translation for Reference Purposes Only]

## Consolidated Statement of Income

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

| Accounts  | For the year ended March 31, 2015 |                |
|---|-----------------------------------|----------------|
| <b>Net sales</b>  |                                   | 1,171,226      |
| <b>Cost of sales</b>  |                                   | 525,443        |
| <b>Gross profit</b>   |                                   | <b>645,782</b> |
| <b>Exploration expenses</b>   |                                   | 23,238         |
| <b>Selling, general and administrative expenses</b>                       |                                   | 87,657         |
| <b>Operating income</b>   |                                   | <b>534,886</b> |
| <b>Other income</b>   |                                   |                |
| Interest income   | 11,226                            |                |
| Dividend income   | 6,669                             |                |
| Gain on sales of marketable securities                                    | 18,146                            |                |
| Gain on transfer of mining rights   | 27,520                            |                |
| Foreign exchange gain   | 19,562                            |                |
| Other   | 18,639                            | 101,763        |
| <b>Other expenses</b>   |                                   |                |
| Interest expense  | 2,946                             |                |
| Equity in losses of affiliates  | 13,443                            |                |
| Provision for allowance for recoverable accounts under production sharing | 19,449                            |                |
| Provision for exploration projects  | 835                               |                |
| Loss on disposal of fixed assets  | 6,258                             |                |
| Other   | 18,561                            | 61,494         |
| <b>Ordinary income</b>  |                                   | <b>575,155</b> |
| <b>Extraordinary loss</b>   |                                   |                |
| <b>Impairment loss</b>  | 35,132                            | <b>35,132</b>  |
| <b>Income before income taxes and minority interests</b>                  |                                   | <b>540,022</b> |
| Income taxes-current  | 448,658                           |                |
| Income taxes-deferred   | 15,767                            | 464,425        |
| <b>Income before minority interests</b>                                   |                                   | <b>75,597</b>  |
| Minority interests  |                                   | (2,222)        |
| <b>Net income</b>   |                                   | <b>77,820</b>  |



[Translation for Reference Purposes Only]

## Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2015)

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

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of the period                               | 290,809              | 679,287         | 1,532,876         | (5,248)        | 2,497,725                  |
| Cumulative effects of changes in accounting policies                 |                      |                 | 235               |                | 235                        |
| Restated balance   | 290,809              | 679,287         | 1,533,111         | (5,248)        | 2,497,961                  |
| Changes during the period  |                      |                 |                   |                |                            |
| Cash dividends paid  |                      |                 | (26,286)          |                | (26,286)                   |
| Net income   |                      |                 | 77,820            |                | 77,820                     |
| Other changes in items other than those in shareholders' equity, net |                      |                 |                   |                |                            |
| Total changes during the period                                      | -                    | -               | 51,533            | -              | 51,533                     |
| Balance at the end of the period                                     | 290,809              | 679,287         | 1,584,645         | (5,248)        | 2,549,494                  |

|  | Accumulated other comprehensive income |  |                         |  | Minority interests | Total net assets |
|--|--|--|-------------------------|--|--------------------|------------------|
|  | Unrealized holding gain on securities  | Unrealized loss from hedging instruments | Translation adjustments | Total accumulated other comprehensive income |                    |                  |
| Balance at the beginning of the period                               | 44,737                                 | (17,578)                                 | 266,224                 | 293,382                                      | 204,928            | 2,996,036        |
| Cumulative effects of changes in accounting policies                 |  |  |                         |  |                    | 235              |
| Restated balance   | 44,737                                 | (17,578)                                 | 266,224                 | 293,382                                      | 204,928            | 2,996,272        |
| Changes during the period  |  |  |                         |  |                    |                  |
| Cash dividends paid  |  |  |                         |  |                    | (26,286)         |
| Net income   |  |  |                         |  |                    | 77,820           |
| Other changes in items other than those in shareholders' equity, net | 1,311                                  | (18,845)                                 | 241,335                 | 223,802                                      | 17,094             | 240,897          |
| Total changes during the period                                      | 1,311                                  | (18,845)                                 | 241,335                 | 223,802                                      | 17,094             | 292,431          |
| Balance at the end of the period                                     | 46,049                                 | (36,423)                                 | 507,560                 | 517,185                                      | 222,023            | 3,288,703        |

**[Translation for Reference Purposes Only]**

**Notes to Consolidated Financial Statements**

[Basis of Presenting Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 65

Names of major subsidiaries;

Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Gas British Columbia Ltd., INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Oil & Gas Australia Pty Ltd and INPEX Masela, Ltd.

During this period:

Number of companies newly included in the scope of consolidation: 1

Number of companies excluded from the scope of consolidation: 2

Details for the above changes:

(a) INPEX Norge AS has been newly included due to an increase in materiality of the company.

(b) Teikoku Oil de Venezuela, C.A., and Offshore Iwaki Petroleum Co., Ltd. have been excluded due to completion of liquidation.

(2) Names of major non-consolidated subsidiaries

Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V. and TELNITE CO., LTD.

Reason for exclusion from the scope of consolidation

Those companies are not consolidated because their total assets, total net sales, total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.

(3) Name of an entity that is not accounted for as our subsidiary even though the Company owns the majority vote

Ichthys LNG Pty Ltd

Reason for not accounted for as our subsidiary

The Company owns the majority vote of Ichthys LNG Pty Ltd through INPEX Holdings Australia Pty Ltd. However, since both parties' affirmative votes are required for important resolutions based on the shareholders agreement between INPEX Holdings Australia Pty Ltd and TOTAL E&P Holding Ichthys, Ichthys LNG Pty Ltd is considered to be an affiliate accounted for by the equity method.

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of major non-consolidated subsidiaries and affiliates accounted for by the equity method

Number of non-consolidated subsidiaries accounted for by the equity method: None

Number of affiliates accounted for by the equity method: 19

Names of major affiliates:

Angola Block 14 B.V., MI Berau B.V., Angola Japan Oil Co., Ltd., INPEX Offshore North Campos, Ltd. and Ichthys LNG Pty Ltd

(2) Names of non-consolidated subsidiaries and affiliates not accounted for by the equity method

Names of major non-consolidated subsidiaries and affiliates:

Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., TELNITE CO., LTD. and Tangguh project management Co., Ltd.

Reason for not applying the equity method

These subsidiaries and affiliates are not accounted for by the equity method because their total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.

(3) Procedures for application of the equity method

Regarding affiliates accounted for by the equity method having a different closing date from the consolidated closing date, the Company used the financial statements of each affiliate prepared as of its closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.

3. Closing dates for the fiscal year of consolidated subsidiaries

For the 49 companies for which the closing dates differ from the consolidated closing date, including, but not limited to, INPEX Sahul, Ltd. and INPEX Masela, Ltd., the Company uses the financial statements for the year ended December 31.

However, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

For the 10 companies including, but not limited to, Japan Oil Development, Co., Ltd., INPEX Southwest Caspian

## [Translation for Reference Purposes Only]

Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Holdings Australia Pty Ltd and INPEX Ichthys Pty Ltd, we use their financial statements for the year ended on the consolidated closing date even though their closing date is December 31.

### 4. Accounting policies

#### (1) Valuation method for significant assets

##### (a) Securities

###### Other securities

###### With a determinable market value

Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.

###### Without a determinable market value

Other securities without a determinable market value are stated at cost determined by the moving-average method.

##### (b) Derivatives

###### Fair value

##### (c) Inventories

###### Overseas inventories

Carried mainly at cost, determined by the average cost method (balance sheet value is carried at the lower of cost or market)

###### Domestic inventories

Carried mainly at cost, determined by the moving-average method (balance sheet value is carried at the lower of cost or market)

#### (2) Depreciation method of significant depreciable assets

##### (a) Tangible fixed assets (except leased assets)

Depreciation of mining facilities is mainly computed by the unit-of-production method. For other tangible fixed assets, straight-line method of depreciation is applied. Useful lives of significant fixed assets are as follows:

Buildings and structures: 2-60 years

Wells: 3 years

Machinery, equipment and vehicles: 2-22 years

##### (b) Intangible assets (except leased assets)

###### Exploration and development rights

Exploration and development rights at the exploration stage are fully amortized in the consolidated fiscal year. Such rights which are at the production stage are amortized by the unit-of-production method.

###### Mining rights

Mining rights are mainly amortized by the unit-of-production method.

###### Other

Other intangible assets are mainly amortized by the straight-line method.

Software for internal use is amortized over 5 years.

##### (c) Leased assets

Leased assets for financing lease transactions whose ownership are not to be transferred:

Depreciation of these assets is calculated based on the straight-line method over the lease period assuming no residual value.

#### (3) Basis for significant allowances

##### (a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

##### (b) Allowance for recoverable accounts under production sharing

Allowance for recoverable accounts under production sharing is provided for probable losses on specific investments made under production sharing contracts.

##### (c) Allowance for investments in exploration

Allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees.

##### (d) Provision for exploration projects

Provision for exploration projects is provided for future expenditures of consolidated subsidiaries at exploration stage based on schedule of investments in exploration.

##### (e) Accrued bonuses to officers

Accrued bonuses to officers are provided at expected payment amount for the fiscal year.

##### (f) Provision for loss on business

## [Translation for Reference Purposes Only]

- Provision for loss on business is provided for future potential losses on crude oil and natural gas development, production and sales business individually estimated for each project.
- (g) Accrued special repair and maintenance  
Accrued special repair and maintenance are provided for planned major repair and maintenance activities on tanks in certain subsidiaries at the amount being accumulated through the next activity.
- (4) Accounting for retirement benefits
- 1) Method of recording expected retirement benefits in proper terms  
When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through March 31, 2015. Because certain subsidiaries are classified as small enterprises, a simplified method (the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) is applied for the calculation of the retirement benefit obligation of the subsidiaries.
  - 2) Method of expenses for actuarial differences  
Actuarial gains and losses are charged or credited to income as incurred.
- (5) Other basis of presenting consolidated financial statements
- (a) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of the consolidated financial statements  
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gain or loss is credited or charged to income. The revenue and expense accounts of the overseas subsidiaries are translated into yen at the average rates of exchange during the period. The balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. Translation differences are presented as a component of translation adjustments and minority interests.
  - (b) Accounting for major hedge transactions
    - 1) Hedge accounting  
The special treatment is applied to the interest rate swaps that meet certain criteria. For certain equity-method affiliates, the deferred hedge accounting method is adopted.
    - 2) Hedging instruments and hedged items  
Hedging instruments: Interest rate swap transactions  
Hedged items: Interest payments on borrowings
    - 3) Hedging policy  
The nominal amount of the derivative transaction is limited to within the scope of actual demand, and the Company does not engage in speculative derivative transactions.
    - 4) Hedge effectiveness assessment method  
The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.
  - (c) Amortization of Goodwill  
Goodwill is amortized by the straight-line method over 20 years.
  - (d) Consumption tax  
Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.
  - (e) Recoverable accounts under production sharing  
Cash investments made by the Company during exploration, development and production phases under a production sharing contract are recorded as "Recoverable accounts under production sharing" so long as they are recoverable under the terms of the relevant contract. When the Company receives crude oil and natural gas in accordance with the contract, an amount corresponding to the purchase costs of the products (i.e., a cost recovery portion of the investments) is released from this account.

## [Changes in Accounting Policies]

Effective the year ended March 31, 2015, the Company has applied provisions described in the main clause of Section 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No.26, issued on May 17, 2012) and the main clause of Section 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, issued on March 26, 2015) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing expected retirement benefits to periods has been revised from the straight-line method to the benefit formula method, and the method of determining the discount rate has been revised from a method based on an approximation of the employees' average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

In accordance with transitional accounting treatments as stated in Section 37 of the Accounting Standard, the impact of the changes in calculation methods for retirement benefit obligations and service costs has been recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015.

As a result, liability for retirement benefits decreased by ¥246 million while retained earnings increased by ¥235 million as of April 1, 2014. The impact on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 was immaterial.

## [Translation for Reference Purposes Only]

The impact on per share information was immaterial.

### [Changes in the Presentation]

(Consolidated Statement of Income)

“Gain on transfer of mining rights,” included in “Other” under “Other income” for the previous fiscal year, is presented separately for this fiscal year since it has become more significant.

“Loss on disposal of fixed assets,” included in “Other” under “Other expenses” for the previous fiscal year, is presented separately for this fiscal year since it has become more significant.

### [Notes to Consolidated Balance Sheet]

#### 1. Assets provided as collateral and collateral-backed debt are as follows:

| (Collateralized assets)              |        | Millions of yen |
|--------------------------------------|--------|-----------------|
| Buildings and structures             | 1,975  | (1,975)         |
| Wells                                | 48     | (48)            |
| Machinery, equipment and vehicles    | 6,968  | (6,968)         |
| Other (tangible fixed assets)        | 11     | (11)            |
| Investment securities                | 1,020  | (—)             |
| Other (investments and other assets) | 217    | (—)             |
| Total                                | 10,241 | (9,004)         |

| (Secured debt)                 |       | Millions of yen |
|--------------------------------|-------|-----------------|
| Short-term loans               | 490   | (474)           |
| Accounts payable-other         | 509   | (—)             |
| Long-term debt                 | 1     | (—)             |
| Others (long-term liabilities) | 16    | (—)             |
| Total                          | 1,018 | (474)           |

Amounts in parentheses ( ) above represent foundation collateral and liabilities.

In addition, the followings are pledged as collateral for the Ichthys LNG project financing and the BTC pipeline project financing.

| The Ichthys LNG project financing | Millions of yen |
|-----------------------------------|-----------------|
| Cash and deposits                 | 3,875           |
| Inventories                       | 4,729           |
| Other (current assets)            | 2,462           |
| Land                              | 160             |
| Construction in progress          | 752,019         |
| Long-term loans receivable        | 9,680           |
| Total                             | 772,926         |

|                                    |                |
|------------------------------------|----------------|
| The BTC pipeline project financing |                |
| Investment securities              | ¥7,294 million |

#### 2. Accumulated depreciation

Accumulated depreciation of tangible fixed assets is ¥683,230 million.

#### 3. Contingent liabilities

(1) The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies:

|  | Millions of yen |
|--|-----------------|
| Tanggung Trustee*                          | 16,168          |
| Fujian Tranche*                            | 5,731           |
| Sakhalin Oil and Gas Development Co., Ltd. | 1,914           |
| INPEX Offshore North Campos, Ltd.          | 1,260           |
| Japan Canada Oil Sands Limited             | 676             |
| Oceanic Breeze LNG Transport S. A.         | 125             |
| Employees (housing loans)                  | 92              |
| Total                                      | 25,969          |

\*Debt for investment funds of the Tangguh LNG Project through MI Berau B.V. and MI Berau Japan Ltd.

**[Translation for Reference Purposes Only]**

(2) Guarantee for derivatives

Ichthys LNG Pty Ltd ¥(36,433) million

The aforementioned derivative transactions are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. The amount is valuation gain (loss) on the derivatives.

(3) Completion guarantee

In connection with the Ichthys LNG project financing, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest in addition to collateralizing its assets.

The portion guaranteed by the Company at the end of this fiscal year was ¥958,502 million.

[Notes to Consolidated Statement of Income]

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. Due to impact from deteriorating business environments based on such factors as the drop in oil prices, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

| Use  | Location  | Classification                       | Impairment loss<br>(Millions of yen) |
|--|---|--------------------------------------|--------------------------------------|
| Assets related to Joslyn Oil Sands Lease Block       | Alberta, Canada   | Other (Tangible fixed assets)        | 13,359                               |
|  |   | Mining rights                        | 14,231                               |
|  |   | Subtotal                             | 27,590                               |
| Assets related to JPDA06-105 Block (Kitan Oil Field) | Timor Sea Joint Petroleum Development Area (JPDA), the Commonwealth of Australia / the Democratic Republic of Timor-Leste | Wells                                | 348                                  |
|  |   | Machinery, equipment and vehicles    | 629                                  |
|  |   | Construction in progress             | 6,111                                |
|  |   | Other (Investments and other assets) | 452                                  |
|  |   | Subtotal                             | 7,541                                |
| Total  |   |                                      | 35,132                               |

The recoverable amount of the assets related to JPDA06-105 Block (Kitan Oil Field) is reasonably estimated by discounting the future cash flows at a rate of 7%.

The recoverable amount of the assets related to Joslyn Oil Sands Lease Block is estimated at zero.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Type and number of shares issued and treasury stock

(Shares)

|                  | Balance as of<br>April 1, 2014 | Increase | Decrease | Balance as of<br>March 31, 2015 |
|------------------|--------------------------------|----------|----------|---------------------------------|
| Number of shares |                                |          |          |                                 |
| Common stock     | 1,462,323,600                  | —        | —        | 1,462,323,600                   |
| Class A stock    | 1                              | —        | —        | 1                               |
| Total            | 1,462,323,601                  | —        | —        | 1,462,323,601                   |
| Treasury stock   |                                |          |          |                                 |
| Common stock     | 1,966,400                      | —        | —        | 1,966,400                       |
| Total            | 1,966,400                      | —        | —        | 1,966,400                       |

2. Dividends

(1) Cash dividends paid

| Resolution   | Type of share | Cash dividends paid<br>(Millions of yen) | Dividends per share<br>(Yen) | Record date        | Effective date   |
|--|---------------|--|------------------------------|--------------------|------------------|
| Ordinary general meeting of shareholders:<br>June 25, 2014 | Common stock  | 13,143                                   | 9                            | March 31, 2014     | June 26, 2014    |
|  | Class A stock | 0  | 3,600                        | March 31, 2014     | June 26, 2014    |
| Board of directors' meeting:<br>November 7, 2014           | Common stock  | 13,143                                   | 9                            | September 30, 2014 | December 1, 2014 |
|  | Class A stock | 0  | 3,600                        | September 30, 2014 | December 1, 2014 |

**[Translation for Reference Purposes Only]**

- (2) Dividends, whose record date was in the year ended March 31, 2015, and whose effective date will be in the next fiscal year

| Resolution   | Type of share | Source of dividends | Cash dividends paid<br>(Millions of yen) | Dividends per share<br>(Yen) | Record date    | Effective date |
|--|---------------|---------------------|--|------------------------------|----------------|----------------|
| Ordinary general meeting of shareholders:<br>June 24, 2015 | Common stock  | Retained earnings   | 13,143                                   | 9                            | March 31, 2015 | June 25, 2015  |
|  | Class A stock | Retained earnings   | 0  | 3,600                        | March 31, 2015 | June 25, 2015  |

[Notes to Financial Instruments]

1. Status of financial instruments

The Company raises funds for oil and gas development and production, and construction of gas infrastructure primarily from cash flow on hand and from bank loans.

In line with the criteria for trading and credit exposure management, the Company properly analyzes the credit status of trading partners for reduction of default risks related to accounts receivable-trade of its clients. For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee.

Although the Company generally borrows with variable interest rates, some loans are with fixed interest rates including interest rate swap transactions depending on the nature of each project. For exchange rate fluctuation risk related to assets and liabilities denominated in foreign currencies, the Company maintains the position between assets and liabilities in foreign currencies, and manages exchange fluctuation risk through derivative transactions such as foreign exchange forwards and others, as necessary, based on the Company's policy. For derivative transactions, the Company follows internal rules.

2. Fair value of financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2015, fair value and the difference between them are as shown below.

|   | (Millions of yen) |            |            |
|---|-------------------|------------|------------|
|   | Carrying value    | Fair value | Difference |
| (1) Cash and deposits                               | 922,683           | 928,304    | 5,620      |
| (2) Accounts receivable-trade                       | 77,209            | 77,209     | -          |
| (3) Marketable securities and investment securities | 280,592           | 280,592    | -          |
| Total assets  | 1,280,485         | 1,286,106  | 5,620      |
| (1) Short-term loans                                | 33,206            | 32,937     | (268)      |
| (2) Long-term debt                                  | 643,951           | 633,603    | (10,347)   |
| Total liabilities                                   | 677,157           | 666,541    | (10,616)   |
| Derivatives*  | 179               | 179        | -          |

\*Net claims and debts arising from derivative transactions are presented on a net basis. In case the total amount is a debt amount, the above figure is negative.

Note 1: Methods of calculating the fair value of financial instruments

Assets

(1) Cash and deposits

The fair value of current portion of long-term time deposits included in cash and deposits, is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new deposit is entered into. For the other cash and deposits, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(2) Accounts receivable-trade

Since the item is settled in a short period of time and its fair value is almost the same as the carrying value, the relevant carrying value is used.

(3) Marketable securities and investment securities

The fair value of shares is determined by the market prices of exchanges, and the fair value of bonds is determined by market prices of exchanges or the prices presented by financial institutions.

Liabilities

(1) Short-term loans

The fair value of current portion of long-term debt included in short-term loans, is calculated by the same

**[Translation for Reference Purposes Only]**

method as (2) Long-term debt. For the other short-term loans, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(2) Long-term debt

The fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan is entered into.

Derivative Transactions

Fair value is calculated based on the price obtained from the counterparty financial institutions.

Fair value of derivatives for which special treatment of interest rate swaps is applied is included in the fair value of long-term debt since the interest rate swap is treated together with long-term debt subject to hedging (refer to Liabilities (2) above).

Note 2: Unlisted securities (carrying value on the consolidated balance sheet: ¥33,409 million), and stocks of subsidiaries and affiliates (carrying value on the consolidated balance sheet: ¥132,377 million) are assumed to have no quoted market prices and it is extremely difficult to determine their fair value. Accordingly, these financial instruments are not included in “Assets (3) Marketable securities and investment securities.” For shares of exploration companies among unlisted securities and stocks of subsidiaries and affiliates, the allowance is provided for investments in exploration at an estimated amount based on the financial position of the investees.

[Notes to Per Share Information]

|  |           |
|--|-----------|
| 1. Net assets excluding minority interests per share | ¥2,099.95 |
| 2. Net income per share                              | ¥53.29    |



[Translation for Reference Purposes Only]

## Non-Consolidated Balance Sheet

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

| Accounts   | As of<br>March 31,<br>2015 | Accounts  | As of<br>March 31,<br>2015 |
|--|----------------------------|---|----------------------------|
| <b>(Assets)</b>  |                            | <b>(Liabilities)</b>  |                            |
| <b>Current assets</b>  | <b>1,281,550</b>           | <b>Current liabilities</b>                                    | <b>851,746</b>             |
| Cash and deposits  | 884,704                    | Accounts payable-trade  | 3,378                      |
| Accounts receivable-trade                                    | 26,196                     | Current portion of long-term debt                             | 7,760                      |
| Marketable securities  | 162,289                    | Lease obligations   | 53                         |
| Finished goods   | 2,655                      | Accounts payable-other  | 15,764                     |
| Work in process and partly-finished construction             | 166                        | Accrued expenses  | 3,269                      |
| Raw materials and supplies                                   | 9,498                      | Income taxes payable  | 22,752                     |
| Advance payments-trade                                       | 25                         | Deferred tax liabilities                                      | 832                        |
| Prepaid expenses   | 637                        | Advances received   | 65                         |
| Short-term loans receivable from subsidiaries and affiliates | 156,170                    | Deposits payable  | 323                        |
| Other  | 58,839                     | Deposits received from subsidiaries and affiliates            | 796,573                    |
| Allowance for doubtful accounts                              | (6,533)                    | Accrued bonuses to officers                                   | 68                         |
| Allowance for investments in exploration                     | (13,099)                   | Asset retirement obligations                                  | 890                        |
| <b>Fixed assets</b>  | <b>2,234,548</b>           | Other   | 12                         |
| <b>Tangible fixed assets</b>                                 | <b>254,066</b>             | <b>Long-term liabilities</b>                                  | <b>265,687</b>             |
| Buildings  | 15,946                     | Long-term debt  | 224,872                    |
| Structures   | 111,393                    | Lease obligations   | 120                        |
| Wells  | 213                        | Deferred tax liabilities                                      | 5,982                      |
| Machinery and equipment                                      | 63,124                     | Accrued retirement benefits to employees                      | 6,106                      |
| Vehicles   | 37                         | Provision for loss on business                                | 9,080                      |
| Tools, furniture and fixtures                                | 3,379                      | Provision for loss on business of subsidiaries and affiliates | 16,567                     |
| Land   | 17,051                     | Asset retirement obligations                                  | 2,331                      |
| Leased assets  | 164                        | Other   | 627                        |
| Construction in progress                                     | 42,755                     | <b>Total liabilities</b>                                      | <b>1,117,434</b>           |
| <b>Intangible assets</b>                                     | <b>83,508</b>              | <b>(Net assets)</b>   |                            |
| Goodwill   | 76,482                     | <b>Shareholders' equity</b>                                   | <b>2,352,778</b>           |
| Mining right   | 2                          | <b>Common stock</b>   | <b>290,809</b>             |
| Software   | 2,468                      | <b>Capital surplus</b>  | <b>1,023,802</b>           |
| Other  | 4,555                      | Legal capital surplus   | 1,023,802                  |
| <b>Investments and other assets</b>                          | <b>1,896,974</b>           | <b>Retained earnings</b>                                      | <b>1,043,414</b>           |
| Investment securities  | 134,565                    | Other retained earnings                                       | 1,043,414                  |
| Investments in stock of subsidiaries and affiliates          | 1,465,761                  | Reserve for advanced depreciation of non-current assets       | 70                         |
| Investments in capital of subsidiaries and affiliates        | 0                          | Reserve for special depreciation                              | 10,942                     |
| Long-term loans receivable from employees                    | 29                         | Reserve for overseas investment loss                          | 34,834                     |
| Long-term loans receivable from subsidiaries and affiliates  | 197,470                    | Mine prospecting reserve                                      | 14,952                     |
| Long-term prepaid expenses                                   | 347                        | Retained earnings brought forward                             | 982,614                    |
| Long-term time deposits                                      | 120,270                    | <b>Treasury stock</b>   | <b>(5,248)</b>             |
| Recoverable accounts under production sharing                | 101,564                    | <b>Valuation, translation adjustments and others</b>          | <b>45,885</b>              |
| Other  | 12,079                     | <b>Unrealized holding gain on securities</b>                  | <b>45,885</b>              |
| Allowance for doubtful accounts                              | (104)                      |   |                            |
| Allowance for recoverable accounts under production sharing  | (805)                      |   |                            |
| Allowance for investments in exploration                     | (134,202)                  |   |                            |
| <b>Total assets</b>  | <b>3,516,098</b>           | <b>Total net assets</b>                                       | <b>2,398,664</b>           |
|  |                            | <b>Total liabilities and net assets</b>                       | <b>3,516,098</b>           |

[Translation for Reference Purposes Only]

## Non-Consolidated Statement of Income

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

| Accounts   | For the year ended March 31, 2015 |                |
|--|-----------------------------------|----------------|
| <b>Net sales</b>   |                                   | 417,670        |
| <b>Cost of sales</b>                                       |                                   | 231,791        |
| <b>Gross profit</b>  |                                   | <b>185,879</b> |
| <b>Exploration expenses</b>                                |                                   | 979            |
| <b>Selling, general and administrative expenses</b>        |                                   | 45,146         |
| <b>Operating income</b>                                    |                                   | <b>139,754</b> |
| <b>Other income</b>  |                                   |                |
| Gain on sales of marketable securities                     | 18,146                            |                |
| Dividend income  | 42,533                            |                |
| Foreign exchange gain                                      | 80,987                            |                |
| Other  | 25,908                            | 167,576        |
| <b>Other expenses</b>                                      |                                   |                |
| Loss on valuation of shares of subsidiaries and affiliates | 39,436                            |                |
| Provision of allowance for investment loss in exploration  | 7,377                             |                |
| Other  | 13,634                            | 60,448         |
| <b>Ordinary income</b>                                     |                                   | <b>246,881</b> |
| <b>Income before income taxes</b>                          |                                   | <b>246,881</b> |
| Income taxes-current                                       | 98,116                            |                |
| Income taxes-deferred                                      | (345)                             | 97,770         |
| <b>Net income</b>  |                                   | <b>149,110</b> |

[Translation for Reference Purposes Only]

## Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2015)

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

|   | Shareholders' equity |                       |                       |   |   |                                  |                                      |
|---|----------------------|-----------------------|-----------------------|---|---|----------------------------------|--------------------------------------|
|   | Common stock         | Capital surplus       |                       | Retained earnings                                       |   |                                  |                                      |
|   |                      | Legal capital surplus | Total capital surplus | Other retained earnings                                 |   |                                  |                                      |
|   |                      |                       |                       | Reserve for advanced depreciation of non-current assets | Reserve for special account for advanced depreciation of non-current assets | Reserve for special depreciation | Reserve for overseas investment loss |
| Balance at the beginning of the period  | 290,809              | 1,023,802             | 1,023,802             | 18  | 50  | 13,044                           | 38,542                               |
| Cumulative effects of changes in accounting policies                                    |                      |                       |                       |   |   |                                  |                                      |
| Restated balance  | 290,809              | 1,023,802             | 1,023,802             | 18  | 50  | 13,044                           | 38,542                               |
| Changes during the period   |                      |                       |                       |   |   |                                  |                                      |
| Provision of reserve for advanced depreciation of non-current assets                    |                      |                       |                       | 52  |   |                                  |                                      |
| Reversal of reserve for advanced depreciation of non-current assets                     |                      |                       |                       | (0)   |   |                                  |                                      |
| Reversal of reserve for special account for advanced depreciation of non-current assets |                      |                       |                       |   | (50)  |                                  |                                      |
| Reversal of reserve for special depreciation  |                      |                       |                       |   |   | (2,102)                          |                                      |
| Reversal of reserve for overseas investment loss  |                      |                       |                       |   |   |                                  | (3,708)                              |
| Provision of mine prospecting reserve   |                      |                       |                       |   |   |                                  |                                      |
| Reversal of mine prospecting reserve  |                      |                       |                       |   |   |                                  |                                      |
| Cash dividends paid   |                      |                       |                       |   |   |                                  |                                      |
| Net income  |                      |                       |                       |   |   |                                  |                                      |
| Other changes in items other than those in shareholders' equity (net)                   |                      |                       |                       |   |   |                                  |                                      |
| Total changes during the period   | —                    | —                     | —                     | 52  | (50)  | (2,102)                          | (3,708)                              |
| Balance at the end of the period  | 290,809              | 1,023,802             | 1,023,802             | 70  | —   | 10,942                           | 34,834                               |

[Translation for Reference Purposes Only]

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

|   | Shareholders' equity     |                                   |                         |                |                            | Valuation, translation adjustments and others |   | Total net assets |
|---|--------------------------|-----------------------------------|-------------------------|----------------|----------------------------|---|---|------------------|
|   | Retained earnings        |                                   |                         | Treasury stock | Total shareholders' equity | Unrealized holding gain on securities         | Total valuation, translation adjustments and others |                  |
|   | Other retained earnings  |                                   | Total retained earnings |                |                            |   |   |                  |
|   | Mine prospecting reserve | Retained earnings brought forward |                         |                |                            |   |   |                  |
| Balance at the beginning of the period  | 8,815                    | 859,882                           | 920,354                 | (5,248)        | 2,229,718                  | 44,595  | 44,595  | 2,274,314        |
| Cumulative effects of changes in accounting policies                                    |                          | 235                               | 235                     |                | 235                        |   |   | 235              |
| Restated balance  | 8,815                    | 860,118                           | 920,590                 | (5,248)        | 2,229,954                  | 44,595  | 44,595  | 2,274,549        |
| Changes during the period   |                          |                                   |                         |                |                            |   |   |                  |
| Provision of reserve for advanced depreciation of non-current assets                    |                          | (52)                              | —                       |                | —                          |   |   | —                |
| Reversal of reserve for advanced depreciation of non-current assets                     |                          | 0                                 | —                       |                | —                          |   |   | —                |
| Reversal of reserve for special account for advanced depreciation of non-current assets |                          | 50                                | —                       |                | —                          |   |   | —                |
| Reversal of reserve for special depreciation  |                          | 2,102                             | —                       |                | —                          |   |   | —                |
| Reversal of reserve for overseas investment loss  |                          | 3,708                             | —                       |                | —                          |   |   | —                |
| Provision of mine prospecting reserve   | 8,487                    | (8,487)                           | —                       |                | —                          |   |   | —                |
| Reversal of mine prospecting reserve  | (2,351)                  | 2,351                             | —                       |                | —                          |   |   | —                |
| Cash dividends paid   |                          | (26,286)                          | (26,286)                |                | (26,286)                   |   |   | (26,286)         |
| Net income  |                          | 149,110                           | 149,110                 |                | 149,110                    |   |   | 149,110          |
| Other changes in items other than those in shareholders' equity (net)                   |                          |                                   |                         |                |                            | 1,290   | 1,290   | 1,290            |
| Total changes during the period   | 6,136                    | 122,496                           | 122,824                 | —              | 122,824                    | 1,290   | 1,290   | 124,114          |
| Balance at the end of the period  | 14,952                   | 982,614                           | 1,043,414               | (5,248)        | 2,352,778                  | 45,885  | 45,885  | 2,398,664        |

[Translation for Reference Purposes Only]

## Notes to Non-Consolidated Financial Statements

[Significant Accounting Policies]

1. Valuation method for assets
  - (1) Valuation method for securities
    - Shares of subsidiaries and affiliates Stated at cost determined by the moving-average method
    - Other securities
      - With a determinable market value Stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.
      - Without a determinable market value Stated at cost determined by the moving-average method
  - (2) Valuation method for derivatives
    - Derivatives Fair value
  - (3) Valuation method for inventories
    - Finished goods, raw materials and supplies Determined by the moving-average method
    - Work in process and partly-finished construction Stated at identified cost method
2. Depreciation method of fixed assets
  - Tangible fixed assets (except leased assets) Straight-line method of depreciation is applied. Useful lives of significant fixed assets are as follows:
    - Buildings 2-50 years
    - Structures 2-60 years
    - Wells 3 years
    - Machinery and equipment 2-22 years
  - Intangible assets (except leased assets) Straight-line method of amortization is applied. Goodwill is amortized over 20 years. Software for internal use is amortized over 5 years.
  - Leased assets Depreciation of leased assets for financing lease transactions whose ownership are not to be transferred is calculated based on the straight-line method over the lease period assuming no residual value.
3. Basis for allowances
  - Allowance for doubtful accounts Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.
  - Allowance for recoverable accounts under production sharing Allowance for recoverable accounts under production sharing is provided for probable losses on specific investments made under production sharing contracts.
  - Allowance for investments in exploration Allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees.
  - Accrued bonuses to officers Accrued bonuses to officers are provided at expected payment amount for the fiscal year.

## [Translation for Reference Purposes Only]

|  |   |
|--|---|
| Accrued retirement benefits to employees                           | Accrued retirement benefits to employees are provided at the amount calculated based on the expected retirement benefit obligation and the estimated value of pension plan assets at the end of this period.<br>Actuarial gains and losses are charged or credited to income as incurred.   |
| Provision for loss on business                                     | Provision for loss on business is provided for future potential losses on crude oil and natural gas development, production and sales business individually estimated for each project.   |
| Provision for loss on business of subsidiaries and affiliates      | Provision for loss on business of subsidiaries and affiliates is provided for future potential losses on business operations of subsidiaries and affiliates at an estimated amount based on the financial positions of these companies.   |
| 4. Accounting for hedge transactions                               |   |
| Hedge accounting   | The special treatment is applied to interest rate swaps.  |
| Hedging instruments and hedged items                               | Hedging instruments: Interest rate swap transactions<br>Hedged items: Interest payments on borrowings   |
| Hedging policy   | The nominal amount of the derivative transaction is limited to within the scope of actual demand, and the Company does not engage in speculative derivative transactions.   |
| Hedge effectiveness assessment method                              | The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.  |
| 5. Other basis of presenting non-consolidated financial statements |   |
| Consumption tax  | Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.   |
| Recoverable accounts under production sharing                      | Cash investments made by the Company during exploration, development and production phases under a production sharing contract are recorded as “Recoverable accounts under production sharing” so long as they are recoverable under the terms of the relevant contract. When the Company receives crude oil and natural gas in accordance with the contract, an amount corresponding to the purchase costs of the products (i.e., a cost recovery portion of the investments) is released from this account. |

## [Changes in Accounting Policies]

Effective the year ended March 31, 2015, the Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No.26, issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, issued on March 26, 2015) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing expected retirement benefits to periods has been revised from the straight-line method to the benefit formula method, and the method of determining the discount rate has been revised from a method based on an approximation of the employees’ average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

In accordance with transitional accounting treatments as stated in Section 37 of the Accounting Standard, the impact of the changes in calculation methods for retirement benefit obligations and service costs has been recognized as an adjustment to retained earnings brought forward at the beginning of the year ended March 31, 2015.

As a result, accrued retirement benefits to employees decreased by ¥246 million while retained earnings brought forward increased by ¥235 million as of April 1, 2014. The impact on operating income, ordinary income and income before income taxes for this fiscal year was immaterial.

The impact on per share information was immaterial.

## [Changes in the Presentation]

### (Non-Consolidated Statement of Income)

“Interest income” and “Interest income on securities,” presented separately under “Other income” for the previous fiscal year, are included in “Other” under “Other income” for this fiscal year since they have become less significant. “Interest income” and “Interest income on securities” for this fiscal year are ¥13,128 million and ¥1,066 million, respectively. “Gain on sales of marketable securities,” included in “Other” under “Other income” for the previous fiscal year, is presented separately for this fiscal year since it has become more significant.

“Interest expense,” “Provision for loss on business” and “Provision for loss on business of subsidiaries and affiliates,”

### [Translation for Reference Purposes Only]

presented separately under “Other expenses” for the previous fiscal year, are included in “Other” under “Other expenses” for this fiscal year since they have become less significant. “Interest expense,” “Provision for loss on business” and “Provision for loss on business of subsidiaries and affiliates” for this fiscal year are ¥3,424 million, ¥2,102 million and ¥1,928 million, respectively.

[Notes to Non-Consolidated Balance Sheet]

#### 1. Assets provided as collateral and collateral-backed debt are as follows:

| (Collateralized assets)              |        | Millions of yen |
|--------------------------------------|--------|-----------------|
| Buildings                            | 1,036  | (1,036)         |
| Structures                           | 939    | (939)           |
| Wells                                | 48     | (48)            |
| Machinery and equipment              | 6,968  | (6,968)         |
| Tools, furniture and fixtures        | 11     | (11)            |
| Investment securities                | 937    | (—)             |
| Other (investments and other assets) | 217    | (—)             |
| Total                                | 10,158 | (9,004)         |

| (Secured debt)                             |       | Millions of yen |
|--|-------|-----------------|
| Accounts payable-other                     | 509   | (—)             |
| Long-term debt (including current portion) | 491   | (474)           |
| Others (long-term liabilities)             | 16    | (—)             |
| Total                                      | 1,018 | (474)           |

Amounts in parentheses ( ) above represent foundation collateral and liabilities.

#### 2. Accumulated depreciation

Accumulated depreciation of tangible fixed assets is ¥246,192 million.

#### 3. Contingent liabilities

(1) The Company is contingently liable as a guarantor of indebtedness of the following companies:

|  | Millions of yen |
|--|-----------------|
| INPEX North Caspian Sea, Ltd.              | 116,792         |
| Tanggung Trustee*                          | 16,168          |
| Fujian Tranche*                            | 5,731           |
| Sakhalin Oil and Gas Development Co., Ltd. | 1,914           |
| INPEX Offshore North Campos, Ltd.          | 1,260           |
| Japan Canada Oil Sands Limited             | 676             |
| Oceanic Breeze LNG Transport S.A.          | 179             |
| Employees (housing loans)                  | 92              |
| GAS GUARICO, S.A.                          | 52              |
| Total                                      | 142,867         |

\*Debt for investment funds of the Tangguh LNG Project through MI Berau B.V. and MI Berau Japan Ltd.

#### (2) Guarantee for derivatives

Ichthys LNG Pty Ltd ¥(36,433) million

The aforementioned derivative transactions are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. The amount is valuation gain (loss) on the derivatives.

#### (3) Completion guarantee

In connection with the Ichthys LNG project financing, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest.

The portion guaranteed by the Company at the end of this fiscal year was ¥958,502 million.

**[Translation for Reference Purposes Only]**

4. Monetary assets and liabilities from/to subsidiaries and affiliates

|  | Millions of yen |
|--|-----------------|
| Short-term monetary assets from subsidiaries and affiliates    | 164,366         |
| Long-term monetary assets from subsidiaries and affiliates     | 197,470         |
| Short-term monetary liabilities to subsidiaries and affiliates | 798,695         |
| Long-term monetary liabilities to subsidiaries and affiliates  | 30              |

[Notes to Non-Consolidated Statement of Income]

| Transactions with subsidiaries and affiliates  | Millions of yen |
|--|-----------------|
| Operating transactions                         |                 |
| Net sales                                      | 62,683          |
| Purchases                                      | 467             |
| Other operating transactions                   | 19,718          |
| Transactions other than operating transactions | 53,256          |

[Notes to Non-Consolidated Statement of Changes in Net Assets]

| Type and number of treasury stock at end of this period | Shares    |
|---|-----------|
| Common stock  | 1,966,400 |

[Notes to Tax Effect Accounting]

Significant components of deferred tax assets and liabilities

| Deferred tax assets   | Millions of yen |
|---|-----------------|
| Allowance for investments in exploration                                    | 42,492          |
| Loss on valuation of investment securities                                  | 3,606           |
| Loss on revaluation of land   | 221             |
| Accrued retirement benefits to employees                                    | 1,761           |
| Provision for loss on business  | 2,619           |
| Provision for loss on business of subsidiaries and affiliates               | 4,779           |
| Asset retirement obligations  | 929             |
| Accrued bonuses to employees  | 684             |
| Allowance for recoverable accounts under production sharing                 | 232             |
| Other   | 6,904           |
| Total deferred tax assets   | <u>64,230</u>   |
| Valuation allowance   | <u>(60,028)</u> |
| Total deferred tax assets   | 4,201           |
| Deferred tax liabilities  |                 |
| Unrealized holding gain on securities                                       | 2,536           |
| Reserve for overseas investment loss  | 4,098           |
| Translation differences due to an application of purchase accounting method | 1,925           |
| Mine prospecting reserve  | 983             |
| Reserve for special depreciation  | 719             |
| Other   | 754             |
| Total deferred tax liabilities  | <u>11,017</u>   |
| Net deferred tax liabilities  | <u>6,815</u>    |



**[Translation for Reference Purposes Only]**

**[Notes to Transactions with Related Parties]**

| Type       | Name of related party             | Voting interest (Owned)        | Description of the business relationship             | Transaction detail                                 | Amounts (Millions of yen)              | Accounts   | Balance (Millions of yen)              |
|------------|-----------------------------------|--------------------------------|--|--|--|--|--|
| Subsidiary | INPEX Trading, Ltd.               | Directly 100.00%<br>(Owned) -% | Serve the officer concurrently, capital subscription | Sales of crude oil (*1)                            | 60,889                                 | Accounts receivable-trade                                    | 4,995                                  |
|            | INPEX North Caspian Sea, Ltd.     | Directly 45.00%<br>(Owned) -%  |  | Loans of funds (*2)                                | —                                      | Long-term loans receivable from subsidiaries and affiliates  | 39,852                                 |
|            |                                   |                                |  | Loans of funds (*3)                                | 7,400                                  | Long-term loans receivable from subsidiaries and affiliates  | 7,400                                  |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*4)          | 2,985<br>(in millions of US\$)<br>29   | Short-term loans receivable from subsidiaries and affiliates | —                                      |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*5)          | —                                      | Short-term loans receivable from subsidiaries and affiliates | 5,578<br>(in millions of US\$)<br>46   |
|            |                                   |                                |  |  |  | Long-term loans receivable from subsidiaries and affiliates  | 22,314<br>(in millions of US\$)<br>185 |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*6)          | 60,145<br>(in millions of US\$)<br>499 | Long-term loans receivable from subsidiaries and affiliates  | 60,017<br>(in millions of US\$)<br>499 |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*7)          | 7,250<br>(in millions of US\$)<br>68   | Long-term loans receivable from subsidiaries and affiliates  | 41,673<br>(in millions of US\$)<br>346 |
|            |                                   |                                |  | Guarantee (*8)                                     | 116,792                                | —  | —                                      |
|            | Cash management (*9)              | —                              |  | Deposits received from subsidiaries and affiliates | 39,111                                 |  |  |
|            | Japan Oil Development Co., Ltd.   | Directly 100.00%<br>(Owned) -% |  | Cash management (*9)                               | —                                      | Deposits received from subsidiaries and affiliates           | 79,200                                 |
|            | INPEX Southwest Caspian Sea, Ltd. | Directly 51.00%<br>(Owned) -%  |  | Cash management (*9)                               | —                                      | Deposits received from subsidiaries and affiliates           | 167,957                                |
|            | INPEX Gas British Columbia Ltd.   | Directly 45.09%<br>(Owned) -%  |  | Loans of funds (denominated in CA\$) (*10)         | 39,627<br>(in millions of CA\$)<br>382 | Short-term loans receivable from subsidiaries and affiliates | 34,619<br>(in millions of CA\$)<br>365 |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*11)         | 2,393<br>(in millions of US\$)<br>23   | Short-term loans receivable from subsidiaries and affiliates | —                                      |
|            |                                   |                                |  | Loans of funds (denominated in US\$) (*12)         | 27,264<br>(in millions of US\$)<br>267 | Short-term loans receivable from subsidiaries and affiliates | —                                      |

**[Translation for Reference Purposes Only]**

| Type       | Name of related party                 | Voting interest (Owned)        | Description of the business relationship             | Transaction detail                         | Amounts (Millions of yen) | Accounts   | Balance (Millions of yen)              |
|------------|---------------------------------------|--------------------------------|--|--|---------------------------|--|--|
| Subsidiary | Teikoku Oil (North America) Co., Ltd. | Directly Owned 100.00%<br>-%   | Serve the officer concurrently, capital subscription | Loans of funds (denominated in US\$) (*13) | —                         | Short-term loans receivable from subsidiaries and affiliates | 56,670<br>(in millions of US\$)<br>471 |
|            | INPEX Holdings Australia Pty Ltd      | Indirectly Owned 100.00%<br>-% | Serve the officer concurrently                       | Cash management (*9)                       | —                         | Deposits received from subsidiaries and affiliates           | 417,033                                |
| Affiliate  | Ichthys LNG Pty Ltd                   | Indirectly Owned 62.25%<br>-%  | Serve the officer concurrently                       | Guarantee (*14)                            | 958,502                   | —  | —                                      |
|            |                                       |                                |  | Guarantee (*15)                            | (36,433)                  | —  | —                                      |

Note 1: The Company sells crude oil to INPEX Trading, Ltd. based on its market price, in accordance with the sales of crude oil contract.

Note 2: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in JPY) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2024. The Company did not accept any collateral.

Note 3: The Company determines the interest rate based on its market interest rates and other contracts upon loans of funds (denominated in JPY) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2024. The Company did not accept any collateral.

Note 4: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. There is no loan balance as of the end of this period because the loan was repaid on October 30, 2014. The Company did not accept any collateral.

Note 5: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2019. The Company did not accept any collateral.

Note 6: The Company determines the interest rate based on its market interest rates and other contracts upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2024. The Company did not accept any collateral.

Note 7: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2028. The Company did not accept any collateral.

Note 8: This refers to the guarantee that was set against the loans from financial institutions as a fund for business development. Amount of transactions represents the balance of guarantees at the end of this period.

Note 9: The Company adopts a cash management system (hereinafter “CMS”) for the purpose of efficient fund management within the Group. The amount of funds transactions through the CMS are not stated above because it is difficult to identify the amounts by transaction details. The Company determines the interest rate based on its market interest rate.

Note 10: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in CA\$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2015. The Company did not accept any collateral.

Note 11: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. There is no loan balance as of the end of this period because the loan was repaid on June 30, 2014. The Company did not accept any collateral.

Note 12: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US\$) in a reasonable and appropriate manner. There is no loan balance as of the end of this period because the loan was repaid on December 24, 2014. The Company did not accept any collateral.

Note 13: With regard to loans of funds (denominated in US\$), the Company adopts CMS. The amount of funds transactions through the CMS are not stated above because it is difficult to identify the amounts by transaction details. The Company determines the interest rate based on its market interest rates upon loans of funds in a reasonable and appropriate manner. The Company did not accept any collateral.

Note 14: This refers to the completion guarantee provided to lenders based on each participating interest of the Company in connection with the Ichthys LNG project financing. Amount of transactions represents the balance of guarantees provided by the Company at the end of this period.

Note 15: This refers to the guarantee of derivatives provided for derivative transactions which are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. Amount of transactions represents valuation gain (loss) on the derivatives.

**[Translation for Reference Purposes Only]**

[Notes to Per Share Information]

|                         |           |
|-------------------------|-----------|
| 1. Net assets per share | ¥1,642.52 |
| 2. Net income per share | ¥102.11   |

## Independent Auditor's Report

May 14, 2015

The Board of Directors  
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Kazuhiko Umemura  
Certified Public Accountant  
Designated and Engagement Partner

Satoshi Takahashi  
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 9th fiscal year from April 1, 2014 through March 31, 2015.

### *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 9th fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

**[Translation for Reference Purposes Only]**

*Conflicts of Interest*

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

## Independent Auditor's Report

May 14, 2015

The Board of Directors  
INPEX CORPORATION

Ernst & Young ShinNihon LLC

Kazuhiko Umemura  
Certified Public Accountant  
Designated and Engagement Partner

Satoshi Takahashi  
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 9th fiscal year from April 1, 2014 through March 31, 2015.

### *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 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 9th fiscal year ended March 31, 2015 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.

## Audit Report

With respect to the Directors' performance of their duties during the 9th business year (from April 1, 2014 to March 31, 2015), 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 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 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 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 14, 2015

The Audit & Supervisory Board, INPEX Corporation

|   |                         |
|---|-------------------------|
| Audit & Supervisory Board Member:                     | Yoshitsugu Takai (Seal) |
| Outside Audit & Supervisory Board Member:             | Haruhito Totsune (Seal) |
| Outside Audit & Supervisory Board Member:             | Koji Sumiya (Seal)      |
| Outside Audit & Supervisory Board Member (part-time): | Hiroshi Sato (Seal)     |
| Outside Audit & Supervisory Board Member (part-time): | Masaru Funai (Seal)     |