



Public Relations Group, Corporate Communications Unit
Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6332 JAPAN

March 27, 2017

INPEX to Sell Shares in INPEX NATUNA Ltd.
and Recognize Associated Losses

TOKYO, JAPAN- [INPEX CORPORATION](#) (INPEX) announced today that it has decided to sell all its shares in INPEX NATUNA Ltd., its wholly-owned subsidiary that holds a 35% participating interest in South Natuna Sea Block B (the Block) in Indonesia, to PT Medco Daya Sentosa (Medco), a subsidiary of PT Medco Energi Internasional Tbk., a listed Indonesian energy company.

Following its acquisition of a participating interest in the Block in 1977, INPEX began producing crude oil in 1979 and natural gas in 2001. Thereafter, crude oil, natural gas and liquid petroleum gas (LPG) development and production activities took place at multiple oil and gas fields in the Block, contributing to INPEX's continuous enhancement of E&P activities.

After almost 40 years since the start of oil production, the contribution of INPEX NATUNA, Ltd. in terms of income and cash flow is expected to become relatively limited. Hence with a view to optimize the Group's global asset portfolio, INPEX has decided to sell all its shares in INPEX NATUNA, Ltd.

In terms of the impact on the company's consolidated financial forecasts for the year ending March 31, 2017, INPEX expects an impact to the net income attributable to owners of parent of around 13.5 billion yen mainly as a result of reporting approximately 16.0 billion yen as non-operating expenses. However, the impact has already been factored into the revised consolidated financial forecasts for the year ending March 31, 2017 announced on February 10, 2017 as a loss associated with asset portfolio reviews, etc. Consolidated financial forecasts will therefore not be revised at this time.

1. About INPEX NATUNA Ltd.

(1) Name	INPEX NATUNA Ltd.		
(2) Location	5-3-1 Akasaka, Minato-ku Tokyo, Japan		
(3) Representative	Kenji Kawano (Representative Director)		
(4) Areas of business	Exploration, development, production and sales of oil and natural gas in South Natuna Sea Block B in Indonesia		
(5) Capital	12,690 million yen* ¹		
(6) Date of establishment	September 1, 1978		
(7) Major shareholders and shareholding ratio	INPEX CORPORATION (100%-owned)		
(8) Relationship between INPEX and INPEX NATUNA Ltd.	Capital relationship	100%-owned	
	Personnel relationship	INPEX dispatches five directors to INPEX NATUNA Ltd.	
	Business relationship	N/A	
(9) Financial standing and business results of INPEX NATUNA Ltd., over the last three years (in Japanese yen)			
Period	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets	67,412 million	72,779 million	80,315 million
Total assets	79,773 million	75,878 million	82,449 million
Net assets per share(Yen)	13,482.42	14,555.84	16,063.15
Net sales	67,686 million	58,569 million	35,629 million
Operating income	33,925 million	36,221 million	15,806 million
Ordinary income	36,344 million	40,507 million	15,745 million
Net income attributable to owners of parent	18,990 million	21,792 million	7,536 million
Net Income per share (Yen)	3,798.12	4,358.42	1,507.31
Dividends per share (Yen)	3,200	3,200	—

*1: INPEX NATUNA Ltd. capital has increased from 5,000 million yen (as of the end of March 2016) to 12,690 million yen as of March 27, 2017.

2. About Medco (as of March 23, 2017)

(1) Name	PT MEDCO DAYA SENTOSA		
(2) Location	Special Capital Region of Jakarta, Indonesia		
(3) Representative	Hilmi Panigoro (President Director)		
(4) Areas of business	Exploration and production of oil and natural gas		
(5) Capital	IDR 1,000,000,000		
(6) Date of establishment	November 1, 2016		
(7) Total Net assets	IDR 550,000,000		
(8) Total assets	IDR 550,000,000		
(9) Major shareholders and shareholding ratio	PT Medco Energi Internasional Tbk (99.0%), PT Medco Daya Abadi Lestari (1.0%)		
(10) Relationship between INPEX CORPORATION and Medco	Capital relationship	N/A	
	Personnel relationship	N/A	
	Business relationship	N/A	

	relationship	
	Concerned as related party	N/A

(Reference) About PT Medco Energi Internasional Tbk

(1) Name	PT Medco Energi Internasional Tbk	
(2) Location	Special Capital Region of Jakarta, Indonesia	
(3) Representative	Hilmi Panigoro (President Director)	
(4) Areas of business	Exploration and production of oil and natural gas, mining of natural resources including copper, gold and coal, power utility business	
(5) Capital	101,154,464 US dollars	
(6) Date of establishment	June 9, 1980	
(7) Total Net assets	746,646,213 US dollars	
(8) Total assets	3,013,437,819 US dollars	
(9) Major shareholders and shareholding ratio	Encore Energy (50.7%), Credit Suisse (20.7%)	
(10) Relationship between INPEX CORPORATION and PT Medco Energi Internasional Tbk	Capital relationship	N/A
	Personnel relationship	N/A
	Business relationship	INPEX acquired a stake in a PT Medco Energi Internasional Tbk's affiliate through a subsidiary to take part in a geothermal power plant project in Indonesia.
	Concerned as related party	N/A

3. Number of transferred shares and the status of shares held before and after the transfer

(1) Number of shares held before the transfer	30,361,882 shares (Percentage of voting rights: 100%)
(2) Number of transferred shares	30,361,882 shares (Percentage of voting rights: 100%)
(3) Transfer price	167,000,000 US dollars
(4) Number of shares held after the transfer	0 shares (Percentage of voting rights: 0%)

4. Timeline of transfer of shares

(1) Resolution of Board of Directors	March 27, 2017
(2) Signature of transfer agreement	March 27, 2017
(2) Execution of transfer	The transfer of shares is scheduled to be executed at the end of May 2017 after all the conditions for the transfer agreement are met.

<Overview of the Block>

South Natuna Sea Block B is located 1,200km north of Jakarta, Indonesia in the Natuna Sea where the water depth is approximately 50~55m. The average production rate for the Block for the year 2016 was approximately 20,000bbl/d of crude oil, 197MMscf/d of natural sales gas and 6,000bbl/d of LPG. The Block's participating interest ratio prior to the sales of all shares is as follows: INPEX 35%, Medco E&P Natuna 40% (Operator) and Chevron 25%.

<Reference>

INPEX's Consolidated financial forecasts for the year ending March 31, 2017 (Announced on February 10, 2017) and consolidated financial results for the previous fiscal year.

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent
Consolidated financial forecasts for the year ending March 31, 2017	Millions of yen 878,000	Millions of yen 335,000	Millions of yen 340,000	Millions of yen 48,000
Consolidated financial results for the year ended March 31, 2016	Millions of yen 1,009,564	Millions of yen 390,139	Millions of yen 374,771	Millions of yen 16,777

About INPEX

INPEX CORPORATION is Japan's largest exploration and production (E&P) company, and a mid-tier E&P player just behind the world's oil majors. INPEX is currently involved in approximately 70 projects across more than 20 countries, including the Ichthys LNG Project in Australia as Operator. Through sustainably growing its oil and gas development business, INPEX aims to become a top class international oil and gas E&P Company and continue providing a stable and efficient supply of energy to its customers. For more information, visit www.inpex.co.jp/english/index.html.

Media Contact: INPEX Tokyo Office, Public Relations Group, Tel) +81-3-5572-0233