

Financial results for the six months ended September 30, 2018  
Appendix

INPEX CORPORATION

November 8, 2018

Subsidiaries and Affiliates

**63 consolidated subsidiaries**

Major subsidiaries	Country/region	Ownership	Stage	Accounting term
Japan Oil Development Co., Ltd.	UAE	100%	Production	March (provisional settlement of account)
JODCO Onshore Limited	UAE	51 %	Production	December
JODCO Lower Zakum Limited	UAE	100%	Production	December
INPEX Sahul, Ltd.	Timor Sea Joint Petroleum Development Area	100%	Production	December
INPEX Ichthys Pty Ltd	Australia	100%	Production	March (provisional settlement of account)
INPEX Southwest Caspian Sea, Ltd.	Azerbaijan	51%	Production	March (provisional settlement of account)
INPEX North Caspian Sea, Ltd.	Kazakhstan	51%	Production	March (provisional settlement of account)
INPEX Oil & Gas Australia Pty Ltd	Australia	100%	Development	December
INPEX Gas British Columbia Ltd.	Canada	45.09%	Production/ Evaluation	December

**20 equity method affiliates**

Major affiliates	Country/region	Ownership	Stage	Accounting term
MI Berau B.V.	Indonesia	44%	Production	December
Angola Block 14 B.V.	Angola	49.99%	Production	December
INPEX Offshore North Campos, Ltd.	Brazil	37.5%	Production	December
Ichthys LNG Pty Ltd	Australia	62.245%	*	March (provisional settlement of account)

\*The project commenced LNG shipment as announced on October 23, 2018.

# Segment information

For the six months ended September 30, 2018 (April 1, 2018 through September 30, 2018)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Sales to third parties	58,678	14,714	60,115	298,670	6,026	438,205	-	438,205
Segment income (loss)	14,211	(312)	19,437	204,652	(2,151)	235,838	(9,403)	226,434

Note: 1. Adjustments of segment income of ¥(9,403) million include elimination of inter-segment transactions of ¥7 million and corporate expenses of ¥(9,410) million. Corporate expenses are mainly amortization of goodwill that are not allocated to a reportable segment and general administrative expenses.  
2. Segment income is reconciled with operating income on the consolidated Statements of Income.

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# LPG Sales

	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Net sales (Billions of yen)	2.5	0.4	(2.1)	(83.6%)
Sales volume (thousand bbl)	587	76	(511)	(87.1%)
Average unit price of overseas production (\$/bbl)	38.99	50.40	11.41	29.3%
Average unit price of domestic production (¥/kg)	63.84	74.76	10.92	17.1%
Average exchange rate (¥/\$)	111.23	108.53	2.70yen appreciation	2.4% appreciation

Sales volume by region (thousand bbl)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Japan	2 (0.2 thousand ton)	2 (0.1 thousand ton)	(0) (-0.0 thousand ton)	(14.4%)
Asia & Oceania	585	74	(511)	(87.3%)
Eurasia (Europe & NIS)	-	-	-	-
Middle East & Africa	-	-	-	-
Americas	-	-	-	-
Total	587	76	(511)	(87.1%)

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# EBIDAX



(Millions of yen)	Apr. – Sep. '17	Apr. – Sep. '18	Change	Note
Net income attributable to owners of parent	30,152	34,034	3,882	P/L
Net income (loss) attributable to non-controlling interests	3,664	7,010	3,346	P/L
Depreciation equivalent amount	83,815	55,097	(28,718)	
Depreciation and amortization	45,448	41,710	(3,738)	C/F Depreciation under concession agreements and G&A
Amortization of goodwill	3,380	3,380	-	C/F
Recovery of recoverable accounts under production sharing (capital expenditures)	34,987	10,007	(24,980)	C/F Depreciation under PS contracts
Exploration cost equivalent amount	(1,845)	2,697	4,542	
Exploration expenses	944	1,007	63	P/L Exploration expense under concession agreements
Gain on reversal of allowance for recoverable accounts under production sharing	(2,789)	-	2,789	P/L Exploration expense under PS contracts
Provision for allowance for recoverable accounts under production sharing	-	1,690	1,690	P/L Exploration expense under PS contracts
Material non-cash items	1,573	855	(718)	
Income taxes-deferred	5,133	5,210	77	P/L
Foreign exchange loss (gain)	(3,560)	(4,355)	(795)	C/F
Net interest expense after tax	(625)	479	1,104	P/L After-tax interest expense minus interest income
<b>EBIDAX</b>	<b>116,734</b>	<b>100,172</b>	<b>(16,562)</b>	

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## Analysis of Recoverable Accounts under Production Sharing



(Millions of yen)	Apr. - Sep. '17	Apr. - Sep. '18	Note
Balance at beginning of the period	659,201	589,098	
Add:			
Exploration costs	1,638	1,613	Mainly Iraq Block10
Development costs	10,104	11,590	Mainly ACG
Operating expenses	23,383	7,719	Mainly ACG and Kashagan
Other	3,838	5,647	
Less:			
Cost recovery (CAPEX)	34,987	10,007	Mainly ACG
Cost recovery (non-CAPEX)	26,354	20,301	Mainly ACG and Kashagan
Other	24,063	-	
Balance at end of the period	612,762	585,361	Mainly Kashagan
Less allowance for recoverable accounts under production sharing at end of the period	100,061	83,345	

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# Net Income Sensitivities



※As of May 10, 2018

- Sensitivities of crude oil price and foreign exchange fluctuation on consolidated net income attributable to owners of parent for the year ending March 31, 2019 (Note 1) (Billions of yen)

■ Brent Crude Oil Price; \$1/bbl increase (decrease) (Note 2) (Note 4)	+1.6 (-1.6)
■ Exchange Rate; ¥1 depreciation (appreciation) against the U.S. dollar (Note 3) (Note 5)	+1.2 (-1.2)

(Note1) The sensitivities represent the impact on net income for the year ending March 31, 2019 against a \$1 /bbl increase (decrease) of Brent crude oil price on average basis and a ¥ 1 depreciation (appreciation) against the U.S. dollar. These are based on the financial situation mainly of existing production projects at the beginning of the fiscal year. These are for reference purposes only and the actual impact may be subject to change in production volumes, capital expenditures and cost recoveries, and may not be constant, depending on crude oil prices and exchange rates.

(Note2) This is a sensitivity on net income by fluctuation of crude oil price and is subject to the average price of crude oil (Brent) .

(Note3) This is a sensitivity on net income by fluctuation of the yen against the U.S. dollar and is subject to the average exchange rate. On the other hand, a sensitivity related to valuation for assets and liabilities denominated in the U.S. dollar on net income incurred by foreign exchange differences between the exchange rate at the end of the fiscal year and the end of the previous fiscal year is almost neutralized.

(Note4) Following the Ichthys LNG Project's shipment of cargo, the sensitivities of Brent Crude Oil Price will be approximately double.

(Note5) Following the Ichthys LNG Project's shipment of cargo, the sensitivities of Exchange Rate will increase approximately 20%.

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## Sales and Investment plan for the year ending March 31, 2019



Forecasts for the year ending March 31, 2019		As of May 10, 2018	As of Nov 7, 2018	Change	【Reference】 Apr.-Sep. '18 (Actual)
Sales Volume	Crude oil (Mbbl) <sup>1</sup>	98,604	102,481	3,877	46,462
	Natural gas (MMcf) <sup>2</sup>	284,278	257,304	(26,974)	69,026
	Overseas	201,982	174,662	(27,320)	32,971
	Japan	82,297 (2,205 million m <sup>3</sup> )	82,643 (2,214 million m <sup>3</sup> )	346 (9 million m <sup>3</sup> )	36,055 (966 million m <sup>3</sup> )
	LPG (Mbbbl) <sup>3</sup>	141	170	29	76

(Billions of yen)

Development expenditure <sup>4</sup>	326.0	328.0	2.0	183.0
Other capital expenditure	3.0	2.0	(1.0)	0
Exploration expenditure	13.0	12.0	(1.0)	2.0
Exploration expenses and Provision for explorations <sup>5</sup>	Exploration Cost 6.2 Provision for allowance for exploration 7.7 13.9	Exploration Cost 7.0 Provision for allowance for exploration 6.3 13.4	(0.5)	Exploration Cost 1.0 Provision for allowance for exploration 1.6 2.6
(Non-controlling interest portion) <sup>6</sup>	2.2	2.0	(0.2)	0

Note

1 CF for domestic crude oil sales and petroleum products : 1kl=6.29bbl

2 CF for domestic natural gas sales : 1m<sup>3</sup>=37.32cf

3 CF for domestic LPG sales : 1t=10.5bbl

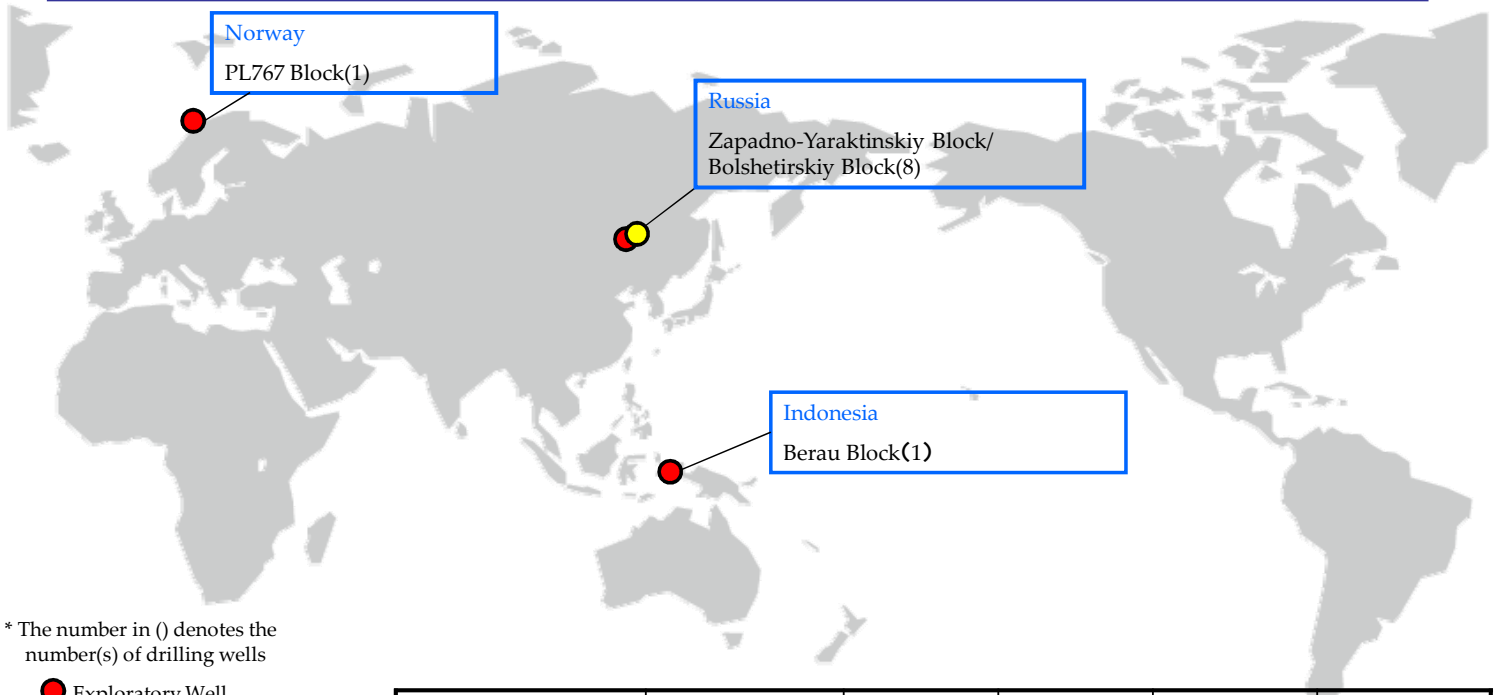
4 Development expenditure includes investment in Ichthys downstream

5 "Provision for allowance for recoverable accounts under production sharing" + "Provision for exploration projects", related to exploration activities

6 Capital increase from Non-controlling interests, etc.

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# FY 2019/03 Exploration Work Programs\* **INPEX**



\* The number in () denotes the number(s) of drilling wells

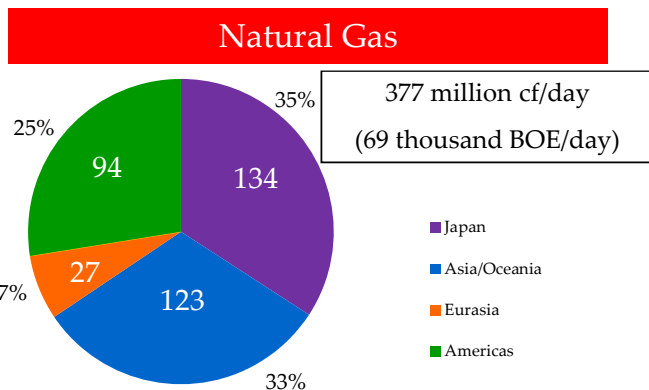
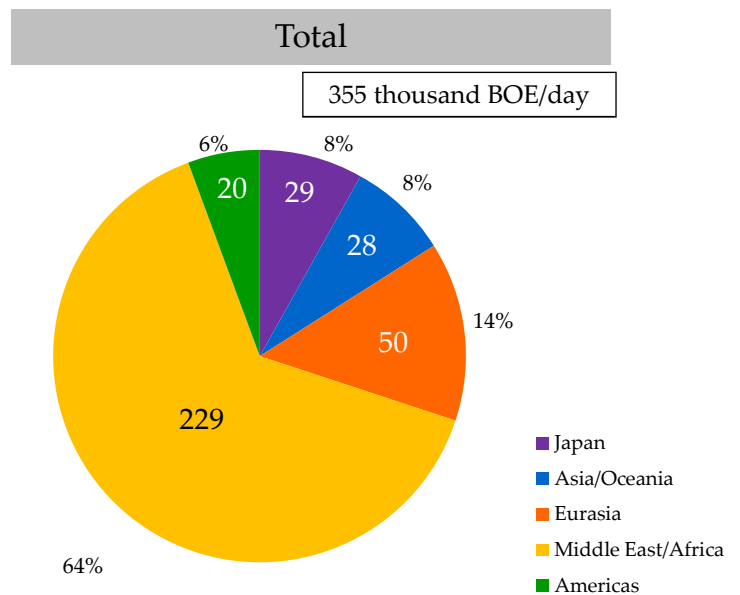
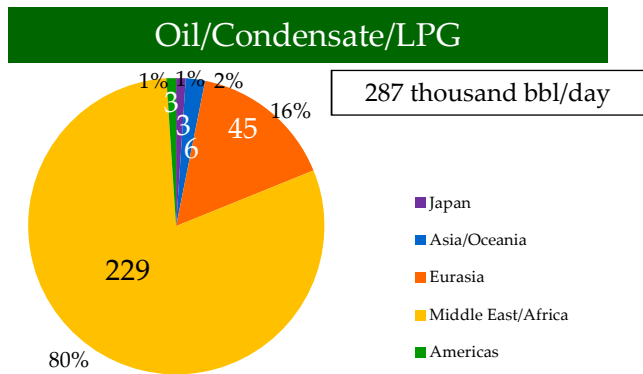
- Exploratory Well
- Delineation Well

\*\* Appraisal wells are not disclosed and detailed exploration work programs for several projects are not disclosed due to obligation of confidentiality etc.

	Exploration Expenditure (Billions of Yen)	Exploratory Wells (wells)	Delineation Wells (wells)	Seismic Survey 2D (km)	Seismic Survey 3D (km <sup>2</sup> )
Mar. '19 (E)	12.0	3	7	0	6,833
Completed or in operation	2.0	0	3	0	6,755

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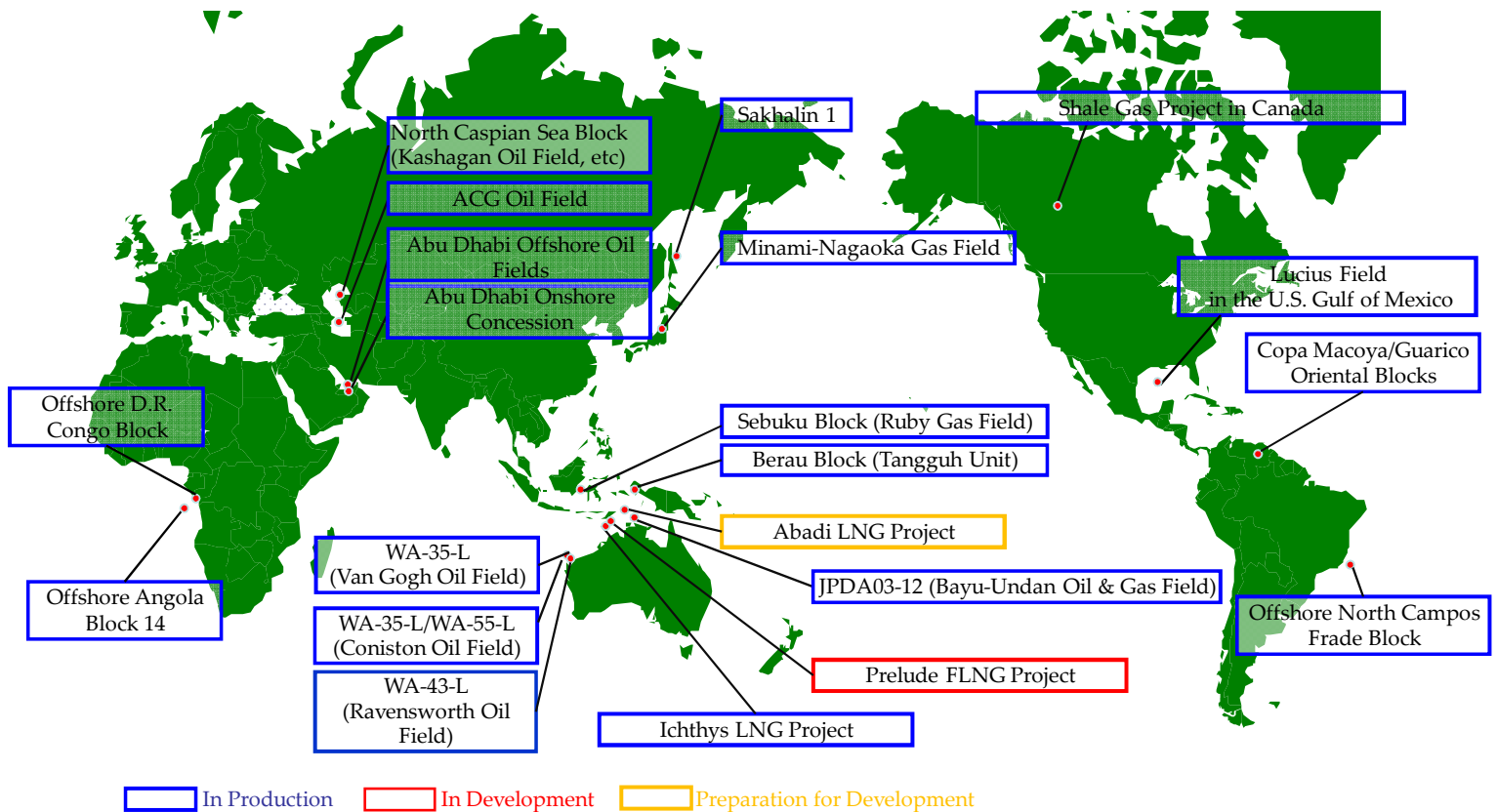
# Net Production\* (Apr. 2018 – Sept. 2018) **INPEX**



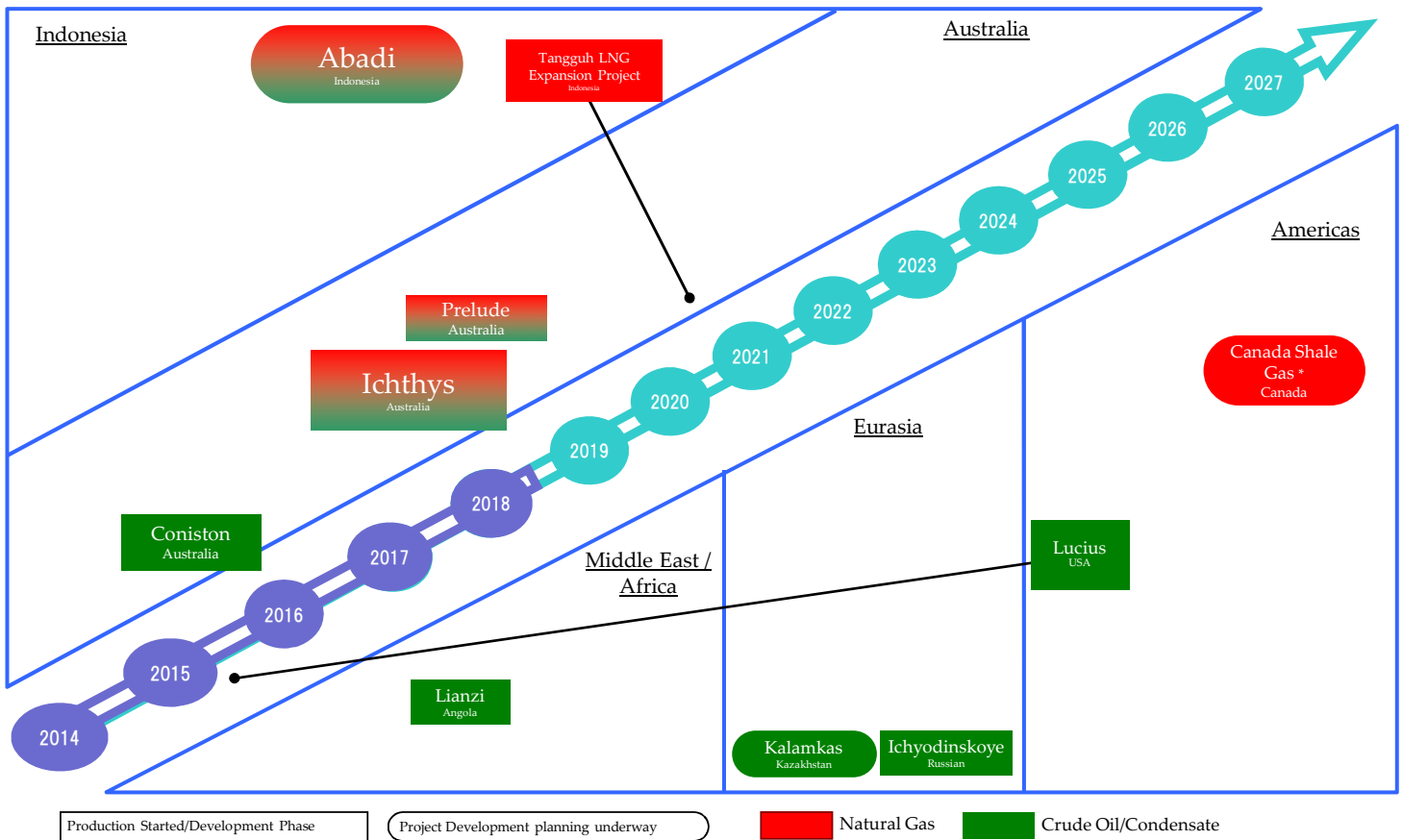
\* The production volume of crude oil and natural gas under the production sharing contracts entered into by the INPEX Group corresponds to the net economic take of the INPEX Group.

# Project Summary

## Major Assets in Production & Development **INPEX**

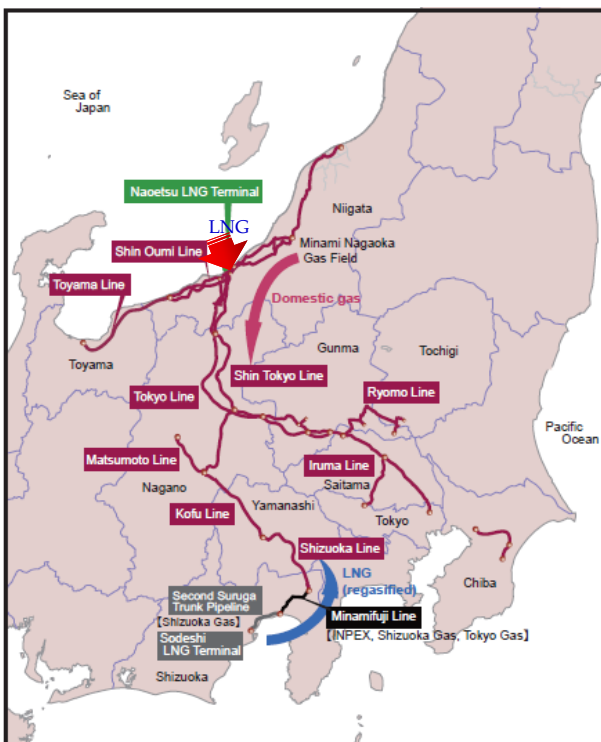


# Production Start-up Schedule



12 \* Partially in production

# Natural Gas Business in Japan



-Production volume\* :

- Natural gas: approx. 3.6 million m<sup>3</sup>/d (134 million scf/d)\*\*
- Crude oil and condensate: approx. 4,000 bbl/d

-Natural Gas Sales

- FY 2018/03: approx. 2,120 million m<sup>3</sup>\*\*
- FY 2019/03 1<sup>st</sup> half: approx. 970 million m<sup>3</sup>\*\*
- FY 2019/03(e): approx. 2,210 million m<sup>3</sup>\*\*
- Distribution outlook: 2,500 million m<sup>3</sup> per year in the first half of the 2020s, 3,000 million m<sup>3</sup> per year in the long-term

-Global Gas Value Chain

- Started commercial operations at Naoetsu LNG Terminal in December 2013
- Toyama Line completed in June 2016
- First LNG cargo of Ichthys LNG project arrived at Naoetsu LNG Terminal in October 2018.

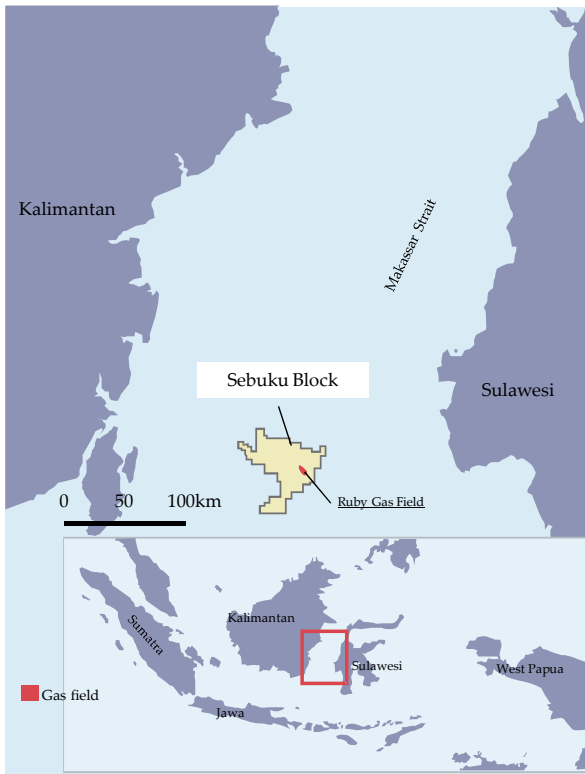
\*sum of crude oil and gas fields in Japan: average daily volume for the six months ended September, 30, 2018

\*\*1m<sup>3</sup> =41.8605MJ

# Sebuku Block (Ruby Gas Field)

INPEX South Makassar, Ltd.

**INPEX**



- Participating Interest: 15%  
(Operator : PEARLOIL (Mubadala))
- Production volume\*:
  - Natural Gas\*\* : Approximately 86 million cf/d
- PSC: Until 2027
- FOA (Farm Out Agreement) with PEARLOIL was approved by the Indonesian government in September 2010.
- FID (Final Investment Decision) in June 2011
- Offshore facilities tied in to the onshore facilities of the Mahakam Block by subsea pipeline.
- Produced gas is mainly supplied to domestic fertilizer plants in Indonesia.
- Production commenced in October 2013.

\* Average rate for Sep. 2018 on the basis of all fields.

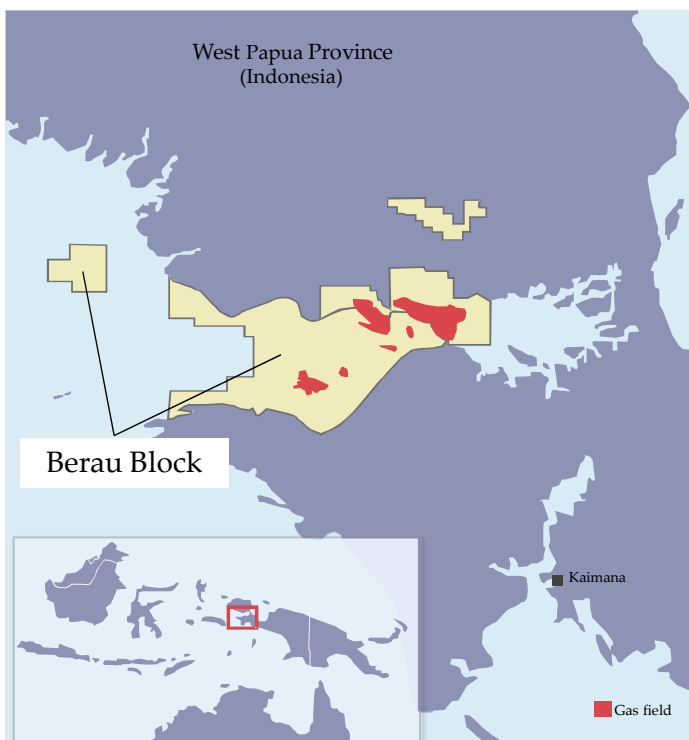
\*\* Volume not at the wellhead but corresponding to the sales to buyers.

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# Berau Block (Tangguh LNG Project)

MI Berau B.V. / MI Berau Japan Ltd.

**INPEX**



- MI Berau B.V./MI Berau Japan Ltd.\* : Joint venture with Mitsubishi Corporation (INPEX 44%, Mitsubishi Corp. 56%)

\*MI Berau Japan owns a share of approximately 16.5% in KG Berau Petroleum Ltd.

- Participating Interest: (INPEX net 7.79%)
  - MI Berau: 16.3% of Tangguh Unit
  - KG Berau Petroleum: 8.56% of Tangguh Unit (Operator: BP)
- Production volume\*:
  - Condensate: Approximately 6,000 bbl/d
  - Natural Gas\*\* : Approximately 1,122 million cf/d
  - PSC: Until 2035
- LNG production capacity: 7.6 million tons per year
- LNG sales started in July 2009
- Made FID for an expansion project to add a third LNG train with a 3.8 million t/y production capacity in July 2016

\* Average rate for Sep. 2018 on the basis of all fields.

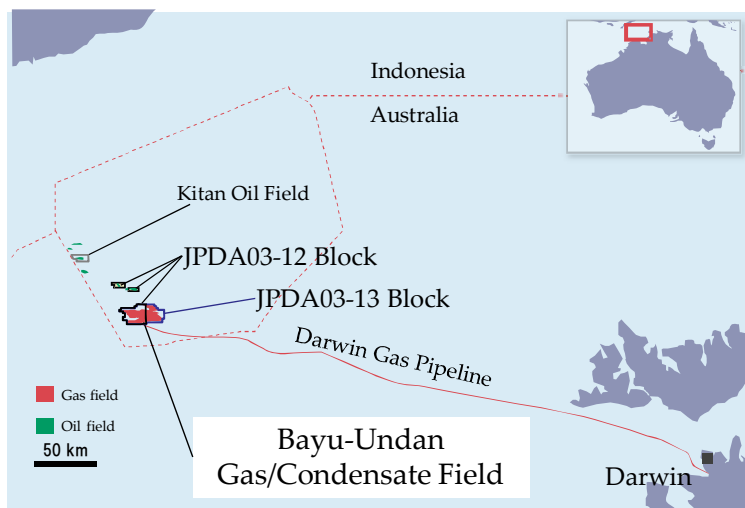
\*\* Volume not at the wellhead but corresponding to the sales to buyers.

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# JPDA03-12 /JPDA03-13 Block (Bayu-Undan Gas Condensate Field)

## INPEX Sahul, Ltd.



- Participating Interest: 11.378120% (Operator: ConocoPhillips)
- Production volume\*:
  - Condensate: Approximately 10,000 bbl/d
  - LPG: Approximately 7,000 bbl/d
  - Natural Gas\*\*: Approximately 554 million cf/d
- PSC: Until 2022
- Sales of condensate and LPG started in February 2004
- Entered into an LNG Sales Contract with TEPCO (currently JERA) and Tokyo Gas in August 2005 (3 million t/y for 17 years from 2006)
- LNG sales started in February 2006

### [Timor Maritime Boundary Issue]

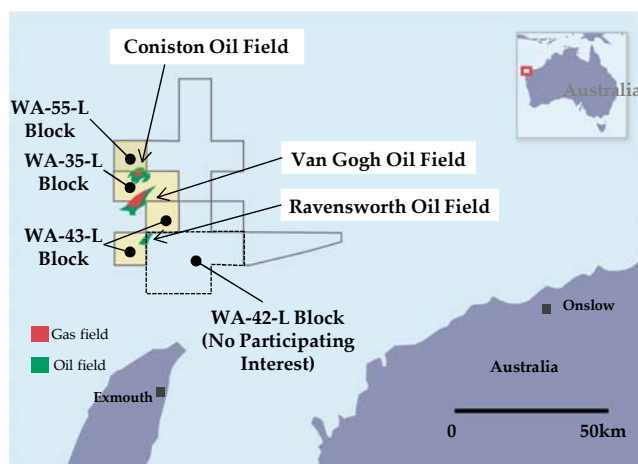
- Timor Leste and Australia signed a new Timor Maritime Boundary Treaty in March 2018. Procedures for ratification in both countries are currently being conducted.
- Governments of Timor Leste and Australia, together with project operator ConocoPhillips, are currently in discussions regarding conditions equivalent for revised PSCs under the new Treaty.

\* Average rate for Sep. 2018 on the basis of all fields.

\*\*Not wellhead volume but corresponding to gas sales volume.

# Van Gogh, Coniston and Ravensworth oil fields

## INPEX Alpha, Ltd.



### Van Gogh Oil Field (WA-35-L) / Coniston Oil Field (WA-35-L/WA-55-L)

- Participating Interest: 47.499% (Operator: Quadrant Energy)
- Concession Agreement: Valid until end of production
- Production volume\*:
  - Crude Oil: Approximately 6,000bbl/d
- Van Gogh Oil Field: Production started in February 2010
- Coniston Oil Field: Production started in May 2015
- Novara Structure (Coniston Oil Field): Production started in July 2016

### Ravensworth Oil Field (WA-43-L)

- Participating Interest: 28.5% (Operator : BHPBP)
- Production volume\*:
  - Crude Oil: Approximately 7,000bbl/d
- Concession Agreement: Valid until end of production
- Tied in to the production facilities of the adjacent WA-42-L block
- Production started in August 2010

\* Average rate for Sep. 2018 on the basis of all fields.

# Ichthys LNG Project Overview

– Marketing:

- ✓ LNG: Secured LNG SPAs covering 8.4 million t/y of LNG
- ✓ LPG: Secured LPG SPA covering INPEX's share, etc.

– Key permits:

- ✓ All environmental, pipeline and production licenses obtained

– Project Financing:

- ✓ US\$ 20 billion project financing agreements with ECAs and major commercial banks completed in December 2012

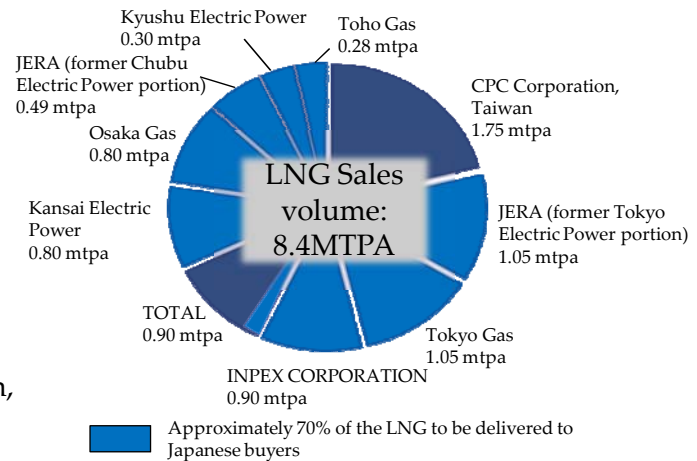
– EPC work: Major EPC contracts awarded

Upstream

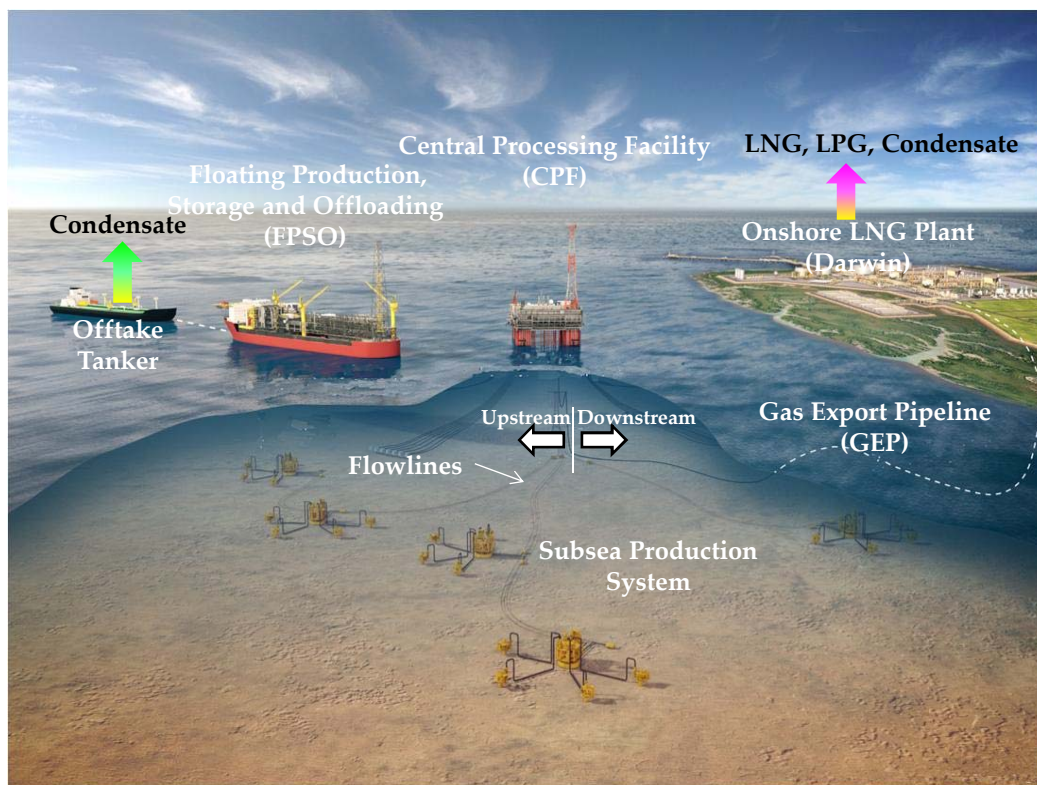
CPF: Samsung Heavy Industries,  
FPSO: Daewoo Shipbuilding & Marine Engineering,  
Subsea Production System (SPS): GE Oil & Gas,  
Umbilical, Riser and Flowline (URF): McDermott

Downstream

Onshore LNG Plant: JGC, Chiyoda and KBR,  
Gas Export, Pipeline(GEP): Saipem S.p.A, Mitsui Corporation,  
Sumitomo Corporation and Metal One Corporation,  
Dredging in Darwin Harbour: Van Oord,  
Instrumentation and Control System: Yokogawa Electric (including upstream facilities)



# Ichthys LNG Project Development Concept



# Ichthys LNG Project History since FID **INPEX**

## ■ History since Final Investment Decision (FID)

Key Milestone	2012	2013	2014	2015	2016	2017	2018
<b>FID</b>	●						
<b>(Offshore facilities / Production wells)</b>							
• Steel cutting ceremony for CPF and FPSO		●					
• Assembly work start-up for CPF and FPSO			●				
• FPSO hull launch			●				
• Completion of laying gas export pipeline				●			
• Commencement of drilling of production wells				●			
• Completion of laying subsea flowlines					●		
• Completion of CPF and FPSO sailed away, mooring and hook-up						●	
• Start of the commissioning of CPF and FPSO						●	
• Completion of commissioning for all key offshore facilities							●
<b>(Onshore facilities)</b>							
• Groundbreaking ceremony of LNG plant in Darwin	●						
• Commencement of construction on modules, jetties and tanks		●					
• Completion of dredging in Darwin harbor			●				
• Completion of production loading jetty					●		
• Completion of construction and delivery of LNG plant modules					●		
• Completion of hydrostatic testing on all product tanks						●	
• Start-up of power generation facilities						●	
• Completion of commissioning for all key onshore facilities							●
<b>(Overall project)</b>							
• Acquisition of a production license / Project financing agreements	●						
• Arrangement of insurance for the facilities during construction period		●					
• Agreement of new shipping vessels		●					
• Completion of half of the overall Project scope			●				
• Increased in LNG production capacity from 8.4 to 8.9 million t/y				●			
• Agreement in principle with Astomos Energy Corporation on sales of LPG						●	
• Naming ceremony for LNG tanker to supply Naoetsu LNG terminal and CPC Corporation						●	
<b>Commencement of gas production from the wellhead</b>							●
<b>Commencement of shipment of condensate, LNG and LPG</b>							●

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## Ichthys LNG Project CPF

**INPEX**



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# Ichthys LNG Project FPSO

**INPEX**



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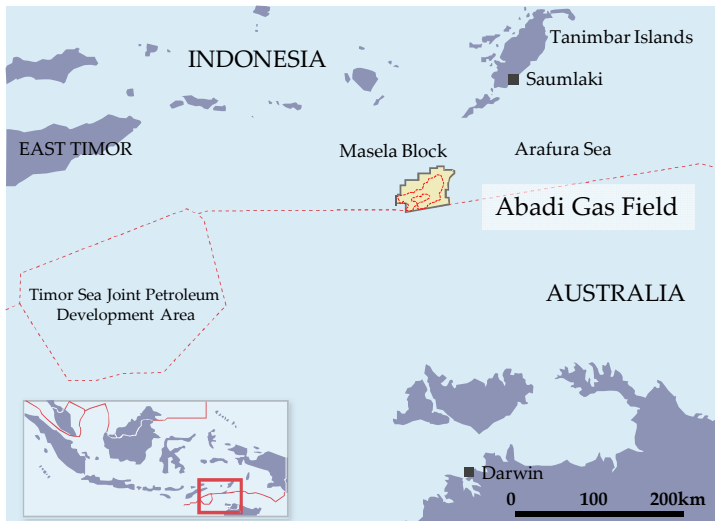
# Ichthys LNG Project Onshore Gas Liquefaction Plant

**INPEX**



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# Abadi LNG Project



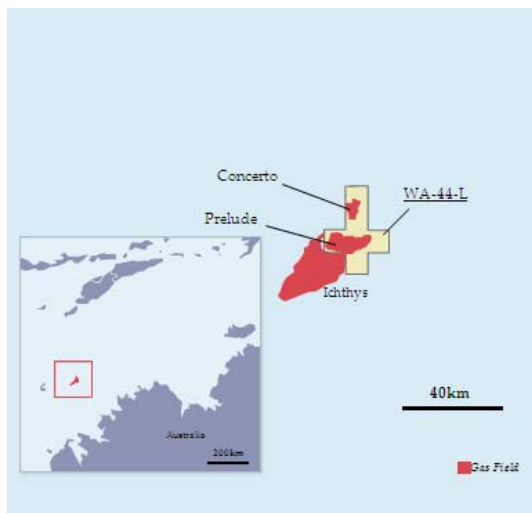
- Received notification from the Indonesian government instructing to re-propose a plan of development based on onshore LNG in April 2016
- Conducted Pre-FEED work based on an onshore LNG development scheme with an annual LNG production capacity of 9.5 million tons from March to October 2018
- Listed by the Indonesian government as a national strategic project in June 2017 and as a priority infrastructure project in September 2017.
- PS Contract requires transfer of 10% participating interest to an Indonesian Participant to be designated by the Indonesian government.
- PSC: Until 2028

■ Participating Interest  
 - INPEX(Operator): 65%, Shell: 35%

■ Current phase: Preparation for Development

# Prelude FLNG Project

## INPEX Oil & Gas Australia Pty Ltd.

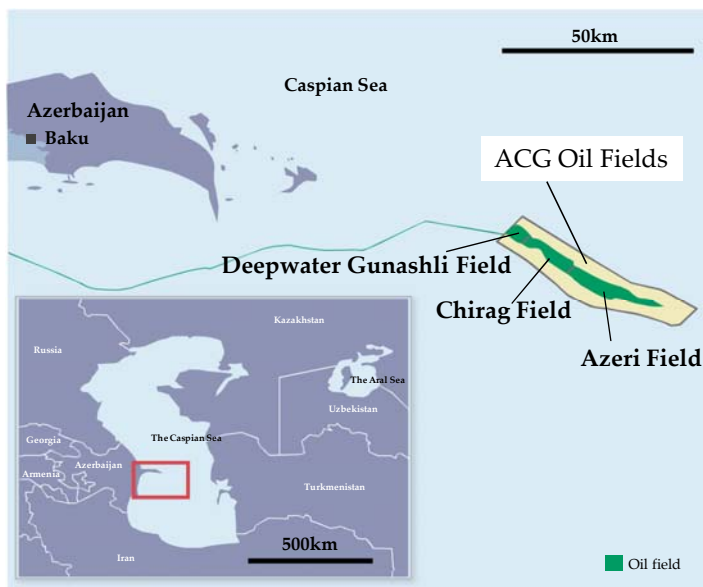


FLNG

- Participating Interest: 17.5% (Operator: Shell)
- Reserves: approximately 3 trillion cf of natural gas (Prelude and Concerto gas fields)
- Production volume: 3.6 million t/y of LNG, along with approx. 0.4 million t/y of LPG at peak and approx. 36,000 bbl/d of condensate at peak
- FID made in May 2011
- Floating LNG facility (FLNG) sailed away from its construction site in Geoje, South Korea in June 2017, and arrived in Australian waters in July.
- FLNG undertook LNG Import in June 2018 for commissioning.
- FLNG is undergoing commissioning.
- Reached agreements on LNG sales and purchases with JERA (approx. 0.56 MTPA) and Shizuoka Gas (approx. 0.07 MTPA) respectively from INPEX's equity portion of the project's LNG output (approx. 0.63MTPA)

# ACG Oil Fields

## INPEX Southwest Caspian Sea, Ltd.



- Participating Interest: 9.3072%\* (Operator: BP)
- Production volume\*\*
  - Crude Oil: Approximately 596,000 bbl/d
- PSC: Until 2049\*\*\*
- Started oil production in the Chirag Field in 1997
- Started oil production in the central section of the Azeri Field in February 2005
- Started oil production in the western section of the Azeri Field in December 2005
- Started oil production in the eastern section of the Azeri Field in October 2006
- Started oil production in the Deepwater Gunashli Field in April 2008
- Started oil production in the western section of the Chirag Field in January 2014

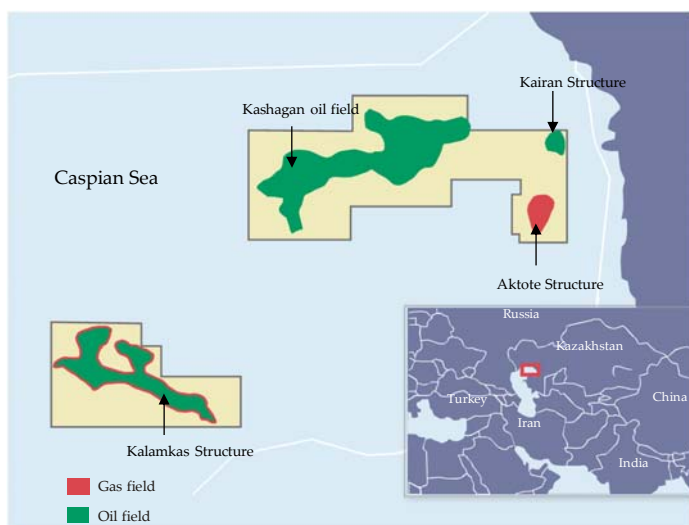
\* INPEX's participating interest has changed to 9.3072% as a result of the extension and amendment of the PSA effective January 1, 2018.

\*\* on the basis of all fields and average daily volume for 1H 2018.

\*\*\* The extension of the PSA until 2049 was agreed in 2017.

# Kashagan Oil Field, others

## INPEX North Caspian Sea, Ltd.



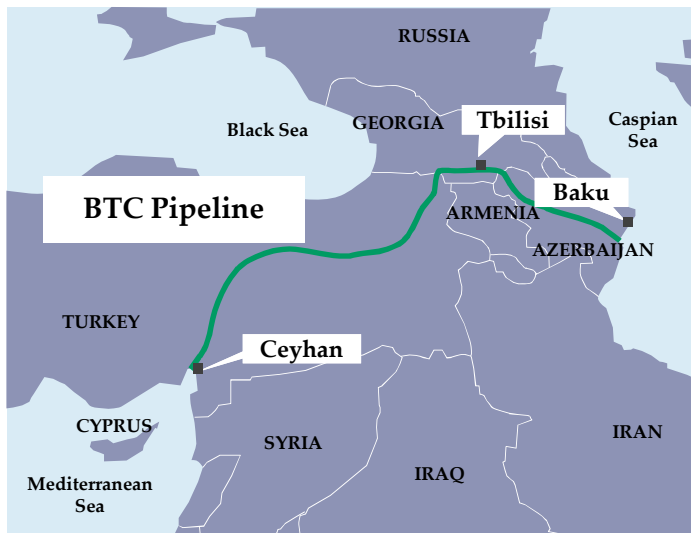
- Participating Interest: 7.56% (Operator: NCOC (North Caspian Operating Company))
- PSC: Kashagan – Until 2021\*
- Production volume\*\*
  - Crude Oil: Approximately 297,000 bbl/d
  - Aiming to reach target production volume of 370,000 bbl/d at an early stage.
- Oil shipments at Kashagan Oil Field commenced from October 2016
- Kalamkas structure undergoing discussions and studies on potential joint development with adjacent field.
- Agreed with the-Kazakhstan government on extending the evaluation period of Aktote/Kairan structures by five years and continuing development scenario studies.

\*Current PSC provides option to extend the contract period by 2 x 10 years (until 2041)

\*\* Average daily production volume for Sep. 2018 on the basis of all fields

# BTC (Baku-Tbilisi-Ceyhan) Pipeline Project

INPEX BTC Pipeline, Ltd.

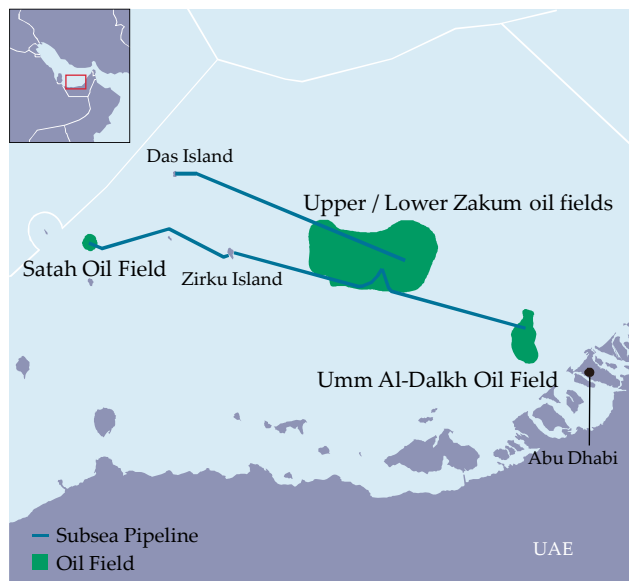


- Participating Interest : 2.5%  
(Operator : BP)
- Oil export volume : Approximately 690,000 bbl/d\*
- Acquired a 2.5% participating interest in the operating company (BTC Co.) through INPEX BTC Pipeline, Ltd. in October 2002
- Commenced crude oil export in June 2006 from Ceyhan terminal
- Completed 1.2 million bbl/d capacity expansion work in March 2009
- Cumulative export volume reached 1,000 million bbls on September 13, 2010
- Cumulative export volume reached 2,000 million bbls on August 11, 2014

\* Average daily volume for 1H 2018

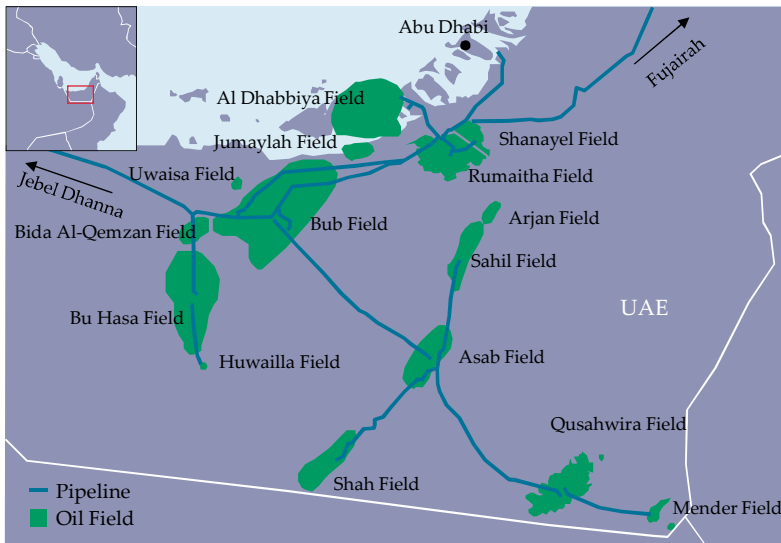
## Abu Dhabi Offshore Oil Fields

Japan Oil Development Co., Ltd. (JODCO) / JODCO Lower Zakum Limited



- Upper Zakum Oil Field (JODCO)
  - Participating Interest: 12%  
(Operator: ADNOC Offshore)
  - Concession agreement: Until 2051
- Lower Zakum Oil Field (JODCO Lower Zakum Limited)
  - Participating Interest: 10%  
(Operator: ADNOC Offshore)
  - Concession agreement: Until 2058
- Satah/Umm Al Dalkh oil fields (JODCO)
  - Participating Interest: 40%  
(Operator: ADNOC Offshore)
  - Concession agreement: Until 2043

# Onshore Concession JODCO Onshore Limited



- Participating interest: 5% (Operator: ADNOC Onshore\*)

- Concession agreement: Until 2054

\*Operating company owned by companies with participating interests. JODCO Onshore Limited has a 5% share in the operating company.

# Venezuela Projects Teikoku Oil & Gas Venezuela, C.A., other



## Copa Macoya / Guarico Oriental Blocks

- INPEX's share in joint ventures
  - Gas JV: 70%      Oil JV: 30%
- Joint Venture Agreement: 2006-2026
- Production volume\*:
  - Crude Oil: Approximately 600 bbl/d
  - Natural Gas\*\*: Approximately 71 million cf/d

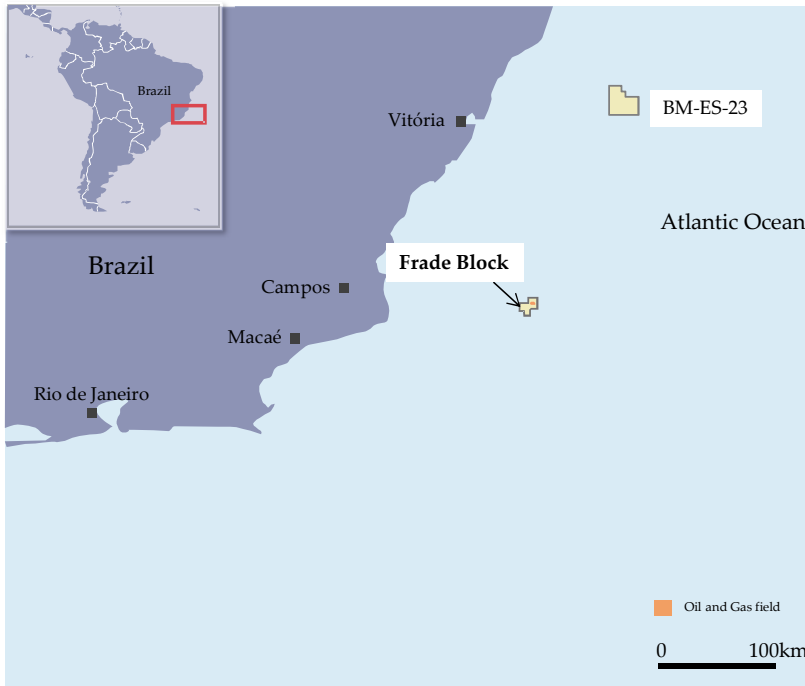
\* on the basis of all fields and average rate for Sep. 2018

\*\* Volume not at wellheads but corresponding to the sales to buyers



# Brazil Projects

## Frade Japão Petróleo Limitada (FJPL), other **INPEX**



### Frade Japão Petróleo Limitada (FJPL)

- FJPL's Participating interest\*: 18.3% (Operator: Chevron)
- \*FJPL is a subsidiary of INPEX Offshore North Campos, Ltd. (IONC) an equity method affiliate of INPEX. (INPEX owns a 37.5% share of IONC)
- Production volume\*\*:

  - Crude Oil: Approximately 18,000 bbl/d
  - Natural Gas\*\*\*: Approximately 1 million cf/d

- Concession Agreement: Until 2025 (possible to extend to 2041)

### BM-ES-23

- Participating Interest: 15% (Operator: Petrobras)
- Under Exploration (Appraisal)
- Concession Agreement: Until 2020

\*\* on the basis of all fields and average rate for Sep. 2018

\*\*\* Volume not at wellheads but corresponding to the sales to buyers

# Shale Gas Project in Canada

## INPEX Gas British Columbia Ltd. **INPEX**



- Participating Interest: 40%\*(Operator: Nexen)
- \* INPEX Gas British Columbia Ltd. (Equity ratio: INPEX 45.09%, JOGMEC 44.89%, Canadian Subsidiary of JGC Corporation 10.02%).
- Production Volume\*\*:

  - Natural Gas\*\*\*: Approximately 58 million cf/d

- Concession Agreement



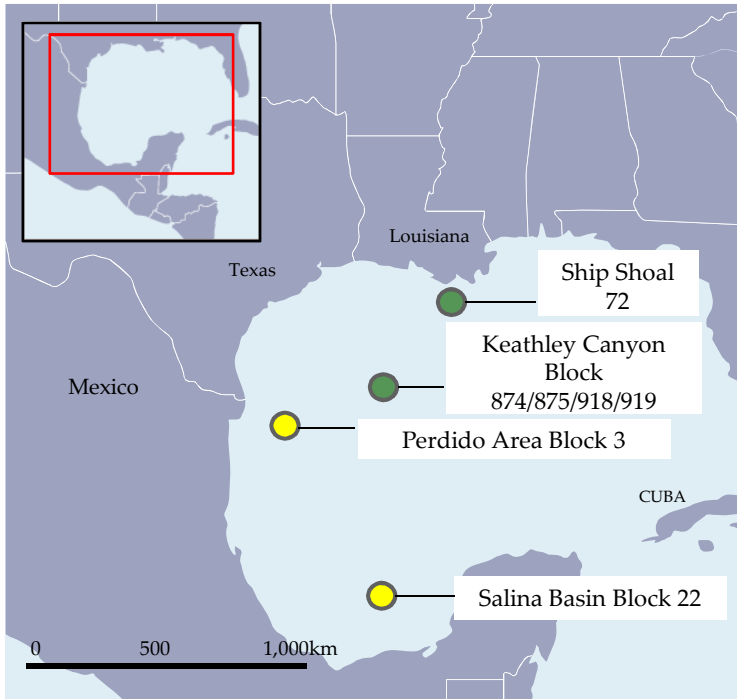
Hydraulic fracturing site

\*\* on the basis of all fields and average daily production volume for the six months ended June 30, 2018

\*\*\* Volume not at wellheads but corresponding to the sales to buyers

# Gulf of Mexico Projects

Teikoku Oil (North America) Co., Ltd. , INPEX E&P Mexico, S.A. de C.V. **INPEX**



## Lucius Field

(Teikoku Oil (North America) Co., Ltd.)

- Lease Agreement
- Participating Interest: 7.75309% (Operator : Anadarko)
- Production started in January 2015
- Revised Unit Participating Agreement (UPA) on unitization reached in September 2017 between project partners of Lucius Oil Field and Hadrian North Oil Field located south of Lucius
- Production to start in April 2019 (Hadrian North)
- Production volume\*
  - Crude Oil: Approximately 20,000 bbl/d
  - Natural Gas\*\*: Approximately 15 million cf/d

## Shallow Water Area

(Teikoku Oil (North America) Co., Ltd.)

- Lease Agreement
- Participating Interest: Ship Shoal 72: 25%

## Block 3, Perdido Fold Belt, Mexican Gulf of Mexico

(INPEX E&P Mexico, S.A. de C.V.)

- License Agreement
- Participating interest: 33.3333% (Operator: Chevron)
- Signed a license agreement on February 28, 2017
- Under Exploration

## Block 22, Salina Basin, Mexican Gulf of Mexico

(INPEX E&P Mexico, S.A. de C.V.)

- License Agreement
- Participating interest: 35% (Operator: Chevron)
- Awarded on January 31, 2018 with Chevron and Pemex
- Signed a license agreement on May 7, 2018
- Under Exploration

\* on the basis of all fields and average rate for Sep. 2018

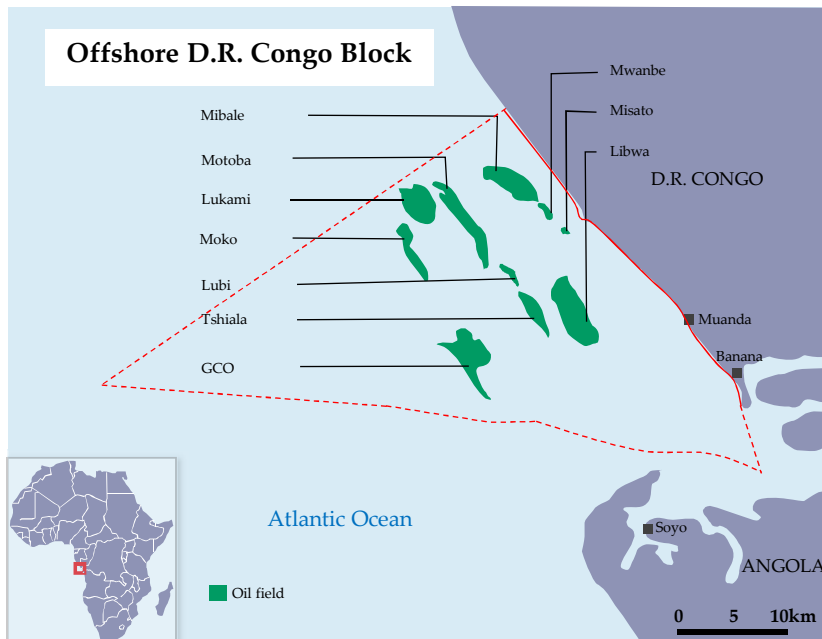
\*\* Volume not at wellheads but corresponding to the sales to buyers

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# Offshore D.R. Congo

Teikoku Oil (D.R. Congo) Co., Ltd.

**INPEX**



- Participating Interest: 32.28% (Operator: Perenco)
- Concession Agreement: 1969-2043
- Production started in 1975
- Production volume\*
  - Crude Oil: Approximately 15,000 bbl/d

\* on the basis of all fields and average rate for Sep. 2018

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# Offshore Angola Block 14

## INPEX Angola Block 14 Ltd.

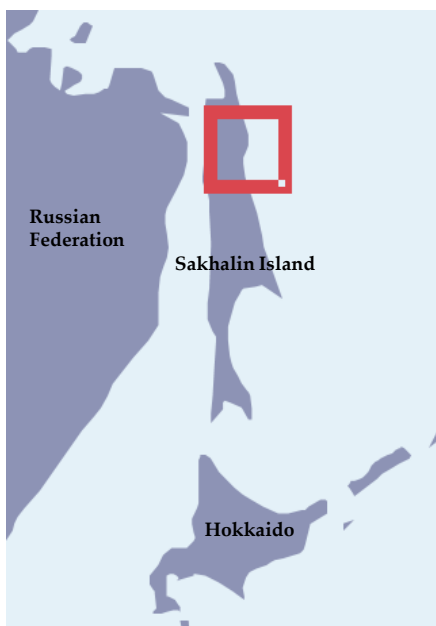


- Participating Interest: 9.998% (Operator: Chevron)
- Production volume\*
  - Crude Oil: Approximately 65,000 bbl/d
- PSC:
  - Kuito DA: Until 2023
  - BBLT DA: Until 2027
  - TL DA: Until 2028
  - Lianzi: Until 2031

\* on the basis of all fields and average rate for Sep. 2018

# Sakhalin-1

## Sakhalin Oil and Gas Development Co., Ltd. **INPEX**



- Sakhalin Oil and Gas Development Co., Ltd. (SODECO): INPEX owns a share of approximately 6.08% in SODECO
- SODECO's Participating interest in Sakhalin-1: 30.0%
- Operator: Exxon Neftegas Limited (ENL)
- Commenced production from Chayvo in October 2005; commenced crude oil export in October 2006
- Commenced production from Odoptu in September 2010
- Commenced production from Arkutun-Dagi in January 2015
- Currently supplying natural gas to Russian domestic market

# East Siberia - INK Project

## Japan South Sakha Oil Co. Limited

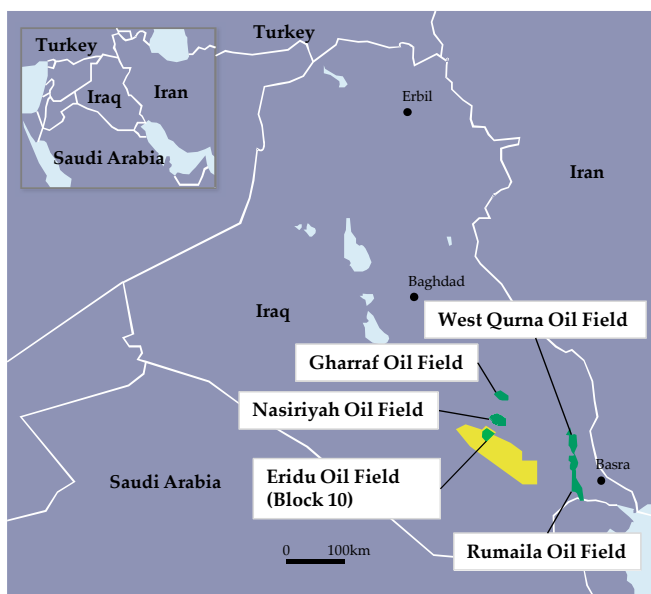


- Japan South Sakha Oil Co. Limited (JASSOC): INPEX owns a share of approximately 25.16% in JASSOC
- JASSOC's shares in Joint Stock Company INK-ZAPAD: 49%
- Production volume\*: Crude oil Approximately 48,000 bbl/d
- Operator : INK-ZAPAD
- License agreement: 25 years (Until 2031)
- Commenced production from Ichyodinskoye oil field in November 2014

\* on the basis of all fields and average rate for 1H 2018

# Eridu Oil Field (Block 10), Iraq

## INPEX South Iraq, Ltd.



Location Map of Block10, Iraq

- Participating Interest: 40%  
(Operator: LUKOIL)
- Block acquired: December 2012  
(Republic of Iraq 4<sup>th</sup> Licensing Round)
- EDPSC\*:  
Exploration Period-9 years\*\*  
(Until December 2, 2021)  
Development and Production Period-20years\*\*\*
- Oil deposits were discovered through the first exploratory drilling conducted in February 2017. Thereafter, the extent of the deposits was confirmed by two appraisal wells drilled in 2017.
- As the deposits most likely extend beyond the Contract Area, an extension application for the Contract Area was submitted and approved in November 2017.
- Exploration and evaluation work is underway to study the possibility of commercial development.

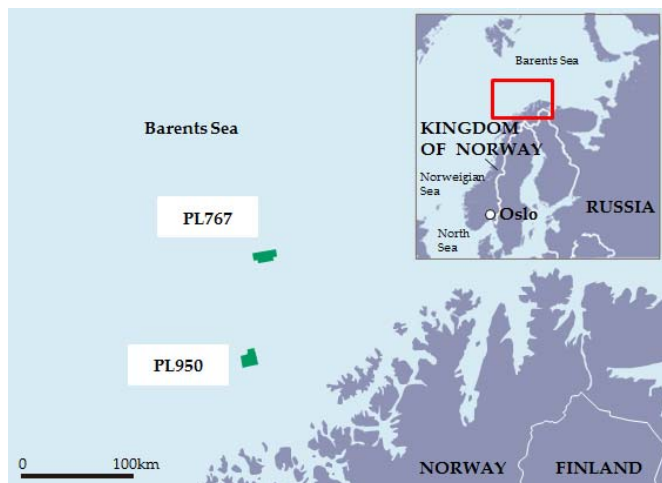
\* Exploration, Development and Production Service Contract

\*\* The exploration period has been extended by 4 years for further exploration and appraisal work, in accordance with EDPSC.

\*\*\*The current service contract provides the option to extend the Development and Production Period by 5 years.

# Norwegian Continental Shelf Projects

## INPEX Norge AS



### PL767, Western Barents Sea

- Participating Interest: 40%(Operator : Lundin Norway AS)
- Block acquisition: January 1, 2017
- Concession Agreement:
  - Exploration and Appraisal Period – 8 years  
(extended by one year to 2023)
  - Development and Production Period – 25 years
- November 2017: INPEX Norge AS acquired license from Bayerngas Norge AS.
- An exploratory well will be drilled at the beginning of 2019.

### PL950, Western Barents Sea

- Participating Interest: 40%(Operator: Lundin Norway AS)
- Block acquisition: March 2, 2018
- Concession Agreement:
  - Exploration and Appraisal Period – 7 years
  - Development and Production Period – 25 years
- August 2017: INPEX Norge AS and Lundin Norway AS mounted a joint bid and have been awarded the license in January 2018.

## Key Companies and Petroleum Contracts I\*

Company	Field / Project Name	Country	Contract Type	Ownership	Stage
<b>Japan</b>					
• INPEX CORPORATION	Minami-Nagaoka Gas Field, etc. **	Japan	Concession	-	Producing
<b>Asia/Oceania</b>					
• INPEX South Makassar, Ltd.	Sebuku Block(Ruby Gas Field)	Indonesia	PS	100%	Producing
• MI Berau B.V.	Berau Block (Tangguh LNG Project)	Indonesia	PS	44%	Producing
• INPEX Masela, Ltd.	Masela Block (Abadi LNG)**	Indonesia	PS	51.9%	Preparation for Development
• INPEX Sahul, Ltd.	Bayu-Undan Gas Condensate Field	JPDA	PS	100%	Producing
• INPEX Browse E&P Pty Ltd	WA-285-P**, other	Australia	Concession	100%	Exploration
• INPEX Ichthys Pty Ltd.	WA-50-L and WA-51-L (Ichthys) **	Australia	Concession	100%	Producing
• Ichthys LNG Pty Ltd.	Ichthys downstream business **	Australia	-	62.245%	***
• INPEX Oil & Gas Australia Pty Ltd.	Prelude FLNG Project	Australia	Concession	100%	Development
• INPEX Alpha, Ltd.	Van Gogh Oil Field/Coniston Oil Field	Australia	Concession	100%	Producing
• INPEX Alpha, Ltd.	Ravensworth Oil Field	Australia	Concession	100%	Producing

Note:

\* As of the end of September 2018

\*\* Operator project

\*\*\* The project commenced LNG shipment as announced on October 23, 2018.

# Key Companies and Petroleum Contracts II\*



Company	Field / Project Name	Country	Contract Type	Ownership	Stage
<b>Eurasia (Europe – NIS)</b>					
•INPEX Southwest Caspian Sea, Ltd.	ACG Oil Fields	Azerbaijan	PS	51%	Producing
•INPEX North Caspian Sea, Ltd.	Kashagan Oil Field	Kazakhstan	PS	51%	Producing
<b>The Middle East</b>					
•JODCO	Upper Zakum Oil Field, etc.	UAE	Concession	100%	Producing
•JODCO Lower Zakum Limited	Lower Zakum Oil Field	UAE	Concession	100 %	Producing
•JODCO Onshore Limited	ADCO Onshore Concession	UAE	Concession	51 %	Producing
<b>Africa</b>					
•Teikoku Oil (D.R. Congo) Co., Ltd.	Offshore D.R.Congo	D.R.Congo	Concession	100%	Producing
•INPEX Angola Block 14 Ltd.	Offshore Angola Block 14	Angola	PS	100%	Producing
<b>Americas</b>					
•INPEX Gas British Columbia Ltd.	Canada Shale Gas project	Canada	Concession	45.09%	Producing/Evaluation
•Teikoku Oil & Gas Venezuela, C.A.	Copa Macoya** / Guarico Oriental	Venezuela	IV	100%	Producing
•Teikoku Oil (North America) Co., Ltd.	Lucius Field / Ship Shoal 72	USA	Concession	100%	Producing
•Frade Japão Petróleo Limitada	Frade Block	Brazil	Concession	37.5%***	Producing

Note:

\* As of the end of September 2018

\*\* Operator project

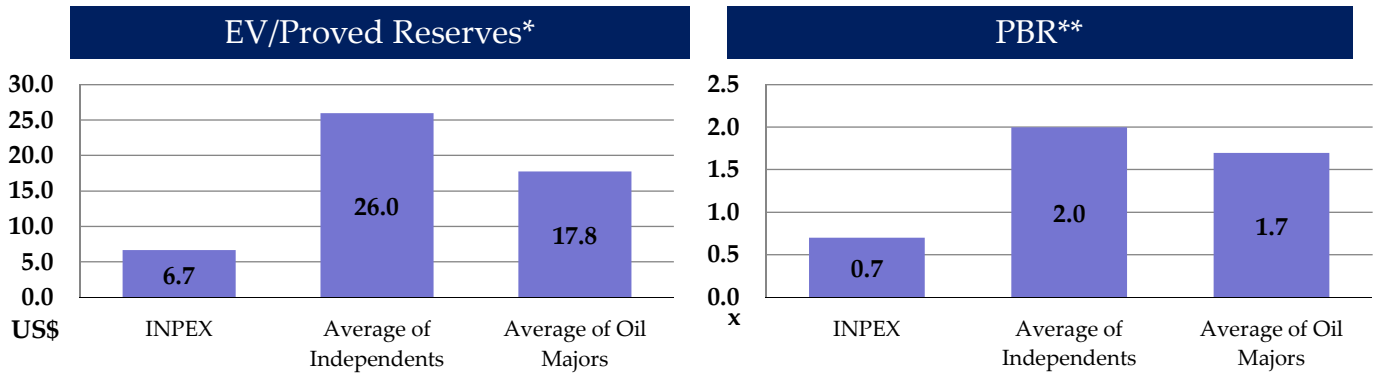
\*\*\* Frade Japão Petróleo Limitada is a subsidiary of INPEX Offshore North Campos, Ltd. (INPEX equity-method affiliate). 37.5% ownership refers to an indirect investment by INPEX through INPEX Offshore North Campos, Ltd.




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## Others

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• EV (Enterprise Value) / Proved Reserves = (Total market value + Total debt - Cash and cash equivalent + Non-controlling interests) / Proved Reserves. Total market value as of 30/09/2018. Financial data and Proved Reserves for INPEX as of 30/09/2018. Financial data and Proved Reserves for Independents and Oil Majors as of 30/06/2018. Sources based on public data.

\*\* PBR = Stock price / Net asset per share. Total market value as of 30/09/2018. Financial data for INPEX as of 30/09/2018. Financial data for Independents and Oil Majors as of 30/06/2018. Sources based on public data.

Note: Announced on May 11, 2018

## Vision 2040

### Three Business Targets

<p>① Sustainable Growth of Oil and Natural Gas E&amp;P Activities</p>	<p>② Development of Global Gas Value Chain Business</p>	<p>③ Reinforcement of Renewable Energy Initiatives</p>
<p><b>A top 10</b> international oil company</p> <ul style="list-style-type: none"> <li>✓ Growth in both volume and value</li> <li>✓ Volume: Aspire to achieve a production volume of 1 million BOED, continuously expand reserves</li> <li>✓ Value: Significantly increase net income and cash flow from operations, improve capital efficiency</li> </ul>	<p><b>A key player</b> in natural gas development and supply in Asia &amp; Oceania</p> <ul style="list-style-type: none"> <li>✓ Develop gas demand in Asia and other growing markets</li> <li>✓ Increase domestic gas supply volume over 3 billion m<sup>3</sup></li> <li>✓ Maximize value of the upstream gas interests</li> <li>✓ Maintain / strengthen supply and demand management and trading functions</li> </ul>	<p><b>10%</b> of project portfolio</p> <ul style="list-style-type: none"> <li>✓ Proactively address climate change</li> <li>✓ Expand participation in wind power generation and other areas in addition to geothermal power, which draws on synergies with E&amp;P activities</li> <li>✓ Conduct R&amp;D in renewables to reduce greenhouse gas emissions</li> </ul>

Develop a foundation by conducting CSR management, particularly accelerating response to climate change and utilizing INPEX's strengths

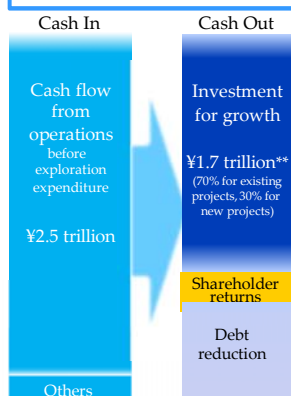
Reduce carbon footprint, strengthen ESG initiatives and contribute to the realization of SDGs  
Allocate cash generated from projects to shareholder returns and investments for growth

**Continuously and sustainably increase corporate value**

# Medium-term Business Plan 2018-2022



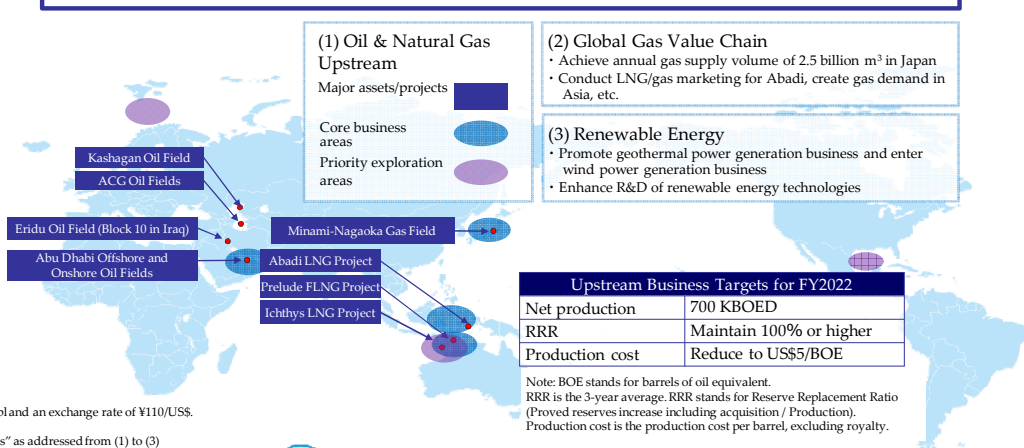
## Cash Allocation during the 5-Year Period\*



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

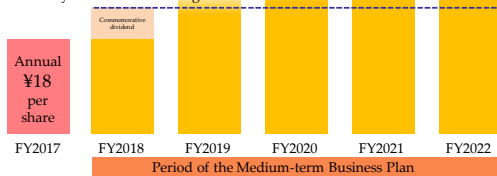


## Main Business Initiatives



## Enhancing Shareholder Returns

- ✓ In FY2018, plan to issue a commemorative dividend following the Ichthys LNG Project's start-up and shipment of cargo
- ✓ Shareholder return policy during FY2018-2022
  - Maintain base dividends not falling below ¥18 per share plus the commemorative dividend as above
  - Enhance annual dividends in stages by increasing the dividend per share in accordance with the growth of the Company's financial results
  - Payout ratio: 30% or higher



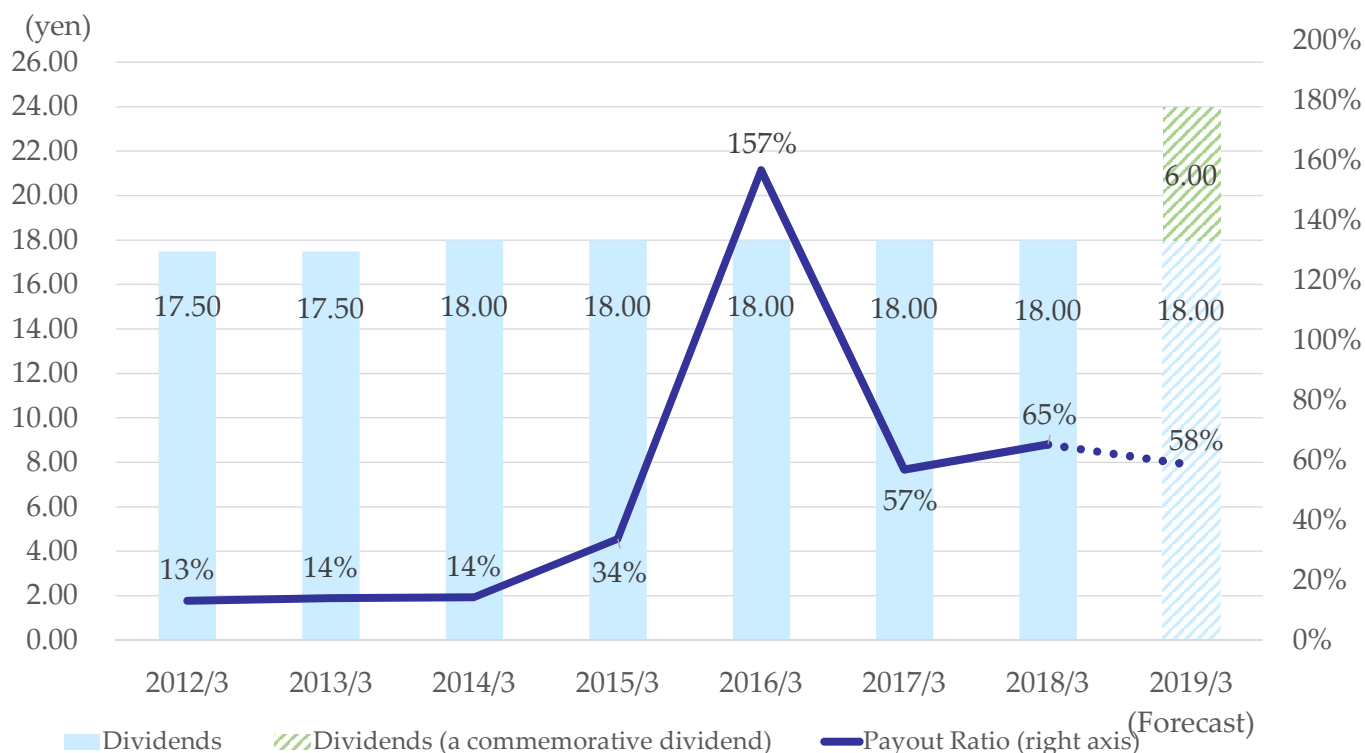
## Financial Targets

	FY2022	FY2017 Results
Crude oil price/exchange rate assumptions	US\$60/¥110	US\$57.85/¥110.86
Net sales	Around ¥1,300 bn	¥933.7 bn
Net income attributable to owners of parent	Around ¥150 bn	¥40.3 bn
Cash flow from operations	Around ¥450 bn	¥278.5 bn
Return on equity (ROE)	5% or higher	1.4%

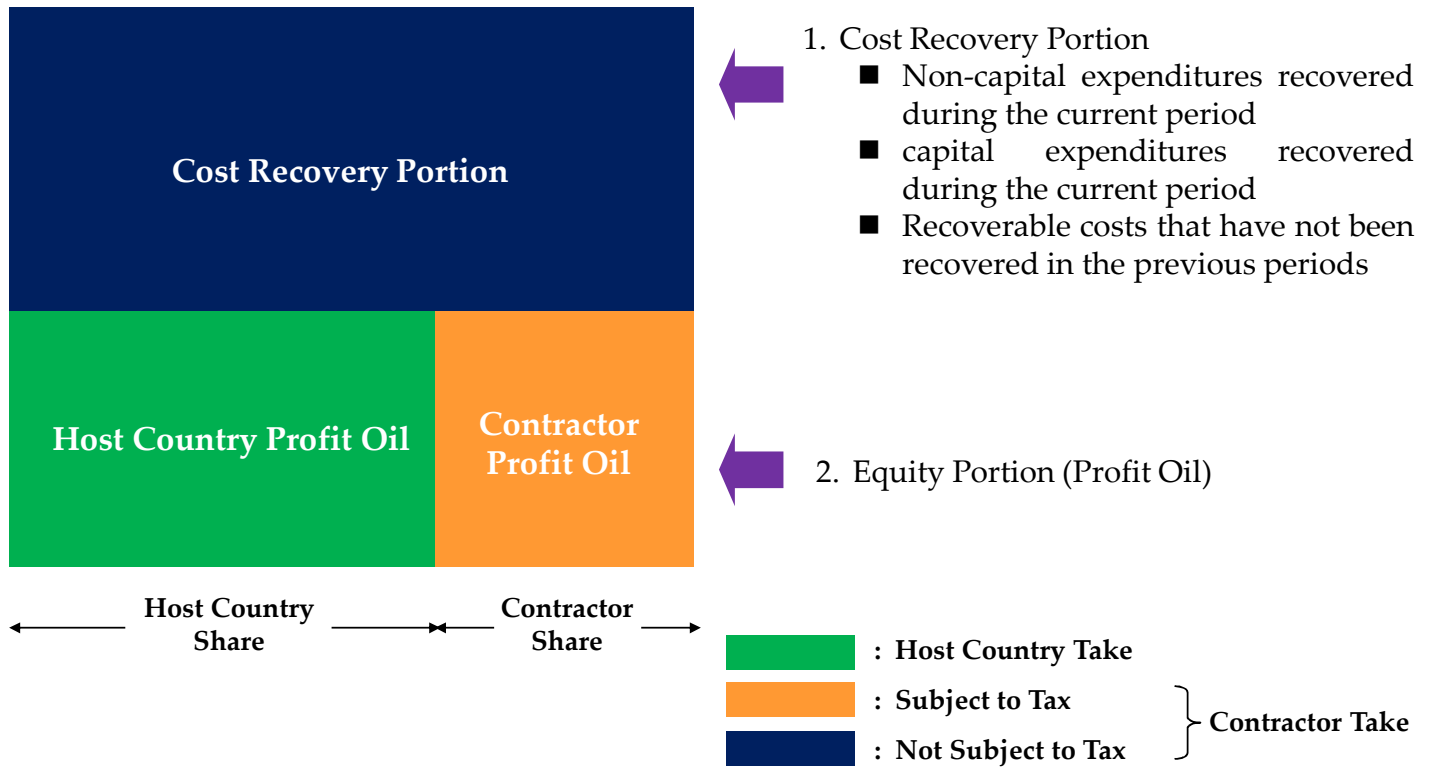
- ✓ Maintain financial strength (expecting an equity ratio of 50% or higher)
- ✓ Maintain financial and corporate resilience even if the crude oil prices drop to US\$50/bbl

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

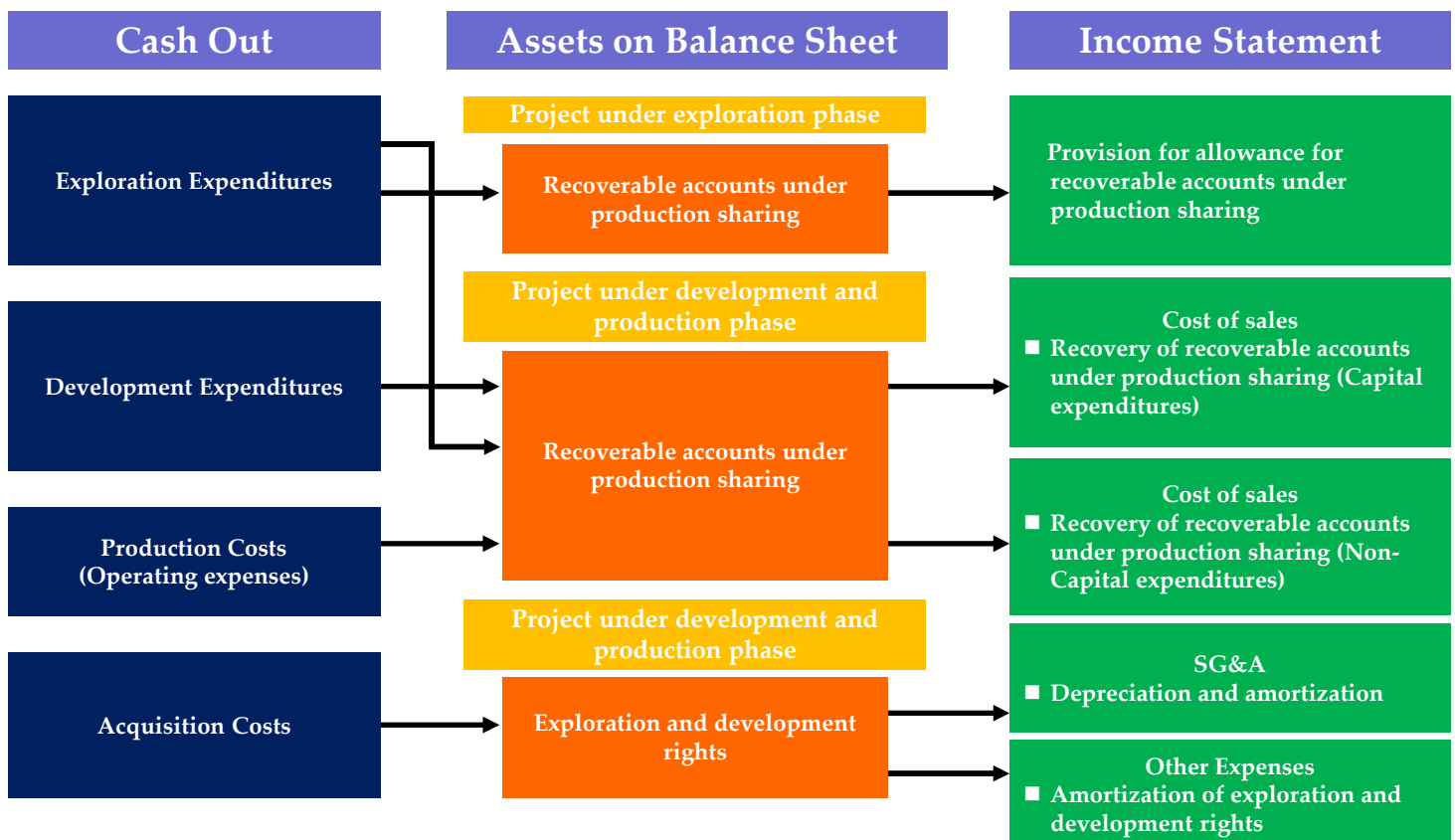
# Annual Dividends, Payout Ratio



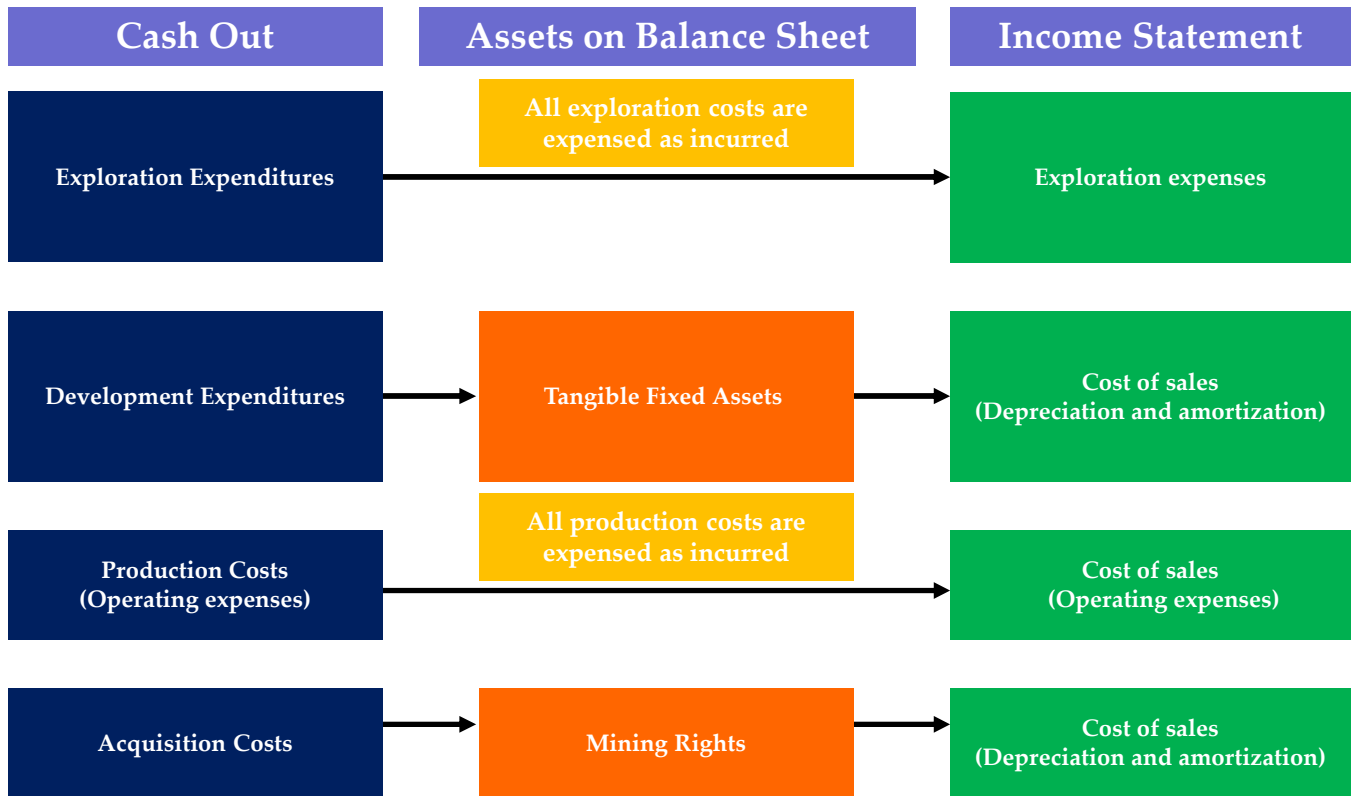




## Accounting on Production Sharing Contracts



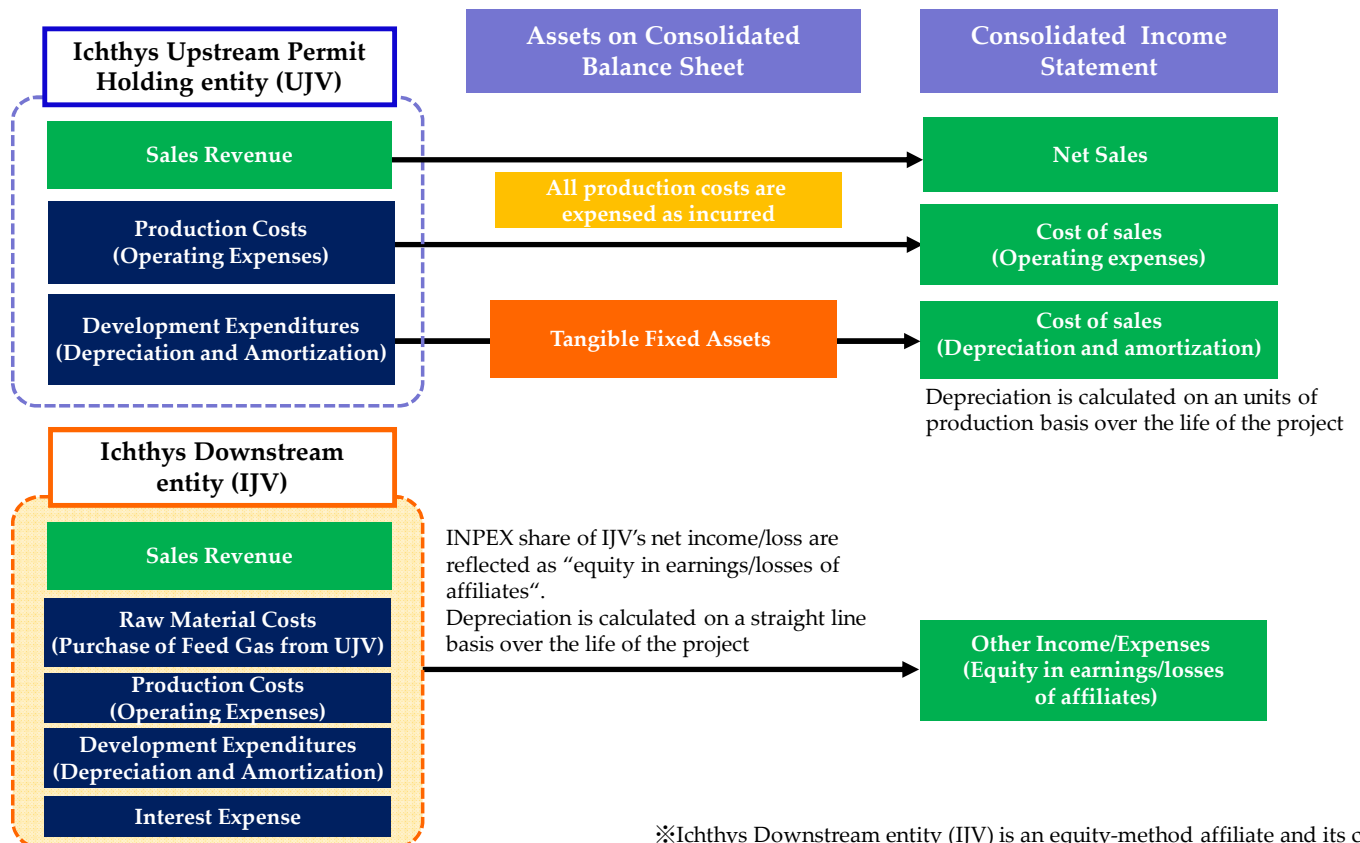
# Accounting on Concession Agreements **INPEX**



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# Ichthys LNG Project Accounting Process Overview **INPEX**

※ This process applies to the Ichthys LNG Project's production phase. Only major cost and expenditure items are shown.



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※ Ichthys Downstream entity (IJV) is an equity-method affiliate and its cash flow does not appear on the consolidated cash flow statement

# Summary of Australian Taxation

※Content may change due to tax revisions

**Sales** ⇒ (Oil/Gas sales price) × (Sales volume) .....①

**Operating expense** ⇒ OPEX incurred in relevant year (+Exploration cost)+CAPEX tax depreciation .....②



### PRRT(Petroleum Resource Rent Tax)

$$= (\text{Upstream Revenue} - \text{Upstream Capex \& Opex} - \text{Expl. Cost} - \text{Abandonment Cost} - \text{undeducted PRRT expenditure carried forward}) \times 40\% \dots\dots\dots\textcircled{3}$$

•PRRT deductions are made in the following order: Upstream Capex, Opex, Expl. Cost, Abandonment Cost.

*Note: Exploration cost is subject to mandatory transfer between Projects/members of the same group of entities.*

**•Undeducted PRRT Expenditure: non-utilized deductible PRRT expenditure can be carried forward to the following year(s), subject to augmentation at the rates set out below;**

Development cost: LTBR+5%; Expl. Cost: LTBR+15%;

\*GDP Factor applies to all expenditure incurred more than 5 years before the Production License application is made.

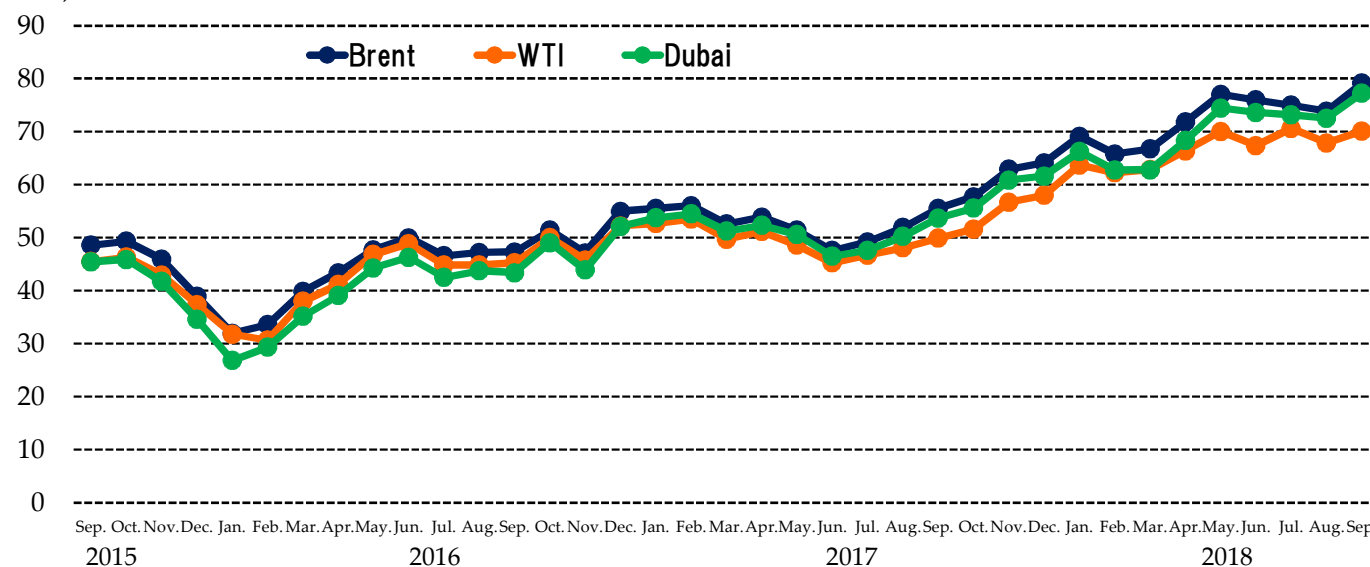
\*LTBR = Long Term Bond Rate

\*GDP Factor = GDP Deflator of Australia

$$\text{Corporate Tax} = (\textcircled{1} - \textcircled{2} - \textcircled{3} - \text{Interest paid}) \times 30\%$$

# Crude Oil Price Movements

(US\$/bbl)



	Apr.- Sep. 2017	Apr. 2017 - Mar. 2018	2018							Apr. - Sep 2018
	Average	Average	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Average	
Brent	51.49	57.85	71.76	77.01	75.94	74.95	73.84	79.11	75.40	
WTI	48.25	53.69	66.33	69.98	67.32	70.58	67.85	70.09	68.69	
Dubai	50.13	55.86	68.27	74.41	73.59	73.12	72.49	77.25	73.19	