

◆ INPEX CORPORATION  
the 14th Ordinary General Meeting of Shareholders  
Summary of Q&A session

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Date : March 25, 2020  
Place : The Okura Tokyo  
Number of attendees : 131  
Key questions :

Q1: Countermeasures against the impact of low oil prices (financial performance, impairment, the Medium-term Business Plan, dividends)

A1: Currently, oil prices are rapidly declining due to the expectation of a reduction in energy demand following a global economic downturn induced by the coronavirus (COVID-19) pandemic, and the breakdown of the OPEC-plus production cut agreement.

While it remains difficult at this stage to forecast how long these conditions will last, INPEX has announced the “sensitivity” of its financial performance to a one US dollar shift in oil prices, based on which a mathematical interpretation would suggest that profits will decrease.

While it will be necessary to continue closely monitoring the external factors (impacting its business operations), INPEX’s policy is to minimize the impact of low oil prices even if the current oil price level persists for a certain period of time by optimizing operations, reviewing investment plans group-wide and pursuing further cost-reduction measures, in order to sustain stable business operations.

In terms of impairment, INPEX determines impairment based on dialogue with independent auditors, considering medium- to long-term oil price forecasts. While a drop in current oil prices does not necessarily require the immediate posting of impairment losses, INPEX will continue to monitor the situation.

In terms of the Medium-term Business Plan, INPEX does not intend to immediately revise its contents based on the drop in current oil prices, but will continue to monitor the situation and make suitable evaluations in due course.

In terms of dividends, INPEX plans to allocate cash flow from operations in the priority of 1) debt reduction, 2) shareholder returns and 3) investment for growth, as outlined in the

company's cash allocation policies listed in the Medium-term Business Plan. In addition, the company's position on shareholder returns is to enhance annual dividends in accordance with the growth of the company's financial results. Taking these points into consideration, INPEX plans to make the appropriate decisions most suited to the conditions at the time, considering oil price movements, the status of key projects and profits and cash on hand, etc.

Q2: Facility tours for shareholders

A2: Considering the further spread of COVID-19, INPEX plans to evaluate options including the postponement of the facility tours for shareholders.

Q3: Position on assets in Brazil

A3: INPEX is currently involved in an exploration project in Block BM/ES-23 offshore Brazil, having last year sold all its interests in the Frade Oil Field where it was previously engaged in oil development and production operations.

INPEX believes that focusing its business operations mainly in and around its core business areas (Japan, Australia, the UAE and Indonesia) will maximize the efficiency and competitiveness of its business development. However, the company plans to also evaluate opportunities in other locations including Brazil, based on analyses of exploration potential, costs, business significance and synergistic opportunities, etc.

Q4: Financial results indicators by business segment

A4: Oil prices and production volume (during a given accounting period) are the most important factors influencing INPEX's earnings structure. As non-operating income is swayed by factors such as the impact of foreign exchange fluctuations and one-off profits and losses, the company lists the operating income, which is a strong project performance indicator, for each business segment in its financial results. INPEX considers projects with stable earnings to be viable investment prospects even if their contributions may not be significant in terms of profitability.

Q5: Response to environmental issues (mercury removal)

A5: The small quantities of mercury contained in production at INPEX's operational sites are kept below contractually required levels using mercury removal devices installed and operated under the company's responsibility.

Q6: Shareholder meeting operations (cancellation of gifts and beverage service)

A6: While at shareholder meetings in previous years, gifts were offered to shareholders as a small token of appreciation for their attendance, INPEX has this year elected to refrain from offering gifts as well as serving beverages, in order to minimize contact and practice social distancing, as a countermeasure against the spread of COVID-19. The practice of offering gifts and serving beverages at future meetings will be considered in due course.

Q7: Former government officials serving management positions

A7: We, as INPEX's management team, are committed to undertaking our professional duties utilizing the company's human resources.

Q8: Renewable energy initiatives and scope of business operations

A8: The Sarulla Geothermal Independent Power Producer (IPP) Project located in the Sarulla district on the island of Sumatra in Indonesia generates 330MW of power, which is equivalent to the power consumption of 2.1 million local households.

Q9: The importance of INPEX's field operations

A9: As a company that secures its earnings through the development, production and marketing of crude oil and natural gas, etc., INPEX considers its field operations to be of utmost importance. INPEX's executive officers often travel to the company's field offices and operational sites in Japan and around the world, creating opportunities to dialogue with locally stationed employees and operational staff.

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- *Price volatility and change in demand in crude oil and natural gas*
- *Foreign exchange rate volatility*
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