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Participation in a Shale Oil Development Project, Texas, USA

Japan Petroleum Exploration Co., Ltd. (“JAPEX”) has, through its subsidiary, Japex (U.S.) Corp., acquired a 5% non-operated working interest from an US oil company (“US company”) in approximately 26,500 acres (gross) in an ongoing shale oil development project in the State of Texas, USA (“Project”).

JAPEX has been actively seeking shale oil assets in the USA. This is the first shale oil project for JAPEX as the most appropriate method to acquire the relevant knowledge.

This Project is located in the volatile oil window and a highly productive area of the Eagle Ford and is operated by Marathon Oil Corporation (“Marathon”). Marathon is a particularly competent and world class partner with extensive shale oil development experience.

JAPEX recently announced a joint study with JOGMEC (Japan Oil, Gas and Metals National Corporation) regarding the Onnagawa Shale in Akita prefecture in Japan. The latest oil recovery technology and expertise gained through this Project will be useful in the development of unconventional oil and gas opportunities in Japan in the future.

JAPEX continues to seek further participation in other shale oil development projects both domestically and internationally, to expand its oil and gas reserves, and to increase its capabilities in shale oil comprehensive technologies.

This matter has little impact on our consolidated financial results.

Notes

1. Outline of this project

Location: Atascosa County, McMullen County and Live Oak County in Texas, USA

Formation to be developed: Eagle Ford

Main Products: Light oil, NGL and Natural gas

Participants: Marathon and US company

2. Outline of Purchase and Sales Agreement

Seller: US company

Buyer: Japex (U.S.) Corp. (an US entity, a 100% subsidiary of JAPEX)

Subject asset: 5% Working Interest

Location Map

