



March 4, 2013

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
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**JAPEX Participates in Natural Gas Development & Production Project
and LNG Project in British Columbia, Canada**

Japan Petroleum Exploration (JAPEX) is pleased to announce that it has entered into a Heads of Agreement with Petroliam Nasional Berhad (PETRONAS) to participate in a natural gas development and production project in British Columbia, Canada and a planned LNG project on the western coast of the same province, both of which are undertaken by PETRONAS through Progress Energy Canada Ltd and its affiliates.

As per the Heads of Agreement, JAPEX will acquire a 10% interest of the natural gas blocks in North Montney, British Columbia through a newly established Canadian subsidiary, JAPEX Montney Ltd., as well as 10% interest of Pacific Northwest LNG Project which is under contemplation located on Lelu Island within the District of Port Edward on land administered by the Port of Prince Rupert (estimated LNG production volume: 12MMtonnes/y), including a commitment to offtake 1.2MMtonnes/y of LNG which is equivalent to the 10% interest.

PETRONAS, the operator of this project, has been in partnership with JAPEX for development of Garraf field in Iraq. With its extensive experience in the LNG business, PETRONAS is currently undertaking development, production and sales of natural gas in Canada. PETRONAS is now planning to transport the gas to the Canadian western coast through pipelines and export as LNG.

From hereon, JAPEX will finalize and execute definitive agreements with Progress Energy Canada Limited and its affiliates.

With participation in this LNG project, JAPEX will be able to secure long-term natural gas import from Canada into Japan. JAPEX will further put a continuous effort to develop domestic natural gas infrastructures for a solid supply system, including planned Soma LNG receiving terminal and related pipeline project, as per 30

November 2012 news release.

JAPEX believes that importing natural gas as LNG from Canada, which has ample reserves, will help diversify Japan's LNG import, contributing to improve energy supply of Japan.

1. Natural gas development and production project

Location North Montney, British Columbia, Canada

2. LNG Project

Plant Location Lelu Island, within the District of Port Edward on land administered by the Port of Prince Rupert, British Columbia, Canada

LNG Production 12MMtonnes/y

Final Investment Decision Planned end of 2014

First LNG Production Planned end of 2018

3. New Company

Registered Company name JAPEX Montney Ltd. (Alberta, Canada)

Location Calgary, Alberta, Canada

Director Osamu Watanabe (President of JAPEX)

Establishment March 2013

Shareholder JAPEX 100% (as at the date of the establishment)