



Note: The following press release is an English translation of the Japanese-language original

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Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
President: Osamu Watanabe
Inquiries: Media and Investor Relations Department
TEL.: +81-3-6268-7110

**JAPEX Announces Signing of Memorandum of Understanding
for Vladivostok LNG Project**

Japan Far East Gas Co., Ltd. (hereinafter “JFG”), a company established by Japan Petroleum Exploration Co., Ltd. (headquartered in Chiyoda-ku, Tokyo; Osamu Watanabe, President & CEO; hereinafter “JAPEX”), ITOCHU Corporation (hereinafter “ITOCHU”), Marubeni Corporation (hereinafter “Marubeni”), INPEX Corporation (hereinafter “INPEX”) and ITOCHU Oil Exploration Co., Ltd. (hereinafter “CIECO”) has signed a Memorandum of Understanding (“MOU”) regarding the natural gas liquefaction project in the Vladivostok area with Russia’s state-own gas company Gazprom (hereinafter “Gazprom”). The MOU was signed on June 22, 2013 in St. Petersburg, Russia.

JFG and Gazprom conducted the joint feasibility study (FS) for the natural gas utilization project in the Vladivostok area during year 2011 and 2012. Following the result of the above-mentioned study, this MOU was signed between JFG and Gazprom regarding discussions on foundation of a joint project company as well as joint marketing activity in Japan, which would contribute to the realization of Vladivostok LNG project.

Realization of this project is considered to be very important for the stable LNG supply to not only Japan but also to the other Asian countries, and will contribute to the diversification of Russia’s gas (LNG) export sources.

[Outline of Japan Far East Gas Co., Ltd.]

Company name:	Japan Far East Gas Co., Ltd.
Representative:	Masanori Toyoshima, President and CEO
Head office:	5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo, Japan
Shareholder composition:	JAPEX (32.5%), ITOCHU (32.5%), Marubeni (20%), INPEX (10%), CIECO (5%)
Date of establishment:	December 6, 2010
Capital:	335 million yen

[Reference]

Gazprom is Russian state-owned gas company and the largest gas producer in the world. Its annual natural gas production in 2012 was 487.0 billion cubic meters, and its 2012 exports were 203.2 billion cubic meters.

On May 12, 2009, when Prime Minister of the Russian Federation Vladimir Putin visited Japan, Gazprom, the Agency for Natural Resources and Energy of Japan's Ministry of Economy, Trade and Industry (hereinafter the "Agency"), JAPEX and ITOCHU signed a MOU regarding a preliminary feasibility study (Pre-FS) for LNG and CNG projects in the Vladivostok area. The results of the Pre-FS were reported at the Fifth Joint Coordination Committee Meeting between the Agency and Gazprom in St. Petersburg in July 2010. In 2011, JFG and Gazprom implemented joint FS for natural gas utilization in the Vladivostok area, as well as transportation and sale of natural gas and gas-chemical products from the Vladivostok area to potential buyers in countries of Asia-Pacific region. On June 24, 2012, Ministry of Economy, Trade and Industry of Japan and Energy Ministry of the Russian Federation signed a Memorandum regarding cooperation in Vladivostok LNG Project. On September 8, 2012, the Agency and Gazprom signed a MOU recognizing further cooperation in promotion of the Vladivostok LNG Project. On February 21, 2013, Gazprom took the investment decision on Vladivostok LNG Project.

The MOU signed between JFG and Gazprom is based on the above-mentioned chain of events.