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

August 8, 2017

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Securities Code: 1662
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Notice of Financial Forecasts Revision and Recognition of Non-operating Expenses, Extraordinary Losses, Income Taxes - Deferred

Japan Petroleum Exploration Co., Ltd. (JAPEX) hereby revised its consolidated financial forecasts announced on May 12, 2017, and announced recognition of non-operating expenses, extraordinary losses and income taxes - deferred based on our recent business trends and performance as follows.

1. Notice of Financial Forecasts Revision

(1) Revision to consolidated forecasts for FY2018/3 (April 1, 2017 - March 31, 2018)

	Net sales (Unit: Millions of yen)	Operating profit (loss) (Unit: Millions of yen)	Ordinary profit (loss) (Unit: Millions of yen)	Profit (loss) attributable to owners of parent (Unit: Millions of yen)	Net income (loss) per share (Unit: yen)
Previous forecasts (A)	214,878	2,988	5,424	5,564	97.36
Revised forecasts (B)	211,025	4,489	(910)	1,219	21.33
Difference in amount (B - A)	(3,853)	1,501	(6,335)	(4,345)	
Rate of change (%)	(1.8)	50.2	-	(78.1)	
(Reference) FY 2017/3	207,130	685	2,222	3,443	60.24

Note: FY=Fiscal Year (FY2018/3, for instance, means 12 months ending March 31, 2018)

(2) Reasons for the revision:

Operating profit is expected to increase due to the increases in sales volumes and price of domestic crude oil and natural gas, compared to the previous announcement on May 12, 2017, while net sales is expected to decrease due to the decrease in sales volume of overseas crude oil.

Ordinary profit is expected to turn to ordinary loss, due to recognizing share of loss of entities accounted for using equity method by the decision not to proceed the Pacific NorthWest LNG project in Canada (hereinafter “PNW LNG”) and depreciation of all remaining balance of property, plant and equipment related to the 3.75 section area (hereinafter “DEMO Area”) by the decision to not to re-start production operations in the DEMO Area of Canada Oil Sands Project.

Profit attributable to owners of parent is expected to be secured, although it decreases compared to the previously announced forecasts. This is due to recognizing loss attributable to non-controlling interests and decrease in taxes such as income taxes, despite extraordinary losses for not proceeding PNW LNG.

(Reference)

[Crude Oil (CIF: Cost, Insurance and Freight) Price]

Previous:	50.00 US$/bbl of the assumption from April 2017 to March 2018
Revised:	54.63 US$/bbl of the result from April to June 2017
	50.00 US$/bbl of the assumption from July 2017 to March 2018

[Exchange Rate]

Previous:	110.00 yen/US$ of the assumption from April 2017 to March 2018
Revised:	112.12 yen/US$ of the result from April to June 2017
	110.00 yen/US$ of the assumption from July 2017 to March 2018

*The aforementioned forecasts are based on management's assumptions with information available at this time and the actual results may be different from the forecast figures because of various factors that could occur in the future.

2. Recognition of Non-operating expenses

(1) Recognition of share of loss of entities accounted for using equity method

We are expecting to record share of loss of entities accounted for using equity method of CAD 37million (JPY 3,200 million by exchange rate of JPY 85/CAD) as announced on "Pacific NorthWest LNG Project in British Columbia, Canada, Is Not Proceeding" on July 26, 2017.

(2) Recognition of depreciation

We are expecting to record depreciation by the unit-of-production method equal to the remaining balance of property, plant and equipment USD 69 million (JPY 7,600 million by exchange rate of JPY 110/USD) relating to the Demo Area as announced on "Start of Production Operations in Oil Sands Project at Hangingstone Leases in the Province of Alberta, Canada and Decision not to Re-start Operations in the 3.75 Section Area" on August 8, 2017.

3. Recognition of extraordinary losses

We are expecting to record extraordinary losses of 65 million (JPY 5,500 million by exchange rate of JPY 85/CAD) for termination of the 900-km pipeline construction plan by the decision not to proceed the PNW LNG project as we announced on "Pacific NorthWest LNG Project in British Columbia, Canada, Is Not Proceeding" announced on July 26, 2017.

4. Recognition of income taxes - deferred

we are expecting to record deferred tax assets of approximately JPY 2,000 million and also record the same negative amount to income taxes-deferred due to record of depreciation of all remaining balance of property, pland and equipment USD 69 million (JPY 7,600 million by exchange rate of JPY 110/USD) relating to the Demo Area as announced on "Start of Production Operations in Oil Sands Project at Hangingstone Leases in the Province of Alberta, Canada and decision not to Re-start Operations in the 3.75 Section Area" on August 8, 2017..

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