



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

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**Notice of Recognition of Extraordinary Income and Extraordinary Loss
Regarding Determination of Subsidy Amount for Construction of Soma LNG Terminal**

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that it will recognize extraordinary income and extraordinary loss in the fourth quarter of the fiscal year ending March 31, 2018 (from January 1 to March 31, 2018), by the determination of subsidy amount concerning construction of Soma LNG Terminal (hereinafter "Soma project").

1. Recognition of Extraordinary Income (Subsidy income)

JAPEX received the notice of determination for the subsidy amount concerning Soma project based on "Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation" by the Ministry of Economy, Trade and Industry of Japan. Following the notice, it will recognize 5,000 million yen of subsidy income to extraordinary income in the fourth quarter of the fiscal year ending March 31, 2018.

2. Recognition of Extraordinary Loss (Loss on reduction of non-current assets)

JAPEX will deduct the subsidy in calculating the carrying amount of the asset, therefore it will recognize loss on reduction of non-current assets to extraordinary loss in the fourth quarter of the fiscal year ending March 31, 2018.

3. Impact on the Consolidated Financial Statements

The impact of this matter on the consolidated financial forecasts for the fiscal year ending March 31, 2018 is already recognized in the forecasts announced on February 9, 2018.

(Appendix) Outline of Soma LNG Terminal

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Name	Soma LNG Terminal
Site	Shinchi Town, Fukushima prefecture (No.4 wharf of Soma Port)
Applicable Law	Gas Business Act
Site Area	Approximately 20 hectare
Receiving Facilities	1 for LNG ocean vessel (125,000 - 210,000m ³ class) 1 for LPG coastal vessel (2,500m ³ class: sharing with shipping by LNG coastal vessel)
Storage Facilities	1 LNG tank (ground-type PC(*)model 230,000 kiloliters) 2 LPG tanks (spherical shape 1,000 tons)
Vaporizers	2 lines (7.0Mpa, 75 ton/h: including 1 backup line)
Shipping Facilities	1 for coastal vessel (maximum 4,800 m ³ class) 5 lanes for LNG tank truck (30ton/h)
Commencement of Operation	March, 2018 (planned) *now under commissioning and preparation process

(*) PC (Pre-stressed Concrete) is a form of concrete which is "pre-stressed" by being placed under compression prior to supporting any loads beyond its own dead weight and can prevent crack by tensile stress, and this type of concrete often uses for a lot of ground-type LNG tanks.

(Note) In addition to the above as the first phase, the second phase to construct additional ground-type LNG storage tank with a capacity of 230,000 kiloliters (No.2 tank) and additional LNG vaporization equipment has been started in April 2017, and those facilities of the second phase are planned to commence commercial operation in spring 2020 at the same time on commencement of commercial operation on the Fukushima Natural Gas Power Plant.

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