



Note: The following report is an English translation of the Japanese-language original.

Financial Results

for the Three Months Ended June 30, 2018

August 8, 2018

Japan Petroleum Exploration Co., Ltd.

Cautionary Statement

This document contains future prospects such as plans, forecasts, strategies, and others which are not historical fact and these are made by the management's judgement based on the obtainable information at the time of the disclosure. Actual results may significantly differ from those future prospects due to various factors.

This document is not intended to invite investment.

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Note: Abbreviations used herein are as follows:

(a) = Actual results

(f) = Forecasts

FY = Fiscal Year (FY3/19, for instance, means 12 months ending March 31, 2019)

Any inquiries about the information contained herein or other Investor Relations questions are requested to be directed to:

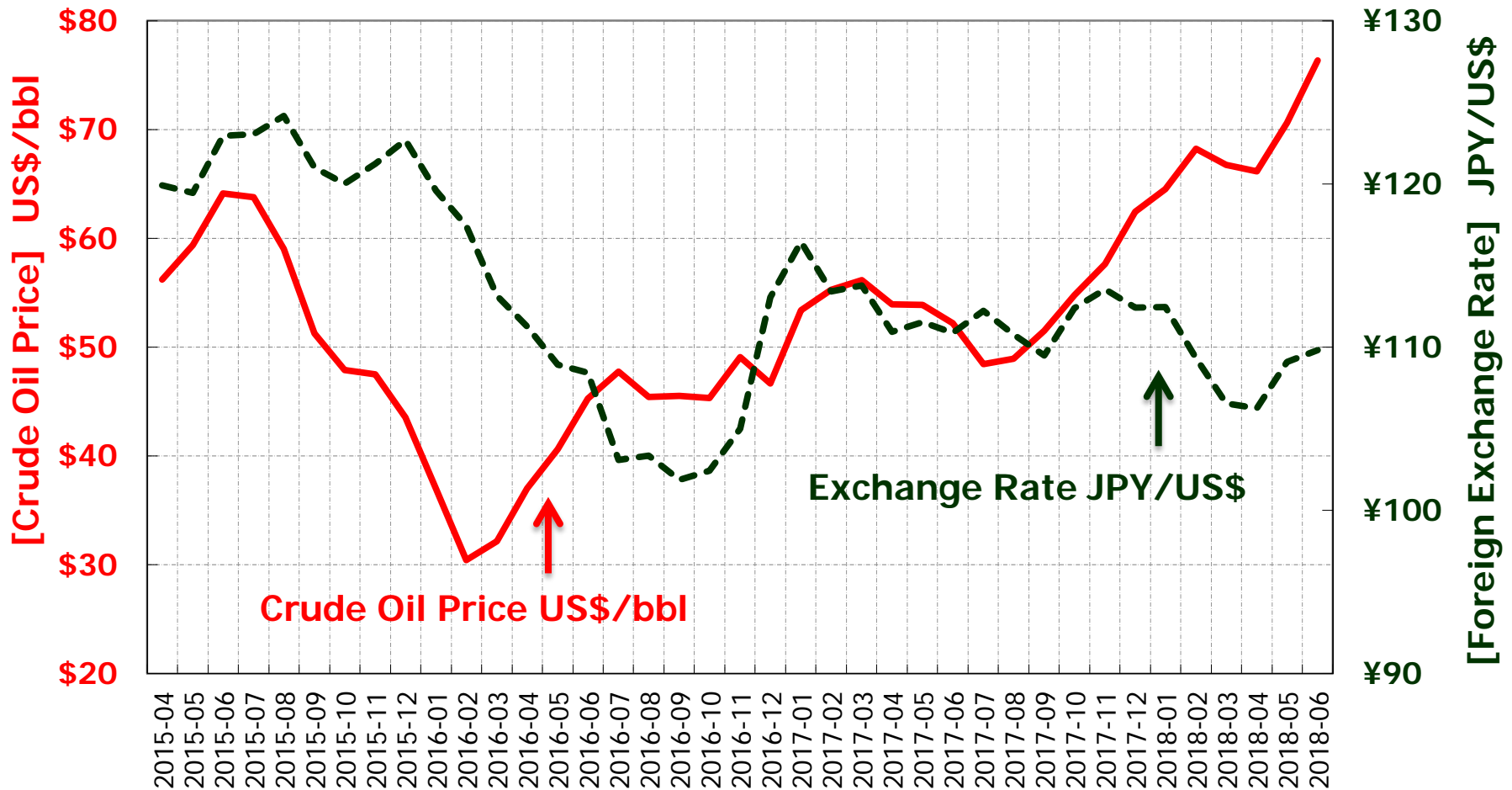
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Trends in Crude Oil Price and Foreign Exchange Rate



Japan Crude Cocktail (JCC) in the first 10 days of July 2018 on a prompt report basis :
US\$ 76.95/bbl **JPY 110.15/US\$**

Actual Results and Forecasts for FY3/19 (Highlights)

[Billion JPY]	FY3/18		FY3/19			Change		
	1Q (a) ①	Full (a) ②	1Q (a) ③	Full (f) Previous forecasts (May 11, 2018) ④	Full (f) Revised forecasts (August 8, 2018) ⑤*	1Q (③-①)	Full (⑤-②)	Full (⑤-④)
Net sales	59.8	230.6	57.6	265.6	284.0	(2.1)	+53.3	+18.3
Operating profit (loss)	2.2	8.7	(2.6)	0.6	2.1	(4.9)	(6.6)	+1.4
Ordinary profit (loss)	5.7	3.8	(3.1)	9.9	10.0	(8.9)	+6.1	+0.0
Profit (loss) attributable to owners of parent	5.4	(30.9)	(2.2)	9.4	11.0	(7.7)	+41.9	+1.5

Oil price and exchange rate assumptions

JCC (US\$/bbl)	54.63	56.20	67.95	60.00	69.50	+13.32	+13.30	+9.50
Exchange rate (JPY/US\$)	112.12	111.67	107.42	110.00	109.39	(4.70)	(2.28)	(0.61)

* JAPEX announced the latest forecasts by "Notice of Financial Forecasts Revision" on August 8, 2018, regarding the consolidated financial forecasts of the fiscal year ending March 31, 2019.

Actual Sales of Natural Gas in 1Q FY3/19 (year-on-year)

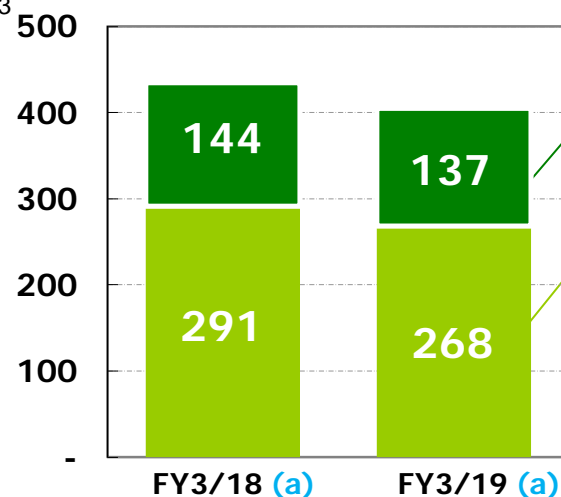
Sales volume : Million M3 Net sales : Million JPY		FY3/18	FY3/19	Change
		1Q (a)	1Q (a)	
Natural gas	Sales volume	435	406	(29)
	Net sales	13,769	13,845	+76

Increase in sales price, despite the decrease in sales volume of gas in Japan

Sales volume by region

Japan	Sales volume	291	268	(22)
<i>Gas produced in Japan</i>	<i>Sales volume</i>	<i>180</i>	<i>137</i>	<i>(43)</i>
Overseas	Sales volume	144	137	(7)

Million M3



Sales volume of overseas gas

Decrease in shale gas sales volume in Canada

Sales volume of gas in Japan

Temporary demand reduction due to the customer's reason

Sales volume of "Overseas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd., overseas consolidated subsidiaries.

Actual Sales of Crude Oil in 1Q FY3/19 (year-on-year)

Sales volume : Thousand KL Net sales : Million JPY		FY3/18 1Q(a)	FY3/19 1Q(a)	Change
Crude Oil :	Sales volume	872	711	(161)
	Net sales	29,530	29,063	(466)

Decrease in sales volume, despite the increase in sales price

Equity oil sales

Crude oil produced in Japan (*)	Sales volume	78	61	(17)
	Net sales	3,158	3,030	(128)
Crude oil produced in overseas (**)	Sales volume	442	173	(269)
	Net sales	13,545	8,413	(5,132)
Diluted bitumen (***)	Sales volume	—	242	+242
	Net sales	—	5,436	+5,436

Decrease in crude oil sales volume of Garraf Oil Field, Iraq

Diluted bitumen sales commencement of the Hangingstone lease in 3Q of 2017

Oil price and exchange rate assumptions

JCC	US\$/bbl	54.63	67.95	+13.32
Diluted bitumen (***)	US\$/bbl	—	33.48	—
Exchange rate	JPY/US\$	112.12	107.42	(4.70)

(*) Sales volume and net sales of "Crude oil produced in Japan" stated herein do not include purchased crude oil.

(**) Sales volume and net sales of "Crude oil produced in overseas" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

(***) Royalty is excluded in the net sales and price of diluted bitumen.

Actual Results for 1Q FY3/19 (year-on-year)

[Million JPY]	FY3/18 1Q (a)	FY3/19 1Q (a)	Change
Net sales	59,803	57,623	(2,180)
Gross profit	9,649	5,079	(4,569)
Exploration expenses	367	143	(223)
SG&A expenses	7,011	7,571	+559
Operating profit (loss)	2,270	(2,634)	(4,905)
Non-operating income (expenses)	3,464	(547)	(4,011)
Ordinary income (loss)	5,735	(3,181)	(8,917)
Extraordinary income (losses)	(5)	(62)	(57)
Income taxes	634	602	(32)
Profit (loss) attributable to non-controlling interests	(397)	(1,585)	(1,187)
Profit (loss) attributable to owners of parent	5,492	(2,261)	(7,754)

Main factors for change

Increase factor "+" / Decrease factor "()"

Gross profit

Domestic business (¥2.5 billion)
Overseas consolidated subsidiaries (¥1.9 billion)

SG&A expenses

Increase in transportation cost at the Hangingstone lease (¥0.5 billion)

Non-operating income (expenses)

Equity in earnings of affiliates (¥0.3 billion)
Foreign currency translation adjustments on debt, foreign currency exchange gains and losses (FY3/18) Loss of ¥0.4 billion → (FY3/19) Loss of ¥3.4 billion (¥ 2.9 billion)
Increase in interest expenses (¥ 0.5 billion)

Price Assumptions for Revised Forecasts for FY3/19

			2018				2019	Full year
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
JCC	US\$/bbl	Previous forecasts		60.00	60.00	60.00	60.00	60.00
		Revised forecasts		67.95	70.00	70.00	70.00	69.50
Exchange rate	JPY/US\$	Previous forecasts		110.00	110.00	110.00	110.00	110.00
		Revised forecasts		107.42	110.00	110.00	110.00	109.39
JACOS Diluted bitumen	US\$/bbl	Previous forecasts	35.50	36.95	37.23	37.26		36.79
		Revised forecasts	33.48	43.19	39.48	38.04		38.64
JML Gas	C\$/mcf	Previous forecasts	2.00	2.00	2.00	2.00		2.00
		Revised forecasts	2.04	1.35	1.40	1.40		1.56

1. "JACOS Diluted bitumen" stated herein is the diluted bitumen sales price of Japan Canada Oil Sands Ltd. (Excl. Royalty)
2. "JML Gas" stated herein is the gas sales price of JAPEX Montney Ltd. (Excl. Royalty)

Revised Forecasts Natural Gas Sales for FY3/19 (vs Previous Forecasts)

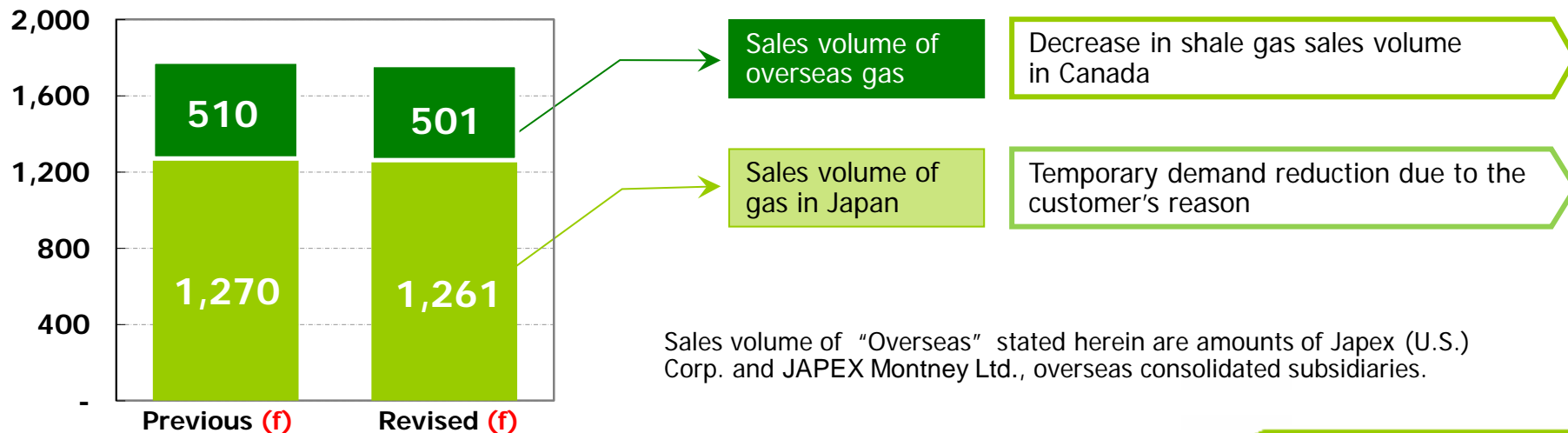
		FY3/19	FY3/19	Change
		Previous forecasts Full (f) May 11, 2018	Revised forecasts Full (f) August 8, 2018	
Sales volume : Million M3				
Net sales : Million JPY				
Natural gas	Sales volume	1,780	1,762	(18)
	Net sales	64,102	66,604	+2,503

Increase in sales price, despite the decrease in sales volume

Sales volume by region

Japan	Sales volume	1,270	1,261	(9)
Gas produced in Japan	Sales volume	666	632	(34)
Overseas	Sales volume	510	501	(9)

Million M3



Revised Forecasts Crude Oil Sales for FY3/19 (vs Previous Forecasts)

		FY3/19	FY3/19	Change
Sales volume : Thousand KL				
Net sales : Million JP¥		Previous forecasts Full (f) May 11, 2018	Revised forecasts Full (f) August 8, 2018	Full
Crude Oil :	Sales volume	3,368	3,310	(58)
	Net sales	119,835	133,476	+13,642

Increase in sales price, despite the decrease in sales volume

Equity oil sales

Crude oil produced in Japan (*)	Sales volume	265	258	(7)
	Net sales	11,622	12,986	+1,364
Crude oil produced in overseas (**)	Sales volume	851	720	(131)
	Net sales	32,894	33,447	+553
Diluted bitumen (***)	Sales volume	1,197	1,284	+87
	Net sales	30,472	34,335	+3,863

Increase in crude oil sales price of Garraf Oil Field, Iraq despite the decrease in crude oil sales volume

Increase in sales volume and price of diluted bitumen of the Hangingstone lease

Oil price and exchange rate assumptions

JCC	US\$/bbl	60.00	69.50	+9.50
Diluted bitumen (***)	US\$/bbl	36.79	38.64	+1.85
Exchange rate	JPY/US\$	110.00	109.39	(0.61)

(*) Sales volume and net sales of "Crude oil produced in Japan" stated herein do not include purchased crude oil.

(**) Sales volume and net sales of "Crude oil produced in overseas" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

(***) Royalty is excluded in the net sales and price of diluted bitumen.

Revised Forecasts for FY3/19 (vs Previous Forecasts)

[Million JPY]	FY3/19	FY3/19	Change
	Previous forecasts Full (f) May 11, 2018	Revised forecasts Full (f) August 8, 2018	
Net sales	265,649	284,019	+18,371
Gross profit	32,951	34,083	+1,132
Exploration expenses	1,073	1,055	(17)
SG&A expenses	31,234	30,902	(332)
Operating profit (loss)	644	2,125	+1,481
Non-operating income (expenses)	9,303	7,878	(1,425)
Ordinary profit (loss)	9,947	10,003	+56
Extraordinary income (losses)	632	660	+28
Income taxes	1,495	968	(527)
Profit (loss) attributable to non-controlling interests	(403)	(1,311)	(908)
Profit (loss) attributable to owners of parent	9,487	11,007	+1,519

Main factors for change

Increase factor "+" / Decrease factor "()"

Gross profit

Domestic business + ¥1.7 billion
Overseas consolidated subsidiaries
(¥0.6 billion)

Non-operating income (expenses)

Equity on earnings + ¥ 1.6 billion
Foreign currency translation adjustments on debt, foreign currency exchange gains and Losses (¥ 3.6 billion)