



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

Financial Results

for the Nine Months Ended December 31, 2018

February 12, 2019

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:

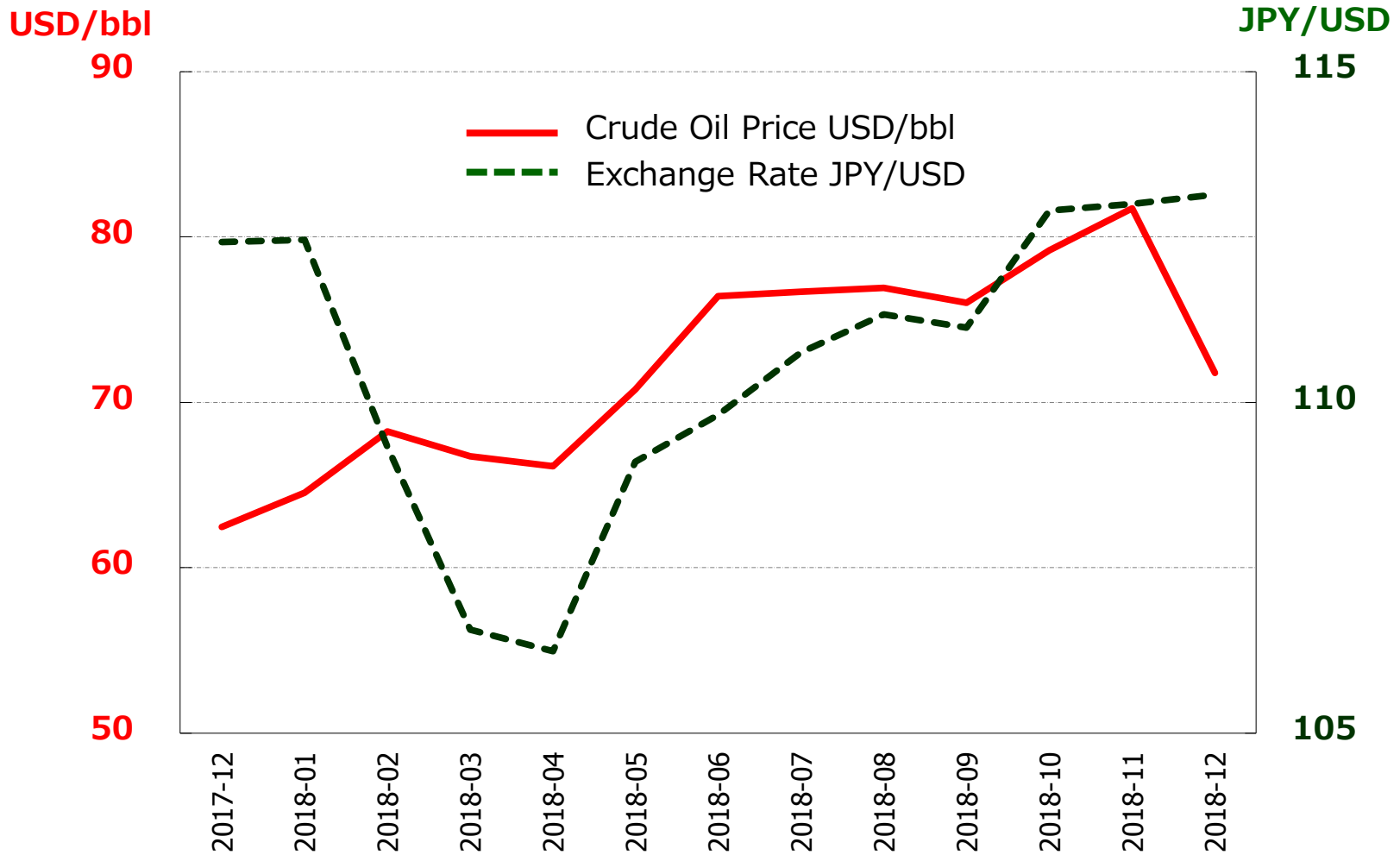
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Trends in Crude Oil Price and Foreign Exchange Rate



JCC in the first 10 days of January 2019 on a prompt report basis:

USD 65.70/bbl

Actual Results and Forecasts for FY3/19 (Highlights)

[Billion JPY]	FY3/18		FY3/19			Change		
	1Q-3Q (a) ①	Full (a) ②	1Q-3Q (a) ③	Full (f) Previous forecasts (November 9, 2018)④	Full (f) Revised forecasts (February 12, 2019)⑤*	1Q-3Q (③-①)	Full (⑤-②)	Full (⑤-④)
Net sales	158.2	230.6	207.4	288.3	282.3	+49.1	+51.6	(6.0)
Operating profit	4.4	8.7	1.0	0.5	0.3	(3.3)	(8.4)	(0.2)
Ordinary profit	4.1	3.8	12.2	12.3	9.8	+8.1	+6.0	(2.5)
Profit (loss) attributable to owners of parent	(30.3)	(30.9)	11.4	12.3	12.4	+41.7	+43.4	+0.0

Oil price and exchange rate assumptions

JCC (USD/bbl)	53.09	56.20	74.54	73.75	70.45	+21.45	+14.25	(3.30)
Exchange rate (JPY/USD)	111.79	111.67	110.25	109.60	110.19	(1.54)	(1.48)	+0.59

*JAPEX announced the latest forecasts by "Notice of Financial Forecasts Revision" on February 12, 2019, regarding the consolidated financial forecasts of the fiscal year ending March 31, 2019.

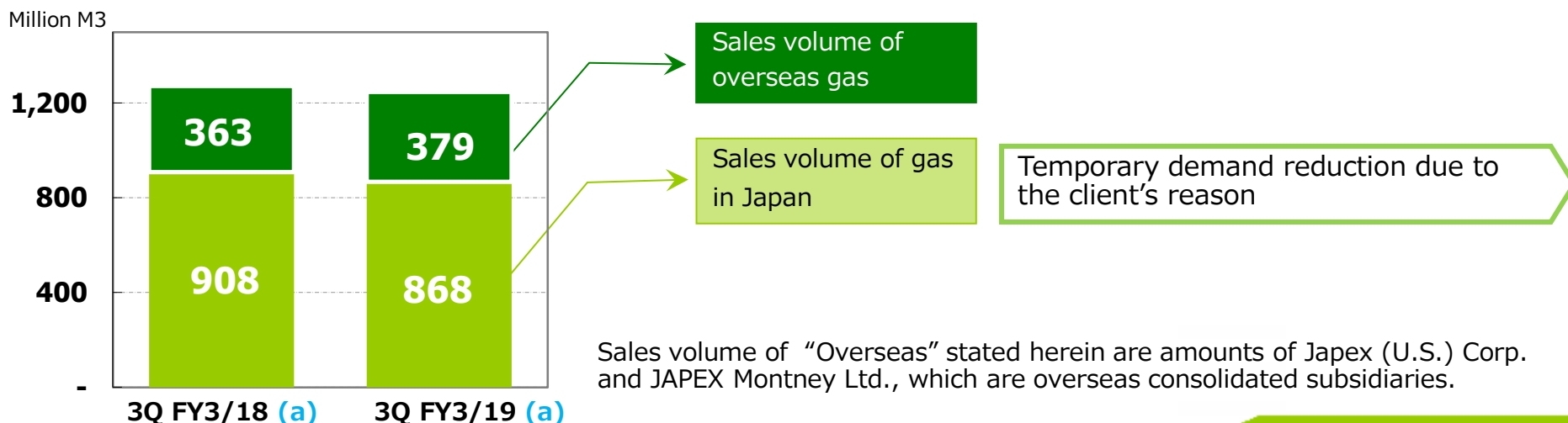
Actual Sales of Natural Gas in 1Q-3Q FY3/19 Actual results (year-on-year)

Sales volume : Million M3 Net sales : Million JPY		FY3/18	FY3/19	Change
		1Q-3Q (a)	1Q-3Q (a)	
Natural gas	Sales volume	1,272	1,248	(24)
	Net sales	42,433	45,667	+3,234

Increase of sales price in Japan

Sales volume by region

Japan	Sales volume	908	868	(40)
Gas produced in Japan	Sales volume	540	450	(90)
Overseas	Sales volume	363	379	+16



Actual Sales of Crude Oil in 1Q-3Q FY3/19 (year-on-year)

Actual results

Sales volume : Thousand KL Net sales : Million JPY		FY3/18 1Q-3Q(a)	FY3/19 1Q-3Q(a)	Change
Crude Oil	Sales volume	1,767	2,502	+735
	Net sales	62,341	106,214	+43,873

- Increase in diluted bitumen sales volume
- Increase in sales price

Equity oil sales

Crude oil produced in Japan (*)	Sales volume	215	190	(24)
	Net sales	8,597	10,350	+1,753
Crude oil produced in overseas (**)	Sales volume	821	356	(464)
	Net sales	26,345	15,941	(10,403)
Diluted bitumen (***)	Sales volume	14	925	+910
	Net sales	390	26,198	+25,807

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

Commencement of diluted bitumen sales of the Hangingstone lease in 3Q of 2017

Oil price and exchange rate assumptions

JCC	USD/bbl	53.09	74.54	+21.45
Diluted bitumen (***)	USD/bbl	36.79	39.63	+2.83
Exchange rate	JPY/USD	111.79	110.25	(1.54)

(*) 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-3Q FY3/19 (year-on-year)

[Million JPY]	FY3/18 1Q-3Q (a)	FY3/19 1Q-3Q (a)	Change
Net sales	158,274	207,425	+49,151
Gross profit	26,816	25,445	(1,371)
Exploration expenses	996	617	(378)
SG&A expenses	21,419	23,787	+2,367
Operating profit	4,400	1,040	(3,360)
Non-operating income (expenses)	(289)	11,235	+11,524
Ordinary income	4,111	12,275	+8,163
Extraordinary income (losses)	(73,583)	605	+74,189
Income taxes	(409)	2,000	+2,409
Profit (loss) attributable to non-controlling interests	(38,725)	(522)	+38,203
Profit (loss) attributable to owners of parent	(30,337)	11,402	+41,740

Main factors for change

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

Gross profit

Domestic business (¥3.1 billion)

Overseas consolidated subsidiaries + ¥1.8 billion

SG&A expenses

Increase in transportation cost at the Hangingstone lease (¥1.8 billion)

Non-operating income (expenses)

Equity in earnings + ¥7.2 billion

Foreign currency translation adjustments on loan, foreign currency exchange gains and losses (FY3/18)Gains of ¥3.9 billion → (FY3/19)Loss of ¥1.2 billion (¥5.1 billion)

Increase in interest expenses (¥1.8 billion)

(FY3/18)Decrease in depreciation expenses related to the Hangingstone DEMO area + ¥7.8 billion

Extraordinary income (losses)

(FY3/18)Decrease of impairment loss due to not proceeding LNG Project in Canada + ¥73.5 billion

(FY3/19)Gain on sales of real estate + ¥0.7 billion

Price Assumptions for Revised Forecasts for FY3/19

2018				2019	Full year
Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	

JCC	USD/bbl	Previous forecasts		67.95	76.64	75.00	75.00	73.75
		Revised forecasts		67.95	76.64	79.05	60.00	70.45
Exchange rate	JPY/USD	Previous forecasts		107.42	110.61	110.00	110.00	109.60
		Revised forecasts		107.42	110.61	112.41	110.00	110.19

JACOS Diluted bitumen	USD/bbl	Previous forecasts	33.48	43.05	41.16	30.23		37.59
		Revised forecasts	33.48	43.05	41.08	25.65		36.63
JML Gas	CAD/mcf	Previous forecasts	2.04	1.21	1.64	1.90		1.65
		Revised forecasts	2.04	1.21	1.42	2.17		1.71

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).

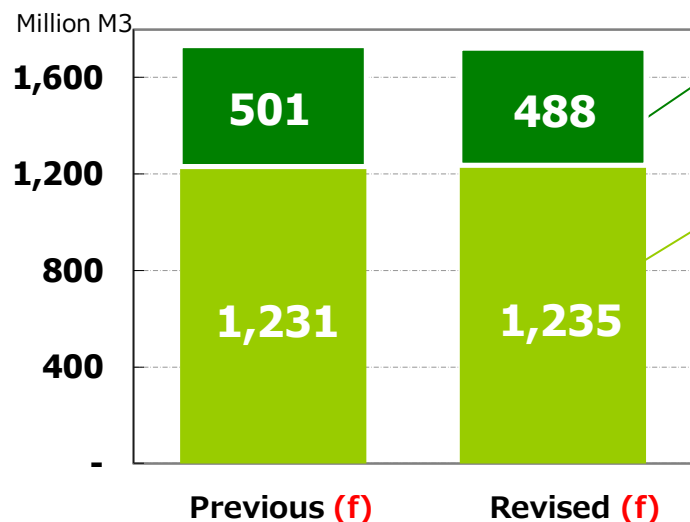
Revised Forecasts Natural Gas Sales for FY3/19 (vs Previous Forecasts)

Sales volume : Million M3 Net sales : Million JPY		FY3/19	FY3/19	Change
		Previous forecasts Full (f) November 9, 2018	Revised forecasts Full (f) February 12, 2019	
Natural gas	Sales volume	1,731	1,723	(8)
	Net sales	66,113	67,049	+935

Increase of sales price in Japan

Sales volume by region

Japan	Sales volume	1,231	1,235	+5
Gas produced in Japan	Sales volume	614	624	+9
Overseas	Sales volume	501	488	(13)



Sales volume of overseas gas

Decrease of shale gas in Canada

Sales volume of gas in Japan

Increase in demand from local gas distributors

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



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

Sales volume : Thousand KL Net sales : Million JPY		FY3/19	FY3/19	Change
		Previous forecasts Full (f) November 9, 2018	Revised forecasts Full (f) February 12, 2019	Full
Crude Oil :	Sales volume	3,240	3,392	+151
	Net sales	138,320	135,687	(2,633)

Decrease in sales price

Equity oil sales

Crude oil produced in Japan (*)	Sales volume	264	265	+0
	Net sales	14,093	13,636	(458)
Crude oil produced in overseas (**)	Sales volume	528	685	+157
	Net sales	26,149	28,294	+2,144
Diluted bitumen (***)	Sales volume	1,183	1,178	(6)
	Net sales	30,792	30,120	(672)

- Decrease in sales volume due to revised JACOS production plan
- Decrease in sales price

Oil price and exchange rate assumptions

JCC	USD/bbl	73.75	70.45	(3.30)
Diluted bitumen (***)	USD/bbl	37.59	36.63	(0.96)
Exchange rate	JPY/USD	109.60	110.19	+0.59

(*) 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 Previous forecasts Full (f) November 9, 2018	FY3/19 Revised forecasts Full (f) February 12, 2019	Change
Net sales	288,330	282,326	(6,004)
Gross profit	32,089	32,786	+697
Exploration expenses	907	822	(85)
SG&A expenses	30,656	31,638	+982
Operating profit	526	326	(201)
Non-operating income	11,864	9,506	(2,358)
Ordinary profit	12,390	9,831	(2,559)
Extraordinary income	613	581	(32)
Income taxes	1,454	(1,505)	(2,959)
Profit (loss) attributable to non-controlling interests	(843)	(552)	+291
Profit attributable to owners of parent	12,393	12,469	+77

Main factors for change

Increase factor “+” / Decrease factor “()”

Gross profit

Domestic business + ¥0.8 billion
Overseas consolidated subsidiaries
(¥0.1 billion)

SG&A expenses

Transportation cost of JAPEX Montney Ltd.
(¥1.0 billion)

Non-operating income (expenses)

Equity on earnings + ¥1.2 billion

Foreign currency translation adjustments on loan, foreign currency exchange gains and losses

(Previous) Loss of ¥1.9 billion
→ (Current) Loss of ¥5.1 billion
(¥3.2 billion)

Income taxes

Application of foreign tax credit on Garraf Project
+ ¥2.7 billion

Revised Forecasts Natural Gas Sales for FY3/19 (year-on-year)

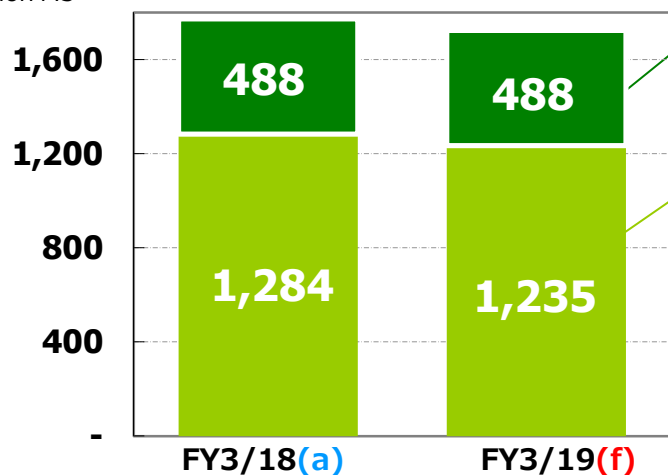
		FY3/18	FY3/19	Change
Sales volume : Million M3				
Net sales : Million JPY		Full (a)	Revised forecasts Full (f) February 12, 2019	Full
Natural gas	Sales volume	1,773	1,723	(50)
	Net sales	60,431	67,049	+6,618

Increase of sales price of gas in Japan

Sales volume by region

Japan	Sales volume	1,284	1,235	(49)
Gas produced in Japan	Sales volume	739	624	(115)
Overseas	Sales volume	488	488	(1)

Million M3



Sales volume of overseas gas

Sales volume of gas in Japan

- Temporary demand reduction due to the client's reason
- Reactionally fall of increase in temporary sales to local distribution companies in previous year

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

Revised Forecasts Crude Oil Sales for FY3/19 (year-on-year)

		FY3/18	FY3/19	Change
Sales volume : Thousand KL Net sales : Million JPY		Full (a)	Revised forecasts Full (f) February 12, 2019	Full
Crude oil	Sales volume	2,506	3,392	+885
	Net sales	93,685	135,687	+42,002

Increase in sales volume,
increase in sales price

Equity oil sales

Crude oil produced in Japan (*)	Sales volume	291	265	(27)
	Net sales	12,265	13,636	+1,370
Crude oil produced in overseas (**)	Sales volume	991	685	(307)
	Net sales	33,749	28,294	(5,456)
Diluted bitumen (***)	Sales volume	160	1,178	+1,017
	Net sales	4,512	30,120	+25,607

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

Increase in sales volume of
the Hangingstone lease due
to full year production and
achievement of plateau
production

Oil price and exchange rate assumptions

JCC	USD/bbl	56.20	70.45	+14.25
Diluted bitumen (***)	USD/bbl	39.63	36.63	(3.00)
Exchange rate	JPY/USD	111.67	110.19	(1.48)

(*) 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 (year-on-year)

[Million JPY]	FY3/18 Full (a)	FY3/19 Revised forecasts Full (f) February 12, 2019	Change
Net sales	230,629	282,326	+51,696
Gross profit	39,263	32,786	(6,477)
Exploration expenses	1,324	822	(502)
SG&A expenses	29,173	31,638	+2,464
Operating income	8,764	326	(8,439)
Non-operating income (expenses)	(4,936)	9,506	+14,442
Ordinary income	3,828	9,831	+6,003
Extraordinary income (losses)	(73,231)	581	+73,813
Income taxes	239	(1,505)	(1,744)
Profit (loss) attributable to non- controlling interests	(38,683)	(552)	+38,132
Profit (loss) attributable to owners of parent	(30,958)	12,469	+43,428

Main factors for change
Increase factor “+” / Decrease factor “()”

Gross profit

Domestic business (¥5.5 billion)
Overseas consolidated subsidiaries (¥0.9 billion)

SG&A expenses

Increase in transportation cost
at the Hangingstone lease (¥2.2 billion)

Non-operating income (expenses)

Equity in earnings +¥14.2 billion

Foreign currency translation adjustments on
loan, foreign currency exchange gains and losses
(FY3/18)Gains of ¥2.7 billion→(FY3/19)Loss of ¥5.1 billion
(¥7.8 billion)

(FY3/18) Decrease in depreciation expenses
related to the Hangingstone DEMO area
+¥7.7 billion

Extraordinary income (losses)

(FY3/18)Decrease of impairment loss due to not
proceeding LNG Project in Canada
+¥72.9 billion

(FY3/19)Gain on sales of real estate
+¥0.7 billion