

Code No. 1662  
June 4, 2012  
Osamu Watanabe, President  
**Japan Petroleum Exploration Co., Ltd. (JAPEX)**  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo

To All Shareholders:

**Notification of the Convocation to  
the 42<sup>nd</sup> Ordinary General Meeting of the Shareholders**

The 42<sup>nd</sup> Ordinary General Meeting of the Shareholders of Japan Petroleum Exploration Co., Ltd. (hereinafter referred to as the “JAPEX”) will be held according to the details below, and we kindly ask for your attendance.

If you are unable to attend the meeting, you may exercise your voting rights through a written document (Voting Rights Exercise Form) or by electronic means (via the Internet). Please read the attached “Reference Documents for Shareholders Meeting,” and exercise your voting rights after referring to “4.Guidance on the Exercise of Voting Rights” on the following page, prior to 5:35 p.m., Monday, June 25, 2012.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 26, 2012 (Tuesday)
  2. Location: Tokyo Station Conference “Sapia Hall” (Sapia Tower 5F)  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo
  3. Agenda:
    - Announcements: 1) Business report and consolidated financial report of the 42<sup>nd</sup> Term (from April 1, 2011 to March 31, 2012), and audit reports from the accounting auditor and Board of Corporate Auditors on the consolidated financial report  
2) Financial report of the 42<sup>nd</sup> Term (from April 1, 2011 to March 31, 2012)
- Resolution items:
- Item 1: Appropriation of Surplus
  - Item 2: Election of One (1) Director
  - Item 3: Awarding Retirement Benefits to Retiring Director
  - Item 4: Payment of Bonuses to Directors and Corporate Auditors

**NOTE:** This document is an abridged translation of the Japanese “Notification of the Convocation to the 42<sup>nd</sup> Ordinary General Meeting of the Shareholders” “Reference Documents for Shareholders Meeting” and “Financial Report” of JAPEX. This translation is intended for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. JAPEX does not guarantee the accuracy and/or the completeness of this translation and shall have no liability for any errors or omissions therein.

#### 4. Guidance on the Exercise of Voting Rights

##### [Exercise of Voting Rights in Writing (Voting Rights Exercise Form)]

Please indicate your approval or disapproval of each proposition on the enclosed Voting Rights Exercise Form and then send it back so that it reaches us no later than 5:35 p.m., Monday, June 25, 2012.

##### [Exercise of Voting Rights by Electronic Means (via the Internet)]

- (1) To exercise your voting rights via the Internet, you must use the following voting service website (<http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>) designated by the Company. You are cordially requested to exercise your voting rights via the Internet prior to 5:35 p.m., Monday, June 25, 2012.
- (2) Please register your approval or disapproval of each proposition, by using the code and password provided at the bottom right side of your Voting Rights Exercise Form enclosed herewith and following the directions on the screen. Please check the “Guidance on the Exercise of Voting Rights via the Internet” shown on page 11 and 12 of this notice for the details.

##### [Treatment of Voting Rights Exercised Repeatedly]

- (1) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.
- (2) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.

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\*Upon your arrival at the Ordinary General Meeting of Shareholders, please submit the enclosed Voting Rights Exercise Form to the venue reception. Thank you.

\*In case the Reference Documents for Shareholders Meeting, or business report, financial report or consolidated financial report is modified, such modification shall be posted on the JAPEX website. (<http://www.japex.co.jp/>)

## Consolidated Balance Sheets

(As of March 31, 2012)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>165,054</b>	<b>Current liabilities</b>	<b>32,977</b>
Cash and deposits	29,805	Notes and accounts payable-trade	7,251
Notes and accounts receivable-trade	27,392	Provision for directors' bonuses	94
Short-term investment securities	51,870	Provision for loss on disaster	115
Merchandise and finished goods	4,407	Other	25,516
Work in process	99		
Raw materials and supplies	4,952	<b>Noncurrent liabilities</b>	<b>93,140</b>
Deferred tax assets	1,722	Long-term loans payable	26,198
Short-term loans receivable	39,295	Deferred tax liabilities	42,601
Other	5,509	Provision for retirement benefits	7,129
Allowance for doubtful accounts	(1)	Provision for directors' retirement benefits	745
		Asset retirement obligations	9,670
<b>Noncurrent assets</b>	<b>367,836</b>	Other	6,795
<b>Property, plant and equipment</b>	<b>132,859</b>	<b>Liabilities</b>	<b>126,117</b>
Buildings and structures	42,932	<b>(Net assets)</b>	
Wells	9,566	<b>Shareholders' equity</b>	<b>308,601</b>
Machinery, equipment and vehicles	56,332	<b>Capital stock</b>	<b>14,288</b>
Land	15,097	<b>Retained earnings</b>	<b>294,323</b>
Construction in progress	708	<b>Treasury stock</b>	<b>(10)</b>
Other	8,221	<b>Accumulated other comprehensive income</b>	<b>83,995</b>
<b>Intangible assets</b>	<b>7,156</b>	<b>Valuation difference on available-for-sale securities</b>	<b>89,366</b>
Other	7,156	<b>Deferred gains or losses on hedges</b>	<b>20</b>
<b>Investments and other assets</b>	<b>227,820</b>	<b>Foreign currency translation adjustment</b>	<b>(5,391)</b>
Investment securities	192,726	<b>Minority interests</b>	<b>14,176</b>
Long-term loans receivable	23,407	<b>Net assets</b>	<b>406,773</b>
Deferred tax assets	878	<b>Liabilities and net assets</b>	<b>532,890</b>
Other	15,439		
Allowance for doubtful accounts	(38)		
Allowance for overseas investment loss	(4,593)		
<b>Assets</b>	<b>532,890</b>		

(Amounts truncated to millions of yen)

## Consolidated Statements of Income

〔 From April 1, 2011  
To March 31, 2012 〕

(Unit: millions of yen)

Accounting titles	Amount	
<b>Net sales</b>		<b>230,638</b>
<b>Cost of sales</b>		<b>174,359</b>
<b>Gross profit</b>		<b>56,278</b>
<b>Exploration expenses</b>		<b>7,805</b>
<b>Selling, general and administrative expenses</b>		<b>33,426</b>
<b>Operating income</b>		<b>15,045</b>
<b>Non-operating income</b>		
Interest income	1,368	
Dividends income	5,507	
Gain on sales of securities	881	
Other	1,199	8,957
<b>Non-operating expenses</b>		
Interest expenses	219	
Loss on sales of securities	407	
Loss on valuation of securities	360	
Equity in losses of affiliates	408	
Foreign exchange losses	193	
Other	254	1,843
<b>Ordinary income</b>		<b>22,159</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	140	
Insurance income	620	
Other	17	779
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	460	
Loss on disaster	7	
Other	0	468
<b>Income before income taxes and minority interests</b>		<b>22,471</b>
Income taxes-current	3,709	
Income taxes-deferred	1,037	4,746
<b>Income before minority interests</b>		<b>17,724</b>
Minority interests in income		696
<b>Net income</b>		<b>17,027</b>

(Amount truncated to millions of yen)

## Consolidated Statements of Changes in Net Assets

( From April 1, 2011  
To March 31, 2012 )

(Unit: millions of yen)

	Shareholders' equity				Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	14,288	279,582	(10)	293,861	95,518	17	(3,968)	91,566	8,261	393,689
Changes of items during the period										
Dividends from surplus		(2,286)		(2,286)						(2,286)
Net income		17,027		17,027						17,027
Purchase of treasury stock			(0)	(0)						(0)
Net changes of items other than shareholders' equity					(6,152)	3	(1,422)	(7,571)	5,914	(1,656)
Total changes of items during the period	—	14,740	(0)	14,740	(6,152)	3	(1,422)	(7,571)	5,914	13,083
Balance at the end of current period	14,288	294,323	(10)	308,601	89,366	20	(5,391)	83,995	14,176	406,773

(Amount truncated to millions of yen)

## Balance Sheets

(As of March 31, 2012)

(Unit: millions of yen)

Accounting titles (Assets)	Amount	Accounting titles (Liabilities)	Amount
<b>Current assets</b>	<b>111,641</b>	<b>Current liabilities</b>	<b>25,098</b>
Cash and deposits	2,955	Accounts payable-trade	3,229
Accounts receivable-trade	18,030	Current portion of long-term loans payable	8,636
Short-term investment securities	35,633	Lease obligations	476
Merchandise and finished goods	4,267	Accounts payable-other	2,711
Raw materials and supplies	4,035	Accrued expenses	8,261
Advance payments-trade	8	Income taxes payable	1,285
Prepaid expenses	422	Deposits received	149
Deferred tax assets	1,522	Provision for directors' bonuses	75
Accrued income	128	Provision for loss on disaster	109
Short-term loans receivable	34,993	Asset retirement obligations	162
Short-term loans receivable from subsidiaries and affiliates	6,205		
Accounts receivable-other	1,486	<b>Noncurrent liabilities</b>	<b>88,262</b>
Advances paid	848	Long-term loans payable	26,198
Other	1,101	Lease obligations	4,351
<b>Noncurrent assets</b>	<b>370,532</b>	Deferred tax liabilities	42,539
<b>Property, plant and equipment</b>	<b>109,597</b>	Provision for retirement benefits	6,242
Buildings	10,925	Provision for directors' retirement benefits	650
Structures	25,894	Provision for loss on business of subsidiaries and affiliates	195
Wells	7,394	Asset retirement obligations	6,586
Machinery and equipment	45,161	Other	1,497
Vessels	0	<b>Liabilities</b>	<b>113,360</b>
Vehicles	12		
Tools, furniture and fixtures	2,540	<b>(Net assets)</b>	
Land	12,560	<b>Shareholders' equity</b>	<b>279,410</b>
Lease assets	4,574	<b>Capital stock</b>	<b>14,288</b>
Construction in progress	533	<b>Retained earnings</b>	<b>265,133</b>
<b>Intangible assets</b>	<b>1,126</b>	Legal retained earnings	3,572
Leasehold right	154	Other retained earnings	261,560
Software	949	Reserve for overseas investment loss	2,372
Other	22	Reserve for mine prospecting	21,643
<b>Investment and other assets</b>	<b>259,808</b>	Reserve for advanced depreciation of noncurrent assets	258
Investment securities	161,436	Reserve for exploration	47,246
Stocks of subsidiaries and affiliates	73,761	General reserve	171,600
Long-term loans receivable	921	Retained earnings brought forward	18,440
Long-term loans receivable from subsidiaries and affiliates	29,001	<b>Treasury stock</b>	<b>(10)</b>
Long-term prepaid expenses	1,202	<b>Valuation and translation adjustments</b>	<b>89,403</b>
Other	3,387	<b>Valuation difference on available-for-sale securities</b>	<b>89,396</b>
Allowance for doubtful accounts	(22)	<b>Deferred gains or losses on hedges</b>	<b>6</b>
Allowance for overseas investment loss	(9,880)	<b>Net assets</b>	<b>368,813</b>
<b>Assets</b>	<b>482,174</b>	<b>Liabilities and net assets</b>	<b>482,174</b>

(Amount truncated to millions of yen)

## Statements of Income

( From April 1, 2011  
To March 31, 2012 )

(Unit: millions of yen)

Accounting titles	Amount	Amount
<b>Net sales</b>		<b>173,832</b>
<b>Cost of sales</b>		<b>130,549</b>
<b>Gross profit</b>		<b>43,283</b>
<b>Exploration expenses</b>		<b>5,711</b>
<b>Selling, general and administrative expenses</b>		<b>27,220</b>
<b>Operating income</b>		<b>10,351</b>
<b>Non-operating income</b>		
Interest income	1,188	
Interest on securities	76	
Dividends income	7,400	
Other	1,261	9,926
<b>Non-operating expenses</b>		
Interest expenses	216	
Loss on sales of securities	307	
Loss on valuation of securities	346	
Provision for overseas investment loss	365	
Foreign exchange losses	166	
Other	248	1,650
<b>Ordinary income</b>		<b>18,627</b>
<b>Extraordinary income</b>		
Gain on dividends of residual property	543	
Gain on sales of noncurrent assets	140	
Insurance income	620	1,304
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	403	
Loss on sales of noncurrent assets	0	
Loss on disaster	7	410
<b>Income before income taxes</b>		<b>19,520</b>
Income taxes-current	2,318	
Income taxes for prior periods	31	
Income taxes-deferred	747	3,097
<b>Net income</b>		<b>16,423</b>

(Amount truncated to millions of yen)

## Statements of Changes in Net Assets

( From April 1, 2011  
To March 31, 2012 )

(Unit: millions of yen)

	Shareholders' equity											
	Capital Stock	Retained earnings									Treasury stock	Total shareholders' equity
		Legal retained earnings	Other retained earnings							Total retained earnings		
			Reserve for overseas investment loss	Reserve for mine prospecting	Reserve for special depreciation	Reserve for advanced depreciation of noncurrent assets	Reserve for exploration	General reserve	Retained earnings brought forward			
Balance at the beginning of current period	14,288	3,572	1,946	18,367	24	259	47,246	171,600	7,980	250,995	(10)	265,273
Changes of items during the period												
Provision of reserve for overseas investment loss			426						(426)	—		—
Provision of reserve for mine prospecting				7,136					(7,136)	—		—
Reversal of reserve for mine prospecting				(3,860)					3,860	—		—
Reversal of reserve for special depreciation					(24)				24	—		—
Provision of reserve for advanced depreciation of noncurrent asset						15			(15)	—		—
Reversal of reserve for advanced depreciation of noncurrent assets						(16)			16	—		—
Dividends from surplus									(2,286)	(2,286)		(2,286)
Net income									16,423	16,423		16,423
Purchase of treasury stock											(0)	(0)
Net changes of items other than shareholders' equity												
Total changes of items during the period	—	—	426	3,275	(24)	(0)	—	—	10,460	14,137	(0)	14,137
Balance at the end of current period	14,288	3,572	2,372	21,643	—	258	47,246	171,600	18,440	265,133	(10)	279,410

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	95,461	17	95,478	360,752
Changes of items during the period				
Provision of reserve for overseas investment loss				—
Provision of reserve for mine prospecting				—
Reversal of reserve for mine prospecting				—
Reversal of reserve for special depreciation				—
Provision of reserve for advanced depreciation of noncurrent asset				—
Reversal of reserve for advanced depreciation of noncurrent assets				—
Dividends from surplus				(2,286)
Net income				16,423
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	(6,065)	(10)	(6,075)	(6,075)
Total changes of items during the period	(6,065)	(10)	(6,075)	8,061
Balance at the end of current period	89,396	6	89,403	368,813



## Reference Documents for Shareholders Meeting

### Item 1: Appropriation of Surplus

JAPEX employs the basic policy of long-term, stable distribution of dividends in considering the retained earnings for investment in new oil and gas reserves and the development of transportation systems, including pipelines, as well as respecting the return of profits to our shareholders.

The 42<sup>nd</sup> term year-end dividends and other appropriations of surplus will be as follows:

#### 1. Details Concerning the Year-End Dividends

- (1) Type of dividend property: Money
- (2) Distribution and total amount of dividend property:  
20 yen per share of common stock  
Total amount of dividends: 1,143,052,740yen
- (3) Effective date of distribution of surplus: June 27, 2012

#### 2. Details Concerning Other Appropriations of Surplus

- (1) Item and amount of reduced surplus  
Retained earnings brought forward: 10,000,000,000 yen
- (2) Item and amount of increased surplus  
General reserve: 10,000,000,000 yen

### Item 2: Election of One (1) Director

Upon closing of this general meeting of shareholders, Director Katsuo Suzuki will be resigning from his post. We kindly ask our shareholders to elect one (1) Director to fill the post.

The candidate for the Director is as listed below:

Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
Hikaru Fukasawa (Date of birth: December 21, 1954)	April 1979    Joined JAPEX Sep. 2004    General Manager of Domestic Exploration Dept., Exploration Division June 2009    Executive Officer, Assistant President of Exploration Division March 2010   Executive Officer, General Manager of Nagaoka District Office June 2011    Executive Officer, General Manager of Nagaoka District Office, Domestic Project Division (up to the present date) <Significant positions concurrently held> President at JAPEX Pipeline Ltd. President at North Japan Security Service Co., Ltd. Director at JAPEX Offshore, Ltd.	1,200 shares

(Note) No significant interest-based relationship exists between the candidate Hikaru Fukasawa and JAPEX.

**Item 3: Awarding Retirement Benefits to Retiring Director**

Upon closing of this general meeting of shareholders, Director Katsuo Suzuki will be retiring from his post.

Therefore, retirement benefits shall be awarded according to the standards specified by JAPEX in recognition of services during his tenure. We kindly ask our shareholders to allow deliberation by the Board of Directors with regard to the specific amount, period and method of payment, etc.

His brief histories are as follows:

Name	Brief history	
Katsuo Suzuki	June 2002	Director, General Manager of International Oil & Gas Division and General Manager of Middle East Project Dept.
	Feb. 2005	Director, Advisor to President of International Oil & Gas Division
	June 2005	Managing Director, Advisor to President of International Oil & Gas Division
	June 2006	Managing Director, President of International Oil & Gas Division
	Oct. 2006	Senior Managing Director, President of International Oil & Gas Division
	June 2007	Executive Vice President, President of International Oil & Gas Division
	Feb. 2010	Executive Vice President, President of International Oil & Gas Division and President of Iraq Project Division
	June 2010	Executive Vice President , President of Iraq Project Division
	June 2011	Executive Vice President, President of Middle East, Africa & Europe Project Division (up to the present date)

**Item 4: Payment of Bonuses to Directors and Corporate Auditors**

A total bonus amount of 75,080,000 yen (70,280,000 yen to Directors, 4,800,000 yen to Corporate Auditors) will be paid to fourteen (14) Directors (excluding one (1) Outside Director) and four (4) Corporate Auditors tenured during the fiscal year ended March 31, 2012, in view of the traditionally paid bonus amounts and the performance of the fiscal year ended March 31, 2012.

## Guidance on the Exercise of Voting Rights via the Internet

### 1. Matters to be acknowledged when exercising voting rights via the Internet

When exercising voting rights via the Internet, please acknowledge the following matters before exercising the rights.

- (1) Exercise of voting rights via the Internet is only possible by accessing the website (see URL shown below) designated by the Company for the purpose of exercising voting rights. Please note that a code for the exercise of voting rights and a password provided at the bottom right side of your Voting Rights Exercise Form enclosed with the convocation notice are necessary for exercising voting rights via the Internet.
- (2) The code for the exercise of voting rights and password provided this time are effective only for this General Meeting of Shareholders. For the next General Meeting, a new code and a password will be issued.
- (3) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.
- (4) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.
- (5) Any access charge to be paid to a service provider, communication charge to telecommunications carriers, or other costs relating to the Internet shall be borne by shareholders.

### 2. Instructions for exercising voting rights via the Internet

- (1) Access <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>.  
The above URLs are unavailable for access between 3:00 a.m. to 5:00 a.m. during the exercise period.
- (2) Enter your code for the exercise of voting rights and password, and click the “Login” button.  
The code for the exercise of voting rights and password are provided at the bottom right side of your Voting Rights Exercise Form enclosed with the convocation notice.
- (3) Exercise your voting rights by following the guidance on the screen and registering your approval or disapproval of each proposition prior to 5:35 p.m., Monday, June 25, 2012.

### 3. System requirements

To exercise your voting rights via the Internet, you will need to have the following systems:

- Ⓒ Personal computer  
Windows® computer  
Please note, for some mobile phone units such as smartphones, there is no guarantee of proper operation, and service may not be available.
- Ⓒ Browser  
Microsoft® Internet Explorer 5.5 or higher  
There is no guarantee of proper operation for Microsoft® Internet Explorer 8 or more recent versions, and service may not be available.
- Ⓒ Internet environment  
An environment in which access to the Internet is available is necessary. (for example, through a contract with an Internet service provider)
- Ⓒ Monitor resolution  
1024 x 768 or higher is recommended.

(Note) Microsoft and Windows are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

### 4. Security

You may exercise your voting rights safely due to the encryption technology (SSL 128 bit) used to protect your voting information from being tampered with or stolen.

The code for the exercise of voting rights and password provided on your Voting Rights Exercise Form are important to verify that the person voting is a genuine shareholder. Please maintain them as strictly confidential. In no event will the Company ask you your password.

## **5. Inquiries**

- (1) For exclusive inquiries about how to exercise your voting rights via the Internet, etc.  
Internet Help Dial, Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.  
Phone: 0120-768-524 (toll free)  
Hours: 9:00 a.m. to 9:00 p.m., excluding Saturdays, Sundays and national holidays
- (2) For inquiries other than those above (1).  
Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.  
Phone: 0120-288-324 (toll free)  
Hours: 9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and national holidays

[To Institutional Investors]

Institutional investors may use the electronic platform for the exercise of voting rights operated by ICJ Inc. if you apply in advance.

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