

Code No. 1662  
June 2, 2015  
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 45<sup>th</sup> Ordinary General Meeting of the Shareholders**

The 45<sup>th</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., Tuesday, June 23, 2015.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 24, 2015 (Wednesday)
2. Location: Station Conference Tokyo “Sapia Hall” (Sapia Tower 5F)  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo
3. Agenda:
  - Announcements:
    - 1) Business report and consolidated financial report of the 45<sup>th</sup> Term (from April 1, 2014 to March 31, 2015), and audit reports from the accounting auditor and Board of Corporate Auditors on the consolidated financial report
    - 2) Financial report of the 45<sup>th</sup> Term (from April 1, 2014 to March 31, 2015)
  - Resolution items:
    - Item 1: Appropriation of Surplus
    - Item 2: Amendments to the Articles of Incorporation
    - Item 3: Election of Fourteen (14) Directors
    - Item 4: Election of One (1) Corporate Auditor
    - Item 5: Awarding Retirement Benefits and Condolence Money to Retiring Directors and Retiring Corporate Auditor and Final Payment of Retirement Benefits in Conjunction with the Abolishment of the Retirement Benefits System for Directors and Corporate Auditors
    - Item 6: Revision to Remuneration for Directors and Corporate Auditors
    - Item 7: Payment of Bonuses to Directors and Corporate Auditors

**NOTE:** This document is an abridged translation of the Japanese “Notification of the Convocation to the 45<sup>th</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., Tuesday, June 23, 2015.

##### [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/>) designated by the Company. You are cordially requested to exercise your voting rights via the Internet prior to 5:35 p.m., Tuesday, June 23, 2015.
- (2) Please register your approval or disapproval of each proposition, by using the code and password provided on 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 17 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.

END

---

\*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/>)

## 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 inside and outside Japan and the improvement and expansion of supply infrastructure, etc., as well as respecting the return of profits to our shareholders.

The year-end dividends for the 45<sup>th</sup> term will be as follows:

#### Details Concerning the Year-End Dividends

- (1) Type of dividend property: Money
- (2) Distribution and total amount of dividend property:  
25 yen per share of common stock  
Total amount of dividends: 1,428,815,925 yen
- (3) Effective date of distribution of surplus: June 25, 2015

### Item 2: Amendments to the Articles of Incorporation

#### 1. Reasons for the Amendments

In order to ensure that Outside Directors and Outside Corporate Auditors will be able to fulfill their expected roles and to facilitate the appointment of qualified individuals on a continuous basis, JAPEX proposes to newly establish Article 30 (Limited Liability Agreement with Outside Directors) and Article 38 (Limited Liability Agreement with Outside Corporate Auditors) in the existing Articles of Incorporation, which enable the Company to enter into an agreement with each of the Outside Directors and Outside Corporate Auditors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, in accordance with the provision of Article 427, Paragraph 1 of the Companies Act. Accordingly, the number of relevant articles shall be adjusted.

Prior consent from all of its Corporate Auditors has been obtained with respect to the establishment of Article 30 (Limited Liability Agreement with Outside Directors) in the existing Articles of Incorporation.

#### 2. Details of the Amendments

The proposed amendments are described in the following comparison chart.

(The amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<p><u>(Limited Liability Agreement with Outside Directors)</u>  <u>Article 30. In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with each of the Outside Directors, which limits their liability as stipulated in Article 423, Paragraph 1, of the Companies Act; provided, however, that the amount of liability under the agreement is limited to the amount provided by laws and regulations.</u></p>
<p><u>Article 30.</u> (Number of Corporate Auditors) –  <u>Article 36.</u> (Minutes of Meetings of the Board of Corporate Auditors)            (Omitted)</p>	<p><u>Article 31.</u> (Number of Corporate Auditors) –  <u>Article 37.</u> (Minutes of Meetings of the Board of Corporate Auditors)            (Same as current articles)</p>
(Newly established)	<p><u>(Limited Liability Agreement with Outside Corporate Auditors)</u>  <u>Article 38. In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with each of the Outside Corporate Auditors, which limits their liability as stipulated in Article 423, Paragraph 1, of the Companies Act; provided, however, that the amount of liability under the agreement is limited to the amount provided by laws and regulations.</u></p>

Current Articles of Incorporation	Proposed Amendment
<u>Article 37.</u> (Election of Accounting Auditor) – <u>Article 43.</u> (Statute of Limitation for Dividend Payments)  (Omitted)	<u>Article 39.</u> (Election of Accounting Auditor) – <u>Article 45.</u> (Statute of Limitation for Dividend Payments)  (Same as current articles)

### Item 3: Election of Fourteen (14) Directors

Director Kazuo Kawakami passed away in February 2015, and upon closing of this general meeting of shareholders, the terms of office of all Directors of the Board Yuji Tanahashi, Osamu Watanabe, Shoichi Ishii, Junichi Matsumoto, Mitsuru Saito, Nobuyuki Ogura, Kazuo Nakayama, Kiyoshi Ogino, Hitoshi Yamatoya, Hikaru Fukasawa, Yosuke Higai, Shigeru Mitsuya, and Motofumi Hyodo will expire. We kindly ask our shareholders to elect fourteen (14) Directors.

The candidates for Director are as listed below:

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
1	Yuji Tanahashi (October 13, 1934)	April 1958 Joined The Ministry of International Trade and Industry (hereinafter referred to as the “MITI”) June 1991 Vice Minister of International Trade and Industry Aug. 1997 Chairman at New Energy Foundation June 2001 President at JAPEX June 2008 Chairman (up to the present date) <Significant positions concurrently held> Director at Canada Oil Sands Co., Ltd. Director at JAPEX Offshore, Ltd. Outside Director at SMK Corporation Outside Director at Seino Holdings Co., Ltd. Outside Director at K&O Energy Group Inc.	24,900 shares
2	Osamu Watanabe (December 6, 1940)	April 1964 Joined MITI July 1997 Vice Minister of International Trade and Industry July 2002 Chairman at Japan External Trade Organization June 2007 Executive Vice President at JAPEX June 2008 President (up to the present date) <Significant positions concurrently held> President at JAPEX Offshore, Ltd. President at JAPEX Garraf Ltd. Chairman at JAPEX Montney Ltd.	22,200 shares
3	Shoichi Ishii (September 23, 1949)	April 1973 Joined JAPEX June 1999 General Manager of Corporate Planning Dept. June 2003 Director, General Manager of Corporate Planning Dept. June 2005 Managing Executive Officer, General Manager of Nagaoka Division Office June 2006 Managing Director, General Manager of Nagaoka Division Office June 2007 Managing Director June 2011 Senior Managing Director Nov. 2012 Senior Managing Director, President of Soma Project Division June 2014 Executive Vice President, President of Soma Project Division (up to the present date)	5,300 shares

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
4	Kiyoshi Ogino (October 22, 1950)	<p>April 1977 Joined JAPEX</p> <p>May 2007 General Manager of Second Project Dept., International Oil &amp; Gas Division</p> <p>July 2008 General Manager of First Project Dept., International Oil &amp; Gas Division</p> <p>June 2009 Executive Officer, Vice President of Development Division</p> <p>April 2010 Executive Officer, President of Development Division</p> <p>June 2010 Managing Executive Officer, President of Development Division</p> <p>June 2011 Managing Director, President of Domestic Project Division</p> <p>June 2012 Managing Director</p> <p>June 2014 Senior Managing Director (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Chairman at Japan Canada Oil Sands Ltd.</p> <p>President at Canada Oil Sands Ltd.</p>	2,900 shares
5	Nobuyuki Ogura (May 14, 1952)	<p>April 1975 Joined JAPEX</p> <p>April 2001 General Manager of Overseas Exploration Dept. II, Exploration Division</p> <p>April 2003 General Manager of Overseas Exploration Dept., Exploration Division</p> <p>June 2006 Executive Officer</p> <p>June 2008 Managing Director, Vice President of Exploration Division</p> <p>June 2010 Managing Director, President of Exploration Division</p> <p>June 2011 Managing Director, President of Technical Division</p> <p>June 2012 Managing Director, President of Technical Division and President of Domestic Project Division</p> <p>Aug. 2012 Managing Director, President of Technical Division</p> <p>June 2013 Senior Managing Director, President of Technical Division and President of Environment and Innovative Technology Projects Division (up to the present date)</p> <p>&lt;Significant position concurrently held&gt;</p> <p>Director at JAPEX Offshore, Ltd.</p>	3,600 shares
6	Kazuo Nakayama (August 4, 1950)	<p>April 1973 Joined JAPEX</p> <p>June 2007 Managing Executive Officer, Advisor to President of Exploration Division</p> <p>June 2009 Managing Executive Officer, Vice President of International Oil &amp; Gas Division</p> <p>Feb. 2010 Managing Executive Officer, Advisor to President of Iraq Project Division</p> <p>June 2011 Managing Director, Vice President of Middle East, Africa &amp; Europe Project Division</p> <p>June 2012 Managing Director, President of Middle East, Africa &amp; Europe Project Division</p> <p>June 2014 Senior Managing Director, President of Middle East, Africa &amp; Europe Project Division (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Managing Director at JAPEX UK E&amp;P LIMITED</p> <p>Managing Director at JAPEX UK E&amp;P CENTRAL LIMITED</p> <p>Director at JAPEX Garraf Ltd.</p> <p>Director at JJI S &amp; N B.V.</p>	2,300 shares

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
7	Hikaru Fukasawa (December 21, 1954)	<p>April 1979 Joined JAPEX</p> <p>Sep. 2004 General Manager of Domestic Exploration Dept., Exploration Division</p> <p>June 2009 Executive Officer, Advisor to President of Exploration Division</p> <p>March 2010 Executive Officer, General Manager of Nagaoka District Office</p> <p>June 2011 Executive Officer, General Manager of Nagaoka District Office, Domestic Project Division</p> <p>June 2012 Managing Director, General Manager of Nagaoka District Office, Domestic Project Division</p> <p>June 2014 Managing Director, Vice President of Domestic Project Division, General Manager of Operations Dept., and Vice President of Soma Project Division</p> <p>Sep. 2014 Managing Director, Vice President of Domestic Project Division and Vice President of Soma Project Division</p> <p>Nov. 2014 Managing Director, Vice President of Domestic Project Division, Vice President of Soma Project Division and General Manager of Pipeline Construction Dept.</p> <p>Jan. 2015 Managing Director, Vice President of Domestic Project Division and Vice President of Soma Project Division (up to the present date)</p>	2,300 shares
8	Yosuke Higai (April 9, 1955)	<p>April 1978 Joined JAPEX</p> <p>Sep. 2003 General Manager of Procurement Dept.</p> <p>June 2007 General Manager of Administration Dept.</p> <p>June 2009 Executive Officer, General Manager of Administration Dept.</p> <p>June 2010 Executive Officer</p> <p>June 2012 Managing Executive Officer</p> <p>June 2013 Managing Director (up to the present date)</p>	3,000 shares
9	Shigeru Mitsuya (April 15, 1953)	<p>April 1977 Joined JAPEX</p> <p>June 2003 Chief Representative of Jakarta Office</p> <p>July 2008 General Manager of Second Project Dept., International Oil &amp; Gas Division</p> <p>May 2009 General Manager of Kangean Project Dept.</p> <p>June 2010 Executive Officer, Vice President of International Oil &amp; Gas Division</p> <p>June 2011 Executive Officer, Vice President of Asia &amp; Oceania Project Division</p> <p>June 2012 Managing Executive Officer, Vice President of Asia &amp; Oceania Project Division</p> <p>June 2013 Managing Director, President of Asia &amp; Oceania Project Division (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>President at JAPEX Block A Ltd.</p> <p>President at JAPEX West Natuna Limited</p> <p>President at Japan CBM Limited</p> <p>Representative Director at Universe Gas &amp; Oil Company, Inc.</p> <p>Director at Energi Mega Pratama Inc.</p>	1,200 shares

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
10	Motofumi Hyodo (January 1, 1953)	<p>April 1977 Joined JAPEX</p> <p>June 2002 General Manager of Canada Project Dept., International Oil &amp; Gas Division</p> <p>June 2004 General Manager of Strategic Planning Dept., International Oil &amp; Gas Division</p> <p>Feb. 2005 General Manager of First Project Dept., International Oil &amp; Gas Division</p> <p>July 2007 Deputy Representative of Jakarta Office</p> <p>July 2008 Chief Representative of Jakarta Office</p> <p>June 2011 Executive Officer, Chief Representative of Jakarta Office</p> <p>Sep. 2011 Executive Officer, Vice President of Asia &amp; Oceania Project Division</p> <p>June 2013 Managing Executive Officer, Vice President of Asia &amp; Oceania Project Division</p> <p>July 2013 Managing Executive Officer, Vice President of Asia &amp; Oceania Project Division and General Manager of Business Development Dept.</p> <p>Oct. 2013 Managing Executive Officer, Vice President of Asia &amp; Oceania Project Division</p> <p>June 2014 Managing Director (up to the present date)</p>	200 shares
11*	Yasuhiro Masui (January 26, 1956)	<p>April 1979 Joined JAPEX</p> <p>Dec. 2005 General Manager of Overseas Exploration Dept., Exploration Division</p> <p>June 2010 Executive Officer, Vice President of Exploration Division</p> <p>June 2011 Executive Officer, Vice President of Americas &amp; Russia Project Division</p> <p>May 2013 Executive Officer, Vice President of Americas &amp; Russia Project Division and General Manager of Business Development Dept.</p> <p>June 2013 Managing Executive Officer, Vice President of Americas &amp; Russia Project Division and General Manager of Business Development Dept.</p> <p>July 2013 Managing Executive Officer, Vice President of Americas &amp; Russia Project Division (up to the present date)</p>	700 shares
12*	Kazuhiko Ozeki (January 19, 1957)	<p>April 1980 Joined JAPEX</p> <p>June 2005 General Manager of Iraq Project Dept., International Oil &amp; Gas Division</p> <p>Feb. 2010 Vice President of Iraq Project Division</p> <p>June 2010 Executive Officer, Vice President of Iraq Project Division</p> <p>June 2011 Executive Officer, Advisor to President of Middle East, Africa &amp; Europe Project Division</p> <p>June 2013 Managing Executive Officer, Advisor to President of Middle East, Africa &amp; Europe Project Division</p> <p>Aug. 2013 Managing Executive Officer, Vice President of Middle East, Africa &amp; Europe Project Division</p> <p>Jan. 2014 Managing Executive Officer (up to the present date)</p>	800 shares

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
13*	Yoriko Kawaguchi (January 14, 1941)	<p>April 1965    Joined MITI</p> <p>June 1992    Deputy Director-General of MITI</p> <p>Sep. 1993    Managing Director at Suntory Ltd.</p> <p>July 2000    Minister of State and Director-General of Environment Agency</p> <p>Jan. 2001    Minister of the Environment</p> <p>Feb. 2002    Minister of Foreign Affairs</p> <p>Sep. 2004    Special Advisor to the Prime Minister</p> <p>Oct. 2005    Member of the House of Councillors</p> <p>Nov. 2013    Adjunct Professor at Meiji Institute for Global Affairs, Meiji University (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Adjunct Professor at Meiji Institute for Global Affairs, Meiji University</p> <p>Outside Director at Toyota Tsusho Corporation</p>	—
14*	Akira Kojima (July 18, 1942)	<p>April 1965    Joined Nikkei Inc.</p> <p>May 1997    Director and Chief Editor at Nikkei Inc.</p> <p>May 2000    Managing Director and Chief Editor at Nikkei Inc.</p> <p>May 2003    Senior Managing Director at Nikkei Inc.</p> <p>May 2004    Chairman at Japan Center for Economic Research</p> <p>July 2009    Adjunct Professor at National Graduate Institute for Policy Studies</p> <p>April 2011    Member, Board of Trustees and Adjunct Professor at National Graduate Institute for Policy Studies (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Member, Board of Trustees and Adjunct Professor at National Graduate Institute for Policy Studies</p>	—

- (Notes)
1. The candidates noted with an asterisk are newly appointed candidates for Director.
  2. Osamu Watanabe, a candidate, is concurrently serving as the Chairman of JAPEX Montney Ltd. Yasuhiro Masui, a candidate, will assume the position of President of this company. Kiyoshi Ogino, a candidate, is currently serving as the Chairman of Japan Canada Oil Sands Ltd. JAPEX is providing debt guarantees to both of these companies. Further, Mr. Watanabe is concurrently serving as the President of JAPEX Garraf Ltd., with which JAPEX is engaged in crude oil transactions.  
No significant interest-based relationship exists between other candidates for Director and JAPEX.
  3. Yoriko Kawaguchi and Akira Kojima are candidates for Outside Director. We will submit to the Tokyo Stock Exchange a report that we elected them as Independent Officers.
  4. Yoriko Kawaguchi has been nominated as Outside Director, as JAPEX believes that she is a qualified candidate for the position. We expect her to successfully facilitate the execution of our business through the supervision of management and the offering of wide-ranging proposals, based on her distinguished insights and extensive experience as Minister of State and in other government positions, as well as her career in the private sector.
  5. Akira Kojima has been nominated as Outside Director, as JAPEX believes that he is a qualified candidate for the position. We expect him to successfully facilitate the execution of our business through the supervision of management and the offering of wide-ranging proposals, based on his distinguished insights and extensive experience in business management at a newspaper publisher and others.
  6. When Item 2 is approved and resolved as proposed and the elections of Yoriko Kawaguchi and Akira Kojima are approved, JAPEX plans to enter into a limited liability agreement with each of them in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, to limit their liability as stipulated in Article 423, Paragraph 1, of the Companies Act. The amount of liability under the agreement is limited to the amount provided by laws and regulations.



**Item 4: Election of One (1) Corporate Auditor**

Upon closing of this general meeting of shareholders, the term of office of Corporate Auditor Masahiko Kadotani will expire. We kindly ask our shareholders to elect one (1) Corporate Auditor.

The candidate for Corporate Auditor is as listed below.

The Board of Corporate Auditors consented to this proposal.

Name (Date of birth)	Brief history, Position in JAPEX or Significant positions concurrently held	JAPEX shares owned
Hiroyasu Watanabe (April 11, 1945)	<p>July 1969    Joined The Ministry of Finance</p> <p>July 2002    Director-General of the National Tax Agency</p> <p>April 2004    Professor at Graduate School of Finance, Accounting and Law, Waseda University (up to the present date)</p> <p>April 2004    Special Advisor at Nagashima Ohno &amp; Tsunematsu (up to the present date)</p> <p>&lt;Significant positions concurrently held&gt;</p> <p>Professor at Graduate School of Finance, Accounting and Law, Waseda University</p> <p>Special Advisor at Nagashima Ohno &amp; Tsunematsu</p> <p>Outside Corporate Auditor at NOMURA Co., Ltd.</p> <p>Outside Corporate Auditor at Mitsui &amp; Co., Ltd.</p>	—

(Notes) 1. Hiroyasu Watanabe is a newly appointed candidate for Corporate Auditor.

2. No significant interest-based relationship exists between Hiroyasu Watanabe and JAPEX.

3. Hiroyasu Watanabe is a candidate for Outside Corporate Auditor. We will submit to the Tokyo Stock Exchange a report that we elected him as an Independent Officer.

4. Hiroyasu Watanabe has considerable knowledge of finance and accounting gained through his career as an administrator at the Ministry of Finance and other organizations and as a professor at a graduate school. Based on his extensive experience and distinguished insight, he is in an objective position independent from the corporate management engaged in business execution despite having no experience of being directly involved in corporate management. As we believe he will contribute significantly to the Company's management as Outside Corporate Auditor, he has been nominated as a candidate for the position.

5. When Item 2 is approved and resolved as proposed and the election of Hiroyasu Watanabe is approved, JAPEX plans to enter into a limited liability agreement with him in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, to limit his liability as stipulated in Article 423, Paragraph 1, of the Companies Act. The amount of liability under the agreement is limited to the amount provided by laws and regulations.

**Item 5: Awarding Retirement Benefits and Condolence Money to Retiring Directors and Retiring Corporate Auditor and Final Payment of Retirement Benefits in Conjunction with the Abolishment of the Retirement Benefits System for Directors and Corporate Auditors**

Upon closing of this general meeting of shareholders, Directors Junichi Matsumoto, Mitsuru Saito and Hitoshi Yamatoya and Corporate Auditor Masahiko Kadotani will be retiring from their respective posts. Furthermore, Director Kazuo Kawakami passed away in February 2015.

Therefore, retirement benefits and condolence money shall be awarded according to the standards specified by JAPEX in recognition of services during their respective tenures. 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. for the retiring Directors, and consultation with the Corporate Auditors with regard to similar specific matters for the retiring Corporate Auditor.

Their brief histories are as follows:

Name	Brief history
Junichi Matsumoto	June 2008    Managing Director
	June 2013    Senior Managing Director
	June 2014    Executive Vice President (up to the present date)
Mitsuru Saito	June 2007    Managing Director
	June 2013    Senior Managing Director (up to the present date)
Hitoshi Yamatoya	June 2010    Managing Director (up to the present date)
Masahiko Kadotani	June 2003    Corporate Auditor (up to the present date)
Kazuo Kawakami	June 2007    Director
	Feb. 2015    Passed away

At our Board of Directors Meeting held on May 18, 2015, JAPEX resolved to abolish the retirement benefits system for Directors and Corporate Auditors upon closing of this general meeting of shareholders, as

part of a review of the remuneration scheme for Directors and Corporate Auditors.

Accordingly, JAPEX proposes to award retirement benefits as the final payment under this system pursuant to the abolishment, according to the standards specified by JAPEX, to Directors Yuji Tanahashi, Osamu Watanabe, Shoichi Ishii, Kiyoshi Ogino, Nobuyuki Ogura, Kazuo Nakayama, Hikaru Fukasawa, Yosuke Higai, Shigeru Mitsuya and Motofumi Hyodo, who will be reelected subject to the approval and resolution of Item 3 as proposed, and Corporate Auditors Nobuaki Moritani, Morio Ishizeki and Norio Nakajima, who are currently in office, in recognition of services during their respective tenures until the closing of this general meeting of shareholders.

The timing of such payment shall be at the time of retirement of each Director and Corporate Auditor. We kindly ask our shareholders to allow deliberation by the Board of Directors with regard to the specific amount, method of payment, etc. for the above Directors, and consultation with the Corporate Auditors with regard to similar specific matters for the above Corporate Auditors.

The brief histories of Directors and Corporate Auditors subject to the final awarding of retirement benefits due to the abolishment of the retirement benefits system are as follows:

Name	Brief history	
Yuji Tanahashi	June 2001	President
	June 2008	Chairman (up to the present date)
Osamu Watanabe	June 2007	Executive Vice President
	June 2008	President (up to the present date)
Shoichi Ishii	June 2006	Managing Director
	June 2011	Senior Managing Director
	June 2014	Executive Vice President (up to the present date)
Kiyoshi Ogino	June 2011	Managing Director
	June 2014	Senior Managing Director (up to the present date)
Nobuyuki Ogura	June 2008	Managing Director
	June 2013	Senior Managing Director (up to the present date)
Kazuo Nakayama	June 2011	Managing Director
	June 2014	Senior Managing Director (up to the present date)
Hikaru Fukasawa	June 2012	Managing Director (up to the present date)
Yosuke Higai	June 2013	Managing Director (up to the present date)
Shigeru Mitsuya	June 2013	Managing Director (up to the present date)
Motofumi Hyodo	June 2014	Managing Director (up to the present date)
Nobuaki Moritani	June 2013	Full-time Corporate Auditor (up to the present date)
Morio Ishizeki	June 2009	Full-time Corporate Auditor (up to the present date)
Norio Nakajima	June 2014	Corporate Auditor (up to the present date)

#### Item 6: Revision to Remuneration for Directors and Corporate Auditors

The amount of remuneration for Directors of JAPEX was resolved at the 37<sup>th</sup> Ordinary General Meeting of Shareholders held on June 25, 2007 to be within 40 million yen per month (within 1 million yen of that amount per month for Outside Directors) and that for Corporate Auditors was resolved at the 43<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 25, 2013 to be within 6 million yen per month. These amounts have remained the same to date. However, JAPEX proposes to revise the amount of remuneration for Directors to be within 50 million yen per month (within 3 million yen of that amount per month for Outside Directors) and that for Corporate Auditors to be within 8 million yen per month, in view of the abolishment of the retirement benefits system for Directors and Corporate Auditors and various other matters.

Remuneration for Directors shall not include the portion of remuneration as employees for Directors who also serve as employees, as has been in the past.

The number of Directors is currently thirteen (13) (with no Outside Directors), and the number of Corporate Auditors is currently four (4). When Items 3 and 4 are approved and resolved as proposed, the numbers will be fourteen (14) (including two (2) Outside Directors) and four (4), respectively.

#### Item 7: Payment of Bonuses to Directors and Corporate Auditors

In view of the amounts paid in the past and the business performance of the fiscal year ended March 31, 2015, a total bonus amount of 98,799,000 yen (93,999,000 yen for Directors and 4,800,000 yen for Corporate Auditors) will be paid to fourteen (14) Directors (one (1) Outside Director is not included) and five (5) Corporate Auditors tenured during the fiscal year ended March 31, 2015.

## Consolidated Balance Sheet

(As of March 31, 2015)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>198,492</b>	<b>Current liabilities</b>	<b>112,868</b>
Cash and deposits	92,956	Notes and accounts payable-trade	6,728
Notes and accounts receivable-trade	25,248	Short-term loans payable	50,809
Securities	45,605	Provision for directors' bonuses	120
Merchandise and finished goods	4,551	Other	55,210
Work in process	250	<b>Non-current liabilities</b>	<b>83,346</b>
Raw materials and supplies	7,488	Long-term loans payable	20,726
Deferred tax assets	1,088	Deferred tax liabilities	36,657
Short-term loans receivable	13,810	Provision for directors' retirement	874
Other	7,531	benefits	
Allowance for doubtful accounts	(38)	Net defined benefit liability	3,534
<b>Non-current assets</b>	<b>538,369</b>	Asset retirement obligations	17,475
<b>Property, plant and equipment</b>	<b>289,718</b>	Other	4,077
Buildings and structures	41,997	<b>Total liabilities</b>	<b>196,214</b>
Wells	30,737		
Machinery, equipment and vehicles	22,839	<b>(Net assets)</b>	
Mineral resources	40,741	<b>Shareholders' equity</b>	<b>360,719</b>
Land	13,591	<b>Capital stock</b>	<b>14,288</b>
Construction in progress	132,122	<b>Retained earnings</b>	<b>346,441</b>
Other	7,687	<b>Treasury shares</b>	<b>(10)</b>
<b>Intangible assets</b>	<b>9,949</b>	<b>Accumulated other comprehensive</b>	<b>99,678</b>
Other	9,949	<b>income</b>	
<b>Investments and other assets</b>	<b>238,701</b>	<b>Valuation difference on</b>	<b>86,174</b>
Investment securities	187,926	<b>available-for-sale securities</b>	
Long-term loans receivable	17,172	<b>Deferred gains or losses on hedges</b>	<b>3</b>
Deferred tax assets	4,009	<b>Foreign currency translation</b>	<b>12,980</b>
Net defined benefit asset	462	<b>adjustment</b>	
Other	32,494	<b>Remeasurements of defined</b>	<b>521</b>
Allowance for doubtful accounts	(47)	<b>benefit plans</b>	
Allowance for overseas investment loss	(3,317)	<b>Minority interests</b>	<b>80,249</b>
<b>Total assets</b>	<b>736,862</b>	<b>Total net assets</b>	<b>540,647</b>
		<b>Total liabilities and net assets</b>	<b>736,862</b>

(Amounts truncated to millions of yen)

## Consolidated Statement of Income

〔 From April 1, 2014  
To March 31, 2015 〕

(Unit: millions of yen)

Accounting titles	Amount	
<b>Net sales</b>		<b>304,911</b>
<b>Cost of sales</b>		<b>234,649</b>
<b>Gross profit</b>		<b>70,262</b>
<b>Exploration expenses</b>		<b>4,489</b>
<b>Selling, general and administrative expenses</b>		<b>33,625</b>
<b>Operating income</b>		<b>32,146</b>
<b>Non-operating income</b>		
Interest income	2,042	
Dividend income	2,431	
Gain on sales of securities	96	
Share of profit of entities accounted for using equity method	11,996	
Foreign exchange gains	6,675	
Other	1,248	24,491
<b>Non-operating expenses</b>		
Interest expenses	785	
Loss on valuation of derivatives	164	
Share issuance cost	80	
Provision for overseas investment loss	393	
Other	373	1,799
<b>Ordinary income</b>		<b>54,839</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	
Subsidy income	40	
Other	1	42
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	336	
Impairment loss	4,006	
Other	165	4,507
<b>Income before income taxes and minority interests</b>		<b>50,373</b>
Income taxes-current	9,453	
Income taxes-deferred	8,190	17,644
<b>Income before minority interests</b>		<b>32,729</b>
Minority interests in income		3,161
<b>Net income</b>		<b>29,567</b>

(Amount truncated to millions of yen)

## Consolidated Statement of Changes in Equity

〔 From April 1, 2014  
To March 31, 2015 〕

(Unit: millions of yen)

	Shareholders' equity				Accumulated other comprehensive income					Minority interests	Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	14,288	318,433	(10)	332,711	84,856	(56)	5,166	(340)	89,624	74,579	496,915
Cumulative effects of changes in accounting policies		1,297		1,297							1,297
Restated balance	14,288	319,731	(10)	334,009	84,856	(56)	5,166	(340)	89,624	74,579	498,213
Changes of items during period											
Dividends of surplus		(2,857)		(2,857)							(2,857)
Net income		29,567		29,567							29,567
Net changes of items other than shareholders' equity					1,318	60	7,813	861	10,054	5,670	15,724
Total changes of items during period	—	26,710	—	26,710	1,318	60	7,813	861	10,054	5,670	42,434
Balance at end of current period	14,288	346,441	(10)	360,719	86,174	3	12,980	521	99,678	80,249	540,647

(Amount truncated to millions of yen)

## **Balance Sheet**

(As of March 31, 2015)

(Unit: millions of yen)

Accounting titles	Amount	Accounting titles	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>83,979</b>	<b>Current liabilities</b>	<b>29,411</b>
Cash and deposits	16,834	Accounts payable-trade	3,608
Accounts receivable-trade	14,955	Current portion of long-term loans payable	10,228
Securities	23,575	Lease obligations	440
Merchandise and finished goods	4,429	Accounts payable-other	4,152
Raw materials and supplies	6,350	Accrued expenses	6,822
Advance payments-trade	250	Income taxes payable	1,460
Prepaid expenses	555	Advances received	2,198
Deferred tax assets	1,016	Deposits received	130
Accrued income	78	Provision for directors' bonuses	102
Short-term loans receivable	8,999	Provision for loss on construction contracts	140
Short-term loans receivable from subsidiaries and associates	5,679	Asset retirement obligations	96
Accounts receivable-other	124	Other	29
Advances paid	772	<b>Non-current liabilities</b>	<b>65,941</b>
Other	357	Long-term loans payable	16,420
<b>Non-current assets</b>	<b>404,809</b>	Lease obligations	3,146
<b>Property, plant and equipment</b>	<b>66,018</b>	Deferred tax liabilities	31,399
Buildings	8,182	Provision for retirement benefits	3,457
Structures	16,640	Provision for directors' retirement benefits	796
Wells	868	Provision for loss on business of subsidiaries and associates	219
Machinery and equipment	15,472	Asset retirement obligations	10,342
Vessels	0	Other	158
Vehicles	13	<b>Total liabilities</b>	<b>95,352</b>
Tools, furniture and fixtures	1,398		
Land	11,054	<b>(Net assets)</b>	
Leased assets	3,397	<b>Shareholders' equity</b>	<b>307,270</b>
Construction in progress	7,671	<b>Capital stock</b>	<b>14,288</b>
Wells in progress	1,317	<b>Retained earnings</b>	<b>292,992</b>
<b>Intangible assets</b>	<b>1,303</b>	Legal retained earnings	3,572
Leasehold right	160	Other retained earnings	289,420
Software	581	Reserve for overseas investment loss	5,255
Other	562	Reserve for mine prospecting	21,455
<b>Investments and other assets</b>	<b>337,487</b>	Reserve for special depreciation	498
Investment securities	147,642	Reserve for advanced depreciation of non-current assets	218
Shares of subsidiaries and associates	176,100	Reserve for exploration	47,246
Long-term loans receivable	1,266	General reserve	171,600
Long-term loans receivable from employees	0	Retained earnings brought forward	43,144
Long-term loans receivable from subsidiaries and associates	18,092	<b>Treasury shares</b>	<b>(10)</b>
Long-term prepaid expenses	1,190	<b>Valuation and translation adjustments</b>	<b>86,167</b>
Prepaid pension cost	617	Valuation difference on available-for-sale securities	86,167
Other	3,079	<b>Total net assets</b>	<b>393,437</b>
Allowance for doubtful accounts	(16)	<b>Total liabilities and net assets</b>	<b>488,789</b>
Allowance for overseas investment loss	(10,485)		
<b>Total assets</b>	<b>488,789</b>		

(Amount truncated to millions of yen)

## Statement of Income

〔 From April 1, 2014  
To March 31, 2015 〕

(Unit: millions of yen)

Accounting titles	Amount	
<b>Net sales</b>		<b>227,251</b>
<b>Cost of sales</b>		<b>179,353</b>
<b>Gross profit</b>		<b>47,898</b>
<b>Exploration expenses</b>		<b>3,273</b>
<b>Selling, general and administrative expenses</b>		<b>24,650</b>
<b>Operating income</b>		<b>19,973</b>
<b>Non-operating income</b>		
Interest income	1,431	
Interest on securities	46	
Dividend income	14,479	
Foreign exchange gains	2,121	
Other	974	
		19,054
<b>Non-operating expenses</b>		
Interest expenses	152	
Loss on valuation of shares of subsidiaries and associates	5,187	
Provision for overseas investment loss	6,628	
Loss on valuation of derivatives	164	
Other	334	
		12,467
<b>Ordinary income</b>		<b>26,560</b>
<b>Extraordinary income</b>		
Gain on dividends of residual property	0	
Gain on sales of non-current assets	0	
		0
<b>Extraordinary loss</b>		
Loss on retirement of non-current assets	280	
Impairment loss	18	
		298
<b>Income before income taxes</b>		<b>26,262</b>
Income taxes-current	4,457	
Income taxes-deferred	1,716	
		6,173
<b>Net income</b>		<b>20,088</b>

(Amount truncated to millions of yen)

## Statement of Changes in Equity

〔 From April 1, 2014  
To March 31, 2015 〕

(Unit: millions of yen)

	Shareholders' equity											
	Capital Stock	Retained earnings									Treasury shares	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 non-current assets	Reserve for exploration	General reserve	Retained earnings brought forward			
Balance at beginning of current period	14,288	3,572	5,199	21,684	—	219	47,246	171,600	24,941	274,463	(10)	288,741
Cumulative effects of changes in accounting policies									1,297	1,297		1,297
Restated balance	14,288	3,572	5,199	21,684	—	219	47,246	171,600	26,239	275,761	(10)	290,039
Changes of items during period												
Provision of reserve for overseas investment loss			142						(142)	—		—
Reversal of reserve for overseas investment loss			(86)						86	—		—
Provision of reserve for mine prospecting				6,308					(6,308)	—		—
Reversal of reserve for mine prospecting				(6,537)					6,537	—		—
Provision of reserve for special depreciation					498				(498)	—		—
Provision of reserve for advanced depreciation of non-current asset						5			(5)	—		—
Reversal of reserve for advanced depreciation of non-current assets						(6)			6	—		—
Dividends of surplus									(2,857)	(2,857)		(2,857)
Net income									20,088	20,088		20,088
Net changes of items other than shareholders' equity												
Total changes of items during period	—	—	55	(228)	498	(0)	—	—	16,905	17,230	—	17,230
Balance at end of current period	14,288	3,572	5,255	21,455	498	218	47,246	171,600	43,144	292,992	(10)	307,270

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the end of current period	84,846	84,846	373,587
Cumulative effects of changes in accounting policies			1,297
Restated balance	84,846	84,846	374,885
Changes of items during the period			
Provision of reserve for overseas investment loss			—
Reversal of reserve for overseas investment loss			—
Provision of reserve for mine prospecting			—
Reversal of reserve for mine prospecting			—
Provision of reserve for special depreciation			—
Provision of reserve for advanced depreciation of non-current asset			—
Reversal of reserve for advanced depreciation of non-current assets			—
Dividends from surplus			(2,857)
Net income			20,088
Net changes of items other than shareholders' equity	1,320	1,320	1,320
Total changes of items during the period	1,320	1,320	18,551
Balance at the end of current period	86,167	86,167	393,437

(Amounts truncated to millions of yen)



## 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 on 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/>.
- (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 on 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., Tuesday, June 23, 2015.

### 3. 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.

### 4. Inquiries

If you have any questions about the exercise of voting rights via the Internet, please contact the transfer agent, Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. (see below)

- (1) For exclusive inquiries about how to exercise your voting rights via the Internet, etc.  
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).  
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.

###