

To All Shareholders:

**Notification of the Convocation to
the 40th Ordinary General Meeting of the Shareholders**

The 40th 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 cannot attend on the day of the meeting, you may exercise your voting rights through a written document. Please review the “Reference Documents for Shareholders Meeting” described below, and express your vote on the enclosed Voting Right Exercise Form. When sending the Voting Right Exercise Form, please send so it will arrive at our office by Tuesday, June 22, 2010.

Thank you very much for your attention and cooperation.

Details:

1. Date and Time: 10:00 a.m., June 23, 2010 (Wednesday)
 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 40th Term (from April 1, 2009 to March 31, 2010), and audit reports from the accounting auditor and Board of Corporate Auditors on the consolidated financial report
2) Financial report of the 40th Term (from April 1, 2009 to March 31, 2010)
- Resolution items:
- Item 1: Appropriation of Surplus
 - Item 2: Election of Two (2) Directors
 - Item 3: Election of One (1) Corporate Auditor
 - Item 4: Awarding Retirement Benefits and Condolence Money to Retiring Directors
 - Item 5: Payment of Bonuses to Directors and Corporate Auditors

*Upon on 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/>)

NOTE: This document is an abridged translation of the Japanese “Notification of the Convocation to the 40th 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.

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 40th term 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: 1,143,056,300 yen

(3) Effective date of distribution of surplus: June 24, 2010

2. Other Appropriations of Surplus

(1) Item and amount of reduced surplus:

Retained earnings brought forward: 15,000,000,000 yen

(2) Item and amount of increased surplus:

General reserve: 15,000,000,000 yen

Item 2: Election of Two (2) Directors

In March 2010, Director of the Board Masaki Hattori resigned from his position. Also Director Chikao Yoshida passed away in April of the same year. Furthermore, three (3) Directors of the Board (Tadatsuna Koda, Yoichi Ohta, Nobuzo Ichikawa) will resign upon closing of this general meeting of shareholders. In order to fill the positions, we kindly ask our shareholders to elect two (2) Directors.

The candidates for the Directors 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	Nobuaki Moritani (February 2, 1952)	Apr. 1974 Joined JAPEX Jun. 2004 General Manager of Operations Dept., Development Division Jun. 2007 Managing Executive Officer Nov. 2008 Managing Executive Officer, General Manager of Sapporo Division Office (later General Manager of Hokkaido Division Office) (up to the present date)	1,000 shares

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
2	Hitoshi Yamatoya (June 5, 1951)	Apr. 1976 Joined JAPEX Jun. 1999 General Manager of Marketing & Sales Development Dept., Marketing & Sales Division Dec. 2001 General Manager of Marketing & Sales Dept. I, Marketing & Sales Division Jun. 2007 Executive Officer, General Manager of Marketing & Sales Division Jun. 2009 Managing Executive Officer, General Manager of Marketing & Sales Division Nov. 2009 Managing Executive Officer, General Manager of Marketing & Sales Division and General Manager of Marketing & Sales Dept. II May 2010 Managing Executive Officer, General Manager of Marketing & Sales Division (up to the present date) <Significant positions concurrently held> Director at JAPEX Energy Co., Ltd. Director at TOHOKU NATURAL GAS CO., INC.	800 shares

(Note) As of June 17th, 2010, the candidate Hitoshi Yamatoya will serve as the President & Representative Director of JAPEX Energy Co., Ltd., to which JAPEX is lending funds.
No significant interest-based relationship exists between the other candidate for Director and JAPEX.

Item 3: Election of One (1) Corporate Auditor

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

The candidate for Corporate Auditor as listed below:

The Board of Corporate Auditors consented to this proposal.

Candidate No.	Name (Date of birth)	Brief history, Position and responsibilities in JAPEX or Significant positions concurrently held	JAPEX shares owned
1	Kisaburo Ikeda (May 25, 1942)	Apr. 1966 Joined Industrial Bank of Japan, Limited Mar. 2000 Director and Vice President at Industrial Bank of Japan, Limited Apr. 2002 Advisor at Mizuho Financial Group Jun. 2006 Corporate Auditor at JAPEX (up to the present date)	-

- (Notes)
1. No significant interest-based relationship exists between the candidate Kisaburo Ikeda and JAPEX.
 2. Kisaburo Ikeda is a candidate for Outside Auditor.
 3. Kisaburo Ikeda is appointed as a candidate for that post in the hope that he will contribute to our management by utilizing both his wealth of management experience at financial institutions, etc., and deep insight, from an objective perspective independent of the management team of JAPEX which is responsible for execution of business.
 4. At the end of this general meeting of shareholders, Kisaburo Ikeda will have served as Outside Auditor of JAPEX for four (4) years.

Item 4: Awarding Retirement Benefits and Condolence Money to Retiring Directors

In March 2010, Director of the Board Masaki Hattori retired from his position. In addition, three (3) Directors of the Board (Tadatsuna Koda, Yoichi Ohta and Nobuzo Ichikawa) will retire upon closing of this general meeting of shareholders. Furthermore, Director Chikao Yoshida passed away in April 2010.

Therefore, retirement benefits and condolence money shall be awarded according to the standards specified by JAPEX in recognition of services during their 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.

Their brief histories are as follows:

Name	Brief History	
Tadatsuna Koda	Jun. 2001	Managing Director
	Jun. 2005	Managing Director, General Manager of Marketing & Sales Division
	May 2006	Managing Director, President of Marketing & Sales Division
	Oct. 2006	Senior Managing Director, President of Marketing & Sales Division
	Jun. 2009	Executive Vice President, President of Marketing & Sales Division (up to the present date)
Yoichi Ohta	Jun. 2007	Managing Director, General Manager of Exploration Division
	Jun. 2008	Senior Managing Director, President of Exploration Division (up to the present date)
Nobuzo Ichikawa	Jun. 2006	Managing Director, General Manager of Energy Supply System Dept., and East Japan Pipeline Project Dept.
	Apr. 2007	Managing Director (up to the present date)
Masaki Hattori	Jun. 2006	Managing Director, General Manager of Exploration Division
	Jun. 2007	Managing Director, General Manager of Nagaoka Division Office
	Mar. 2010	Resigned from Director
Chikao Yoshida	Jun. 2006	Managing Director, President of Development Division
	Apr. 2010	Passed away

Item 5: Payment of Bonuses to Directors and Corporate Auditors

A total bonus amount of 87,000,000 yen (82,383,000 yen to Directors, 4,617,000 yen to Corporate Auditors) will be paid to sixteen (16) Directors (including one (1) Outside Director) and six (6) Corporate Auditors tenured during the fiscal year ended March 31, 2010, in view of the traditionally paid bonus amounts and the performance of the fiscal year ended March 31, 2010.

Consolidated Statements of Income

〔 From April 1, 2009
To March 31, 2010 〕

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		179,752
Cost of sales		125,467
Gross profit		54,285
Exploration expenses		10,396
Selling, general and administrative expenses		30,769
Operating income		13,119
Non-operating income		
Interest income	720	
Dividends income	8,669	
Gain on sales of securities	264	
Reversal of provision for loss on business of subsidiaries and affiliates	35	
Other	2,574	12,264
Non-operating expenses		
Interest expense	291	
Loss on sales of securities	88	
Loss on valuation of securities	11	
Provision for cost of abandonment	890	
Foreign exchange losses	686	
Other	206	2,176
Ordinary income		23,206
Extraordinary income		
Reversal of allowance for doubtful accounts	17	
Gain on sales of noncurrent assets	0	
Gain on change in equity	1,279	
Other	242	1,540
Extraordinary loss		
Loss on retirement of noncurrent assets	378	
Impairment loss	575	
Retirement benefit expenses for prior periods	265	
Other	158	1,378
Income before income taxes and minority interests		23,368
Income taxes-current	4,135	
Income taxes-deferred	307	4,443
Minority interests in income		986
Net income		17,939

(Amount truncated to millions of yen)

Consolidated Statement of Changes in Net Assets

〔 From April 1, 2009
To March 31, 2010 〕

(Unit: millions of yen)

	Shareholders' equity				Valuation and translation adjustments				Minority interests	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 valuation and translation adjustments		
Balance as of March 31, 2009	14,288	255,499	(9)	269,778	105,430	(0)	(4,465)	100,964	7,484	378,227
Changes of items during the period										
Dividends from surplus		(2,286)		(2,286)						(2,286)
Net income		17,939		17,939						17,939
Change of scope of equity method		706		706						706
Purchase of treasury stock			(0)	(0)						(0)
Net changes of items other than shareholders' equity					1,465	24	2,278	3,769	391	4,160
Total changes of items during the period	—	16,359	(0)	16,358	1,465	24	2,278	3,769	391	20,519
Balance as of March 31, 2010	14,288	271,858	(10)	286,137	106,896	24	(2,186)	104,733	7,876	398,747

(Amount truncated to millions of yen)

Balance Sheets

(As of March 31, 2010)

(Unit: millions of yen)

Accounting titles (Assets)	Amount	Accounting titles (Liabilities)	Amount
Current assets	66,736	Current liabilities	13,192
Cash and deposits	3,032	Accounts payable-trade	1,438
Accounts receivable-trade	11,964	Current portion of long-term loans payable	2,278
Short-term investment securities	5,069	Lease obligations	20
Merchandise and finished goods	4,466	Accounts payable-other	2,443
Raw materials and supplies	4,298	Accrued expenses	4,971
Prepaid expenses	400	Income taxes payable	1,737
Deferred tax assets	1,073	Deposits received	211
Accrued income	52	Provision for directors' bonuses	87
Short-term loans receivable	28,494	Other	4
Short-term loans receivable from subsidiaries and affiliates	1,275		
Accounts receivable-other	4,432	Noncurrent liabilities	97,170
Advances paid	1,287	Long-term loans payable	24,471
Other	890	Lease obligations	71
Noncurrent assets	411,777	Deferred tax liabilities	61,432
Property, plant and equipment	124,789	Provision for retirement benefits	5,676
Buildings	10,481	Provision for directors' retirement benefits	635
Structures	34,440	Provision for cost of abandonment	4,564
Wells	17,608	Other	316
Machinery and equipment	39,135	Liabilities	110,363
Vessels	4		
Vehicles	8		
Tools, furniture and fixtures	3,510		
Land	12,418	(Net assets)	
Lease assets	95	Shareholders' equity	261,390
Construction in progress	7,013	Capital stock	14,288
Wells in progress	73	Retained earnings	247,112
Intangible assets	1,412	Legal retained earnings	3,572
Leasehold right	138	Other retained earnings	243,539
Software	1,228	Reserve for overseas investment loss	399
Other	44	Reserve for mine prospecting	18,205
Investment and other assets	285,576	Reserve for special depreciation	48
Investment securities	207,145	Reserve for advanced depreciation of noncurrent assets	271
Stocks of subsidiaries and affiliates	71,207	Reserve for exploration	47,246
Long-term loans receivable	968	General reserve	156,600
Long-term loans receivable from subsidiaries and affiliates	19,445	Retained earnings brought forward	20,768
Long-term prepaid expenses	1,451	Treasury stock	(10)
Other	2,807	Valuation and translation adjustments	106,760
Allowance for doubtful accounts	(24)	Valuation difference on available-for-sale securities	106,736
Allowance for overseas investment loss	(17,424)	Deferred gains or losses on hedges	24
Assets	478,514	Net assets	368,151
		Liabilities and net assets	478,514

(Amount truncated to millions of yen)

Statements of Income

〔 From April 1, 2009
To March 31, 2010 〕

(Unit: millions of yen)

Accounting titles	Amount	
Net sales		131,082
Cost of sales		90,799
Gross profit		40,283
Exploration expenses		5,215
Selling, general and administrative expenses		23,917
Operating income		11,150
Non-operating income		
Interest income	818	
Interest on securities	79	
Dividends income	9,334	
Reversal of allowance for overseas investment loss	3,090	
Other	1,331	14,655
Non-operating expenses		
Interest expense	290	
Loss on valuation of securities	11	
Provision for cost of abandonment	654	
Foreign exchange losses	1,197	
Other	151	2,305
Ordinary income		23,500
Extraordinary income		
Gain on prior period adjustment	147	
Gain on sales of noncurrent assets	0	
Reversal of provision for loss on disaster	95	
Other	9	252
Extraordinary loss		
Loss on retirement of noncurrent assets	287	
Impairment loss	567	
Retirement benefit expenses for prior periods	231	1,086
Income before income taxes		22,666
Income taxes-current	3,358	
Income taxes-deferred	937	4,296
Net income		18,370

(Amount truncated to millions of yen)

Statement of Changes in Net Assets

〔 From April 1, 2009
To March 31, 2010 〕

(Unit: millions of yen)

	Shareholders' equity											Total shareholders' equity
	Capital Stock	Retained earnings									Treasury stock	
		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 as of March 31, 2009	14,288	3,572	399	16,948	72	283	47,246	141,600	20,904	231,027	(9)	245,307
Changes of items during the period												
Provision of reserve for mine prospecting				4,700					(4,700)	—		—
Reversal of reserve for mine prospecting				(3,443)					3,443	—		—
Reversal of reserve for special depreciation					(24)				24	—		—
Reversal of reserve for advanced depreciation of noncurrent assets						(11)			11	—		—
Provision of general reserve								15,000	(15,000)	—		—
Dividends from surplus									(2,286)	(2,286)		(2,286)
Net income									18,370	18,370		18,370
Purchase of treasury stock											(0)	(0)
Net changes of items other than shareholders' equity												
Total changes of items during the period	—	—	—	1,256	(24)	(11)	—	15,000	(136)	16,084	(0)	16,083
Balance as of March 31, 2010	14,288	3,572	399	18,205	48	271	47,246	156,600	20,768	247,112	(10)	261,390

	Valuation and translation adjustments			Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2009	105,684	—	105,684	350,991
Changes of items during the period				
Provision of reserve for mine prospecting				—
Reversal of reserve for mine prospecting				—
Reversal of reserve for special depreciation				—
Reversal of reserve for advanced depreciation of noncurrent assets				—
Provision of general reserve				—
Dividends from surplus				(2,286)
Net income				18,370
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	1,052	24	1,076	1,076
Total changes of items during the period	1,052	24	1,076	17,160
Balance as of March 31, 2010	106,736	24	106,760	368,151

(Amounts truncated to millions of yen)