



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

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Construction of Natural Gas Pipeline in the Northeastern Region of British Columbia

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that the construction of North Montney Mainline(*1) (hereinafter "NMML") by Nova Gas Transmission Ltd. (NGTL), a subsidiary of TransCanada PipeLine Ltd., began on August 13, 2018 in Province of British Columbia, Canada (hereinafter "BC Province"), where the shale gas project in which JAPEX has been participating as a partner of North Montney Joint Venture (hereinafter "NMJV") locates.

NMML will be the pipeline of its length 206km and an approximately 1.5 billion cubic feet (42 million cubic meters) per day transportation capacity of natural gas, to connect the northeastern region of BC Province, where several shale gas projects including us locate, to the existing pipeline network of NGTL expanding mainly in Province of Alberta, and is scheduled to commence its operation in the fourth quarter of 2019.

The NMJV's shale gas project is operated by Progress Energy Canada Ltd., a wholly owned subsidiary of PETRONAS and our Canadian subsidiary, currently producing approximately 500 million cubic feet (approximately 90,000 barrel of oil equivalent) per day of shale gas and selling it in Western Canada market. JAPEX Montney Ltd.(hereinafter "JML"), a Canadian subsidiary of JAPEX, has been participating in the project since April 2013(*2).

NMJV will pursue to maximize the value of our abundant shale gas assets with the various options including the utilization of NMML allowing access to the North American markets. JAPEX and JML remain committed to maximize the value of the project taking advantage of our strength and expertise in the E&P business.

The impact of this matter on the consolidated financial forecasts for the fiscal year ending March 31, 2019 is unknown and will be disclosed promptly if necessary.

(Note)

*1: About North Montney Mainline, please visit NGTL's website:

<https://www.transcanada.com/en/operations/natural-gas/north-montney-mainline-project/>

*2: Please refer our major announcements concerning the project as follows:

- "JAPEX Participates in Natural Gas Development & Production Project and LNG Project in British Columbia, Canada" on March 4, 2013

https://www.japex.co.jp/english/newsrelease/pdfdocs/20130304_Canada_Shale_LNG_e.pdf

- "Pacific NorthWest LNG Project in British Columbia, Canada, Is Not Proceeding" on July 26, 2017

https://www.japex.co.jp/english/newsrelease/pdfdocs/20170726_PNWLNG_notproceed_e.pdf

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