

**Preferred stock equity financing by Japan Bank for International Cooperation ("JBIC") to be introduced into our world's largest post-combustion carbon capture-enhanced oil recovery project in the U.S.**

November 27, 2014

PRESS RELEASE

JX Nippon Oil & Gas Exploration Corporation ("JX Nippon") (President and CEO: Shunsaku Miyake) are pleased to announce that its wholly owned subsidiary, JX Nippon Oil Exploration (EOR) Limited ("JX EOR"), has entered into a preferred stock equity financing arrangement with JBIC, a Japanese policy-based financial institution, in relation to its ongoing commitment to the construction and operation of the Petra Nova Carbon Capture Project (the "Project").

In July 2014, JX Nippon announced that it had formed (through JX EOR) a 50/50 joint venture with NRG Energy, Inc. ("NRG") (through a NRG wholly owned subsidiary), in connection with the Project.

The Project involves the construction of a commercial-scale, carbon capture system, which will capture approximately 90% of the carbon dioxide ("CO<sub>2</sub>") in the processed flue gas from an existing unit at the WA Parish power plant in Texas.

The captured CO<sub>2</sub> will then be compressed and piped through a pipeline to the West Ranch oil field (in which JX Nippon and NRG each hold a 25% ownership interest), where it will be used in the oil recovery process to boost current production at the field from around 500 barrels per day to approximately 15,000 barrels per day.

Once completed, the Project is expected to be the world's largest post-combustion carbon capture facility which is attached to an existing coal power plant.

Pursuant to the equity financing arrangements which have been entered into by JX EOR, JBIC will, in exchange for its receipt of preferred shares in JX EOR, provide a significant capital injection to JX EOR (approximately 30% of the total capital) and will continue to assist JX EOR in jointly promoting the Project.

JX Nippon regards the CO<sub>2</sub> carbon capture technology, which is a key to the success of the Project, as extremely important in continuing to vitalize and reinvigorate existing, and otherwise potentially depleted oil fields, while at the same time reducing the power plant owner's overall carbon dioxide emission, allowing us to actively contribute to the global climate change solution.

JX Nippon also considers the enhanced oil recovery (EOR) methods, which form part of the Project, to be an extremely important technology and, as a company, JX Nippon remains very eager to continue to explore and ultimately deploy technologies which successfully harmonize with the global environment.

## About JX Nippon

JX Nippon is a core business company that engages in the oil and natural gas exploration and production (E&P) business on behalf of the JX Group. The JX Group is the leading "integrated energy, resources and materials business group" in Japan and has net sales of approximately \$120 billion. JX Nippon is currently exploring crude oil and natural gas E&P business in 14 countries around the world.

In the U.S., JX Nippon holds assets in the Gulf of Mexico, which range from the continental shelf to deep water areas, whilst in Canada, JX Nippon participates in the Syncrude Project which produces synthetic crude oil from oil sands.

More information about the Project can be found at

 [https://www.nex.jx-group.co.jp/english/newsrelease/upload\\_files/20140715\\_01\\_01.pdf](https://www.nex.jx-group.co.jp/english/newsrelease/upload_files/20140715_01_01.pdf)

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