

## Production Sharing Contract for Deepwater Block R, Offshore Sabah, Malaysia

January 17, 2012

### PRESS RELEASE

JX Nippon Oil & Gas Exploration Corporation (President: Mr. Makoto Koseki) is pleased to announce that JX Nippon Oil & Gas Exploration Corporation has entered into a Production Sharing Contract (PSC) for Deepwater Block R with PETROLIAM NASIONAL BERHAD (“PETRONAS”), the national oil company of Malaysia, through its subsidiary, JX Nippon Oil & Gas Exploration (Deepwater Sabah) Limited, to commence exploration activities in this Block on January 17, 2012.

Deepwater Block R is a deepwater block located about 180 km away from Kota Kinabalu, Sabah with approximately 672 square kilometers surface area and 100-1400 meters depth. Since discoveries of huge oil fields surrounding this block, this area has been recognized as a promising area. Therefore, we, JX Nippon Oil & Gas Exploration Corporation, have been continuously pursuing opportunities for new entry into this area.

JX Nippon Oil & Gas Exploration (Deepwater Sabah) Limited owns a 37.5% of working interest and is the operator of Deepwater Block R. It is our first project in which JX Nippon Oil & Gas Exploration Corporation (or through its subsidiaries) is engaged in the deepwater area overseas as operator.

JX Nippon Oil & Gas Exploration Corporation considers Malaysia as one of its important core areas. In Malaysia, we are currently producing gas from Block SK10, offshore Sarawak as operator and also we are participating in Block SK8 as a non-operator. We are also carrying out exploration activities in Block SK333 onshore Sarawak as operator and in Block PM308A offshore Peninsular Malaysia as a non-operator. Deepwater Block R is the fifth project for us in Malaysia and we will further strengthen our activities in Malaysia for the security of stable energy supply.

#### 1. Project Summary

(1) Block	Deepwater Block R, Offshore Sabah, Malaysia	
(2) Signing Date	January 17, 2012	
(3) Block Acreage	Approx. 672 km <sup>2</sup>	
(4) Participating Interest	JX Nippon Oil & Gas Exploration (Deepwater Sabah) Limited	37.5%
	INPEX Offshore South West Sabah Limited	37.5%
	PETRONAS CARIGALI SDN. BHD.*1	25.0%
(5) Operator	JX Nippon Oil & Gas Exploration (Deepwater Sabah) Limited	

\*1 A wholly owned subsidiary of PETRONAS

#### 2. Work Program

(1) Exploration Period	4 years
(2) Planned Activities	Acquisition and Processing of new 3D Seismic Drilling of 3 Wildcat Wells

#### 3. Company Profile of JX Oil & Gas Exploration (Deepwater Sabah) Limited

(1) Representatives	Makoto Koseki
(2) Date of Establishment	November 25, 2011
(3) Business Activities	Exploration for and development of oil, natural gas and other mineral resources, and the extraction, processing, storage, sale and shipment of petroleum, natural gas and other mineral resources and their secondary products
(4) Shareholders	JX Nippon Oil & Gas Exploration Corporation
(5) Paid-in-Capital	JPY 200 million

<Location Map of Deepwater Block R Sabah, Malaysia>

