



Partial Cancellation of Shale Gas Development and LNG Production Project in British Columbia, Canada

 **MITSUBISHI GAS CHEMICAL COMPANY, INC.**

July 26, 2017

Mitsubishi Gas Chemical Company, Inc. (MGC; Head Office: Chiyoda-ku, Tokyo; President: Toshikiyo Kurai), as previously announced on December 19, 2014, and June 12, 2015, is participating in a shale gas development project ("Upstream Project") and LNG production project ("PNW Midstream Project") in British Columbia, Canada undertaken by Progress Energy Canada Ltd. (PECL) and Pacific NorthWest LNG (PNW LNG), which are both subsidiaries of Petroliaam Nasional Berhad (PETRONAS) through JAPEX Montney Ltd. (a subsidiary of Japan Petroleum Exploration Co., Ltd., or JAPEX), which MGC Montney Holdings Ltd., (a subsidiary of MGC) has a stake in. MGC announced today that PNW LNG decided not to proceed with the PNW Midstream Project on July 25, 2017 (Pacific Daylight Time, or PDT, Canada).

MGC participated in the Upstream Project and the PNW Midstream Project for the purpose of improving the profitability of chemical production in Japan by utilizing competitive LNG obtained from this project as raw material and fuel. MGC owns a 1% interest of Project.

PNW LNG, however, has reached the decision not to proceed with the PNW Midstream Project owing to changing circumstances in the LNG industry. MGC considers the procurement of LNG from multiple alternative sources as appropriate.

Meanwhile, regarding the Upstream Project, PECL is producing natural gas at the rate of approximately 500 million cubic feet per day (approximately 90,000 boe/day), and has confirmed an enormous original gas store in place exceeding 20 trillion cubic feet. PECL, together with partners, remains committed to exploring all options to maximize the value of the Upstream Project and will continue to implement the efficient development of significant gas assets.

Followed by the decision of PNW LNG, MGC will bear CAD 11.8 million (JPY 1,050 million) as part of the termination costs of the approximately 900 km pipeline construction plan. In addition, any impact on the Upstream Project associated with the decision not to proceed with the PNW LNG Project will be examined carefully, based on the asset valuation review and other information, and will be disclosed properly, if necessary.

<Company Profile>

- MGC Montney Holdings LIMITED (MML)

President: Masashi Fujii (Managing Executive Officer of MGC)

Location: Vancouver, British Columbia, Canada

Investment ratio: MGC 100%

- JAPEX Montney Ltd.

Location: Calgary, Alberta, Canada

President: Yasuhiro Masui (Managing Director and Executive Officer of JAPEX)

Investment ratio: JAPEX 45%, Japan Oil, Gas and Metals National Corporation 45%,

MML 10%

<Inquiries>

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Note: The above press release is an English translation of the Japanese-language original.