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JOGMEC Enters a New Agreement for Supporting Exploration and Acquiring Coal Offtake Right in Australia

Japan Oil, Gas and Metals National Corporation (JOGMEC) is pleased to announce that it has entered into a new agreement to jointly explore coal in the Isaac Plains East Project with Stanmore Coal Ltd. (Stanmore), an Australian coal company.

Isaac Plains East Project is situated in the northern Bowen Basin, which is highly prospective for thermal and coking coal resources, in the eastern Queensland.

JOGMEC has now formed four coal JV projects in Australia, two in Canada and one in Indonesia since it commenced its coal JV survey scheme in 2013. Instead of acquiring an equity or a coal marketing right, JOGMEC will acquire a coal offtake right in this new JV project, and it is anticipated that once developed this project would contribute to diversify the coal procurement measures by Japanese companies, which leads to reinforce Japan's coal resources security.

■ Project outline

1) Project area

Isaac Plains East Project is located about 170km southwest of Mackay with a coal export terminal and consists of 4 tenements (about 34km²), which is easterly adjacent to the Isaac Plains mine Stanmore acquired in 2015 and restarted operations from May, 2016. The past exploration has revealed that Isaac Plains East Project has a high coal potential.

2) JOGMEC Investment condition

JOGMEC has the right to acquire an offtake right of 1.5 million tons of the coal produced from the project concessions by paying 3 million A\$ of exploration expenditure in two years.

This contract is subject to The Australian Foreign Investment Review Board (FIRB) approval.

3) Exploration

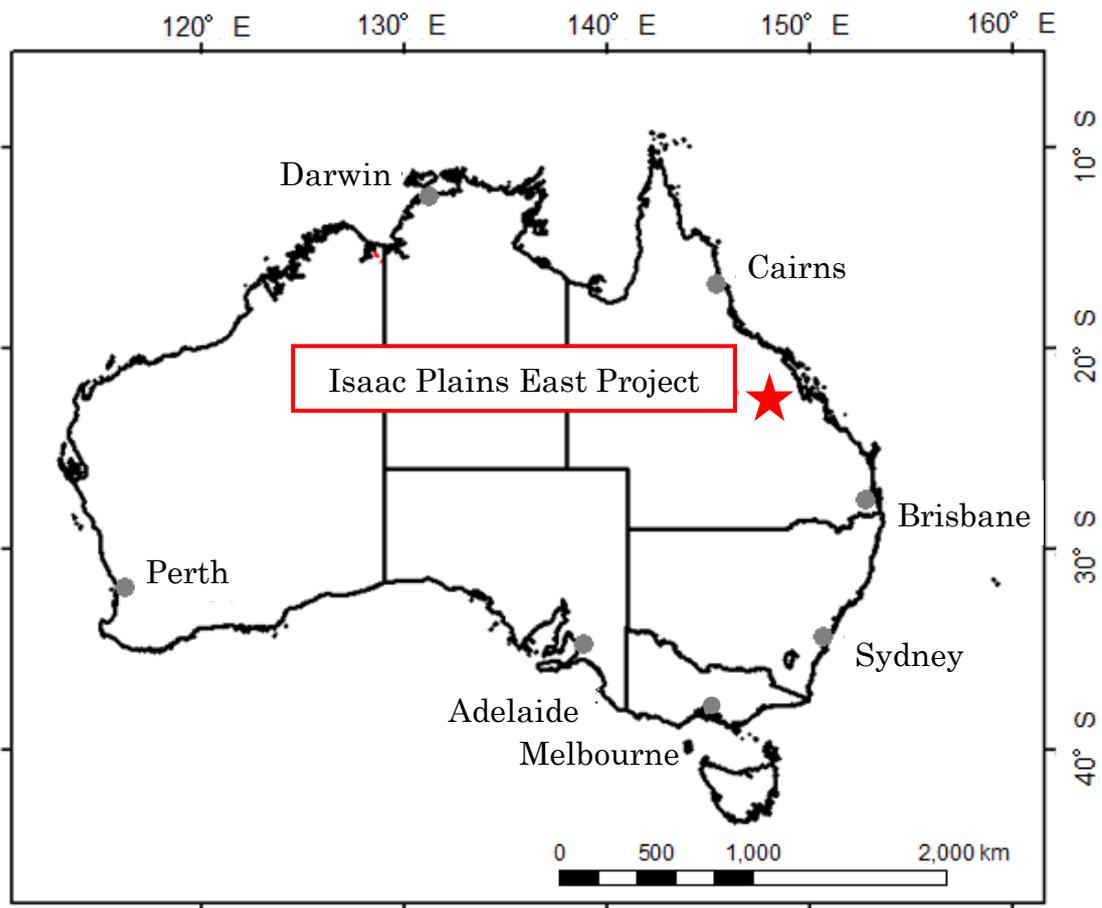
Stanmore and other previous tenement holders have carried out approximately 300 holes drillings and 20 lines seismic surveys in this area. As a result of these surveys, at least two coal seams (total thickness is approximately 3.5m) have been identified.

■ Stanmore Coal Ltd.

It is a coal mining, exploration and development company listed on the ASX (Australian Stock Exchange) in 2009 and headquartered in Brisbane, Queensland. It owns 9 coal projects in Queensland. In addition to the Isaac Plains mine, Stanmore has been advancing Belview and The range projects for development. Stanmore and JOGMEC have actively progressed the Clifford coal JV project in Surat Basin since 2013.

■ Isaac Plains coal mine

The Isaac Plains coal mine was operated by previous tenement holders. PCI, coking and thermal coal were produced and its maximum production volume was 2.3 million tons per year. The coal products of the mine have been exported from Dalrymple Bay Coal Terminal, located about 170km northeast, to Japan, Korea, Taiwan and other mills. Stanmore acquired the mining right in 2015, and Stanmore restarted the mining operations with 1.1 million tons per year.



Location of Isaac Plains East Project