

October 10, 2018

## **Toho Gas in Heads of Agreement with Diamond Gas International Pte. Ltd. for a Purchase of LNG Produced at LNG Canada Project**

Toho Gas Co., Ltd. (Yoshiro Tominari, President) has entered into a Heads of Agreement with Diamond Gas International Pte. Ltd. (“Seller”), a 100% subsidiary of Mitsubishi Corporation, for a purchase of LNG produced at the LNG Canada Project, the first major LNG project in Canada.

### **1. Objective of Agreement Conclusion**

We accurately keep track of any change in the environment for procuring energy, and strive for LNG procurement diversification, including diversification of the price index, supply sources and types of contracts to ensure a stable energy supply to customers at a competitive price.

From this perspective, we have positioned this project as a strong candidate of the new LNG supply sources and have negotiated with Seller regarding a purchase of LNG. In accordance with the agreement, we will annually purchase approximately 300,000 tons of LNG for 15 years from FY2024.

We plan to procure LNG from the U.S. from FY2019 in addition to current procurement areas, Indonesia, Australia, Malaysia, Qatar and Russia. Adding Canada as a new procurement area will contribute to further stabilization of our procurement.

### **2. Outline of the Agreement**

- (1) Parties : Seller; Diamond Gas International Pte. Ltd.  
Buyer; Toho Gas Co., Ltd.
- (2) Duration : 15 years from FY2024
- (3) LNG Volume : 4 cargoes per annum (Approx. 300,000 tons per annum)
- (4) Delivery : Ex-Ship (Seller arranges LNG transportation to Buyer’s receiving terminals)
- (5) Change of Destination : Feasible

We will continue diversifying LNG procurement to ensure stable city gas supply to customers at a competitive price.

**<Reference> Overview of LNG Canada Project**

In the project, natural gas procured from the domestic gas market of Canada will be sold as LNG after transported to a liquefaction facility which will be constructed in Port of Kitimat through an approximately 670-km pipeline.

The project has capacity of 14 million tons per annum (7 million tons per annum × 2 trains) and is planned to start production in mid 2020s.

[Planned Location of LNG Canada Project]

