



## JAPAN CANADA OIL SANDS LIMITED

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### PRESS RELEASE

For Immediate Release

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### JAPAN CANADA OIL SANDS LIMITED ANNOUNCES EXPANSION PLANS FOR ITS HANGINGSTONE OPERATIONS

Calgary, Alberta – Japan Canada Oil Sands Limited (JACOS) today announced proposed expansion plans for its Hangingstone oil sands operation. The new facilities will provide additional production capacity from the area of up to 35,000 barrels per day over a projected life of 25 to 30 years.

JACOS is the Operator with a 75% interest in the 72 sections of land that make up the Hangingstone leases with Nexen Inc. as lessee of the remaining 25% interest.

The companies will seek regulatory approval in 2010 pending completion of further engineering work and an Environmental Impact Assessment. Commissioning and start-up of the facilities is expected in the third and fourth quarters of 2014.

JACOS currently operates a Steam Assisted Gravity Drainage (SAGD) demonstration project approximately 50 kilometres southwest of Fort McMurray, Alberta, in Township 84, Range 11 W4M. This project is in its tenth year of operation of a projected 20 to 25 year lifespan. It started producing bitumen in July 1999 and production has increased to its current level of 8,000 barrels per day. Licensed maximum capacity is 11,000 barrels per day.

JACOS holds the rights to leases covering approximately 46,000 net hectares in the Athabasca region for future development. These leases include the Hangingstone, Chard, Corner, Liege and Thornbury areas.

Japan Canada Oil Sands Limited is a 100% owned Canadian subsidiary of Canada Oil Sands Co. Ltd. (CANOS), a Japanese subsidiary of Japan Petroleum Exploration Co., Ltd. (JAPEX). JAPEX is a petroleum exploration and production company traded on the Tokyo Stock Exchange (Securities Code Number 1662).

The Public Disclosure Document outlining our plans will be posted on our website today. For further information:

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Any information contained herein with respect to JACOS' plans, estimates, strategies and other statements that are not historical facts are forward-looking statements about the future performance of JACOS. These statements are based on management's assumptions and beliefs in light of information currently available. As such, these projections entail risks and uncertainties. Readers should be aware that actual results and events may differ substantially from these projections.