



August 18, 2014

Press Release

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### **Announcement Regarding Transfer of 10% Interest in Boggabri Coal Mine**

Idemitsu Kosan Co.,Ltd. (Headquarters: Chiyoda-ku, Tokyo; Representative Director & CEO: Takashi Tsukioka, hereinafter “we” or “Idemitsu”) is pleased to announce that Boggabri Coal Pty Ltd. (Managing Director: Shinichi Naruuchi, hereinafter “BCPL”) (\*1) has executed the sale and purchase agreement with Chugoku Electric Power Australia Resources Pty. Ltd. (Managing Director: Koji Sato), a wholly owned Australian subsidiary of Chugoku Electric Power Co., Inc. (Headquarters: Hiroshima city, Hiroshima; President and Director: Tomohide Karita, hereinafter “Chugoku”) to transfer a 10% interest of Boggabri Coal Mine today(\*2). The transaction includes an agreement with Chugoku of a long-term coal sale from the mine.

At present, the effects on FY2014 performance are currently being evaluated. They will be disclosed when a revision of the performance is deemed necessary after the evaluation.

(\*1) A wholly owned subsidiary of Idemitsu Australia Resources which is a wholly owned subsidiary of Idemitsu

(\*2) The closing of this transaction is subject to the satisfaction of a few conditions precedent including the approval of the authorities concerned.

#### **1. Background**

Located in New South Wales, Australia, Boggabri Coal Mine is currently wholly owned and operated by BCPL. The mine has been producing high quality thermal coal with high calorific value, low sulfur and low ash and the production scheduled in 2014 is about 5.4 million tonnes. Given demand for coal has been increasing in Asia including Japan where new coal power plants are being constructed, the mine will increase its production, improve quality of the coal by implementation of Coal Preparation Plant and also increase production of Pulverised Coal Injection Coal and Semi Soft Coking Coal from 2015.

By transferring the interest and entering into the coal sale agreement, we strengthen the existing relationship with Chugoku, support their long term procurement of thermal coal for their power plants and contribute to their steady supply of the electricity. Furthermore we make effort to operate the mine in a safe and stable manner and contribute to power and energy supply to Japan.

We continue to increase our lineup of coals and more steady supply and, by enhancing competitiveness of our existing assets and proceeding the realignment of our coal business portfolio, we achieve the restructuring of our coal business which we planned in our 4th medium term plan.

2. Outline of the transfer of interest

(1) Contract parties : Buyer: Chugoku Electric Power Australia Resources Pty. Ltd.

Seller: Boggabri Coal Pty Ltd

(2) Percentage of interest to be transferred: 10%

(3) Contents: Transfer of 10% interest on the asset of Boggabri Coal Mine

3. Outline of Boggabri Coal Mine

(1) Location: New South Wales, Australia

(2) Operating Company: Boggabri Coal Pty Ltd

(3) Start of Production: 2006

(4) Mine area: approx.3,872ha

(5) Mining method: "truck and shovel" open-cut mining method

(6) Grade of coal: Bituminous coal (Thermal coal and Metallurgical coal)

(7) Production: 5.4 million tons (calendar year 2014 forecast)

(8) Coal attributes: High calorie, low sulfur, and low ash, having the characteristics as metallurgical coal

(Location map)

