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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 NS Boggabri Pty Limited (Managing Director: Tadashi Nomura), a wholly owned Australian sub-subsidiary of Nippon Steel & Sumitomo Metal Corporation (Headquarters: Chiyoda-ku, Tokyo; President: Kosei Shindo, hereinafter “NSSMC”) to transfer a 10% interest of Boggabri Coal Mine today(*2). The transaction includes an agreement with NSSMC of a long-term coal sale from the mine.

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

(*2) The closing of the transfer of the interest 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 produces high quality thermal coal with high calorific value, low sulphur and low ash and the production in 2014 was about 5.6 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 capacity up to 7 million tonnes, improve quality of the coal by introduction of Coal Preparation Plant and also increase production of Pulverised Coal Injection (PCI) Coal and Semi Soft Coking (SSC) Coal from 2015.

This transaction follows the 10% BCPL's interest transaction to Chugoku Electric Power Australia Resources Pty. Ltd. last year and supply coal from the mine to Chugoku Electric Power Co., Inc. on a long term basis. As a result of these two transactions, we will have two Japanese major customers in electricity power and steel industries as joint venturers. We expect that it leads to the more stable operations of Boggabri Coal Mine and energy security in Japan. Further, advancing coal usage

technology, we will expand sales of PCI coal and SSC coal to steel companies throughout Asia including Japan.

We continue to increase our lineup of coals and provide a 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 management plan.

2. Outline of the transfer of interest

- (1) Contract parties: Buyer: NS Boggabri Pty Limited
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 Operations 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: ca. 5.6 million tonnes (calendar year 2014 actual)
- (8) Coal attributes: High calorie, low sulphur, and low ash, having the characteristics as metallurgical coal
- (9) Percentage of interest (Subject to the closing of the transaction):

Boggabri Coal Pty Ltd.	80%
Chugoku Electric Power Australia Resources Pty. Ltd.	10%
NS Boggabri Pty Limited	10%

4. Anticipated Earnings

This decision has no impact on FY2014 consolidated forecasts.

(Location map)

