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Press Release

Company Name: Idemitsu Kosan Co., Ltd.
Representative Director & Chief Executive Officer:
Shunichi Kito
(Company Code: 5019, TSE Prime Market)
Contact person: Daisuke Mogi, General Manager,
Investor Relations Office, Finance & Accounting
Department (TEL: +81-3-3213-9307)

Transfer of Interest in Ensham Coal Mine, Australia

Idemitsu Kosan Co.,Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director and CEO: Shunichi Kito; hereinafter “the Company”) has announced that it has agreed to transfer all of its coal mining interests (85%) in the Ensham Coal Mine (Ensham) located in Queensland, Australia, held through its wholly owned subsidiary Idemitsu Australia Pty Ltd (Head office: Brisbane, Queensland) to Sungela Pty Ltd.*1 (Head office: Sydney, New South Wales, 75% interest owned by Thungela Resources Limited (Thungela), 12.5% by Mayfair Corporations Group Pty Ltd (Mayfair), and 12.5% by Audley Energy Limited (Audley)), and signed a sale and purchase agreement on February 3 2023. We will proceed with specific procedures to complete the transfer.

In order to contribute to the realization of a carbon-neutral society while fulfilling its responsibility to provide a stable supply of energy, the Company has adopted “Your Reliable Partner for a Brighter Future” as its 2030 vision.

In addition, in its medium-term business plan (FY2023-FY2025) announced on November 16 2022, the Company developed a new vision for 2050, “Shaping Change.” The Company aims to achieve sustainable profitable growth by transforming its business portfolio by reducing fossil fuel assets and maximizing earnings from existing businesses, and by expanding new businesses that contribute to carbon neutral society.

Based on the above vision and policy, the Company will promote the commercialization of Idemitsu Green Energy Pellets*2 as an alternative fuel to coal, as well as a policy of structural reform of its coal business. As part of this policy, the Company has decided to sell its interest in Ensham.

The main strategies for structural reform of the coal business are as follows.

- (1) By utilizing the highly competitive Boggabri Coal Mine, continuation of stable coal supply mainly to domestic customers and maximization of earnings.
- (2) Divestment of the Malinau Coal Mine in Indonesia (sold in March 2022) and Ensham in Australia
- (3) Diversify the portfolio (e.g., investment in renewable energy projects at existing mine sites and those undergoing rehabilitation, rare metal development utilizing mining technology) by leveraging the existing business infrastructure

With the completion of coal mining at Muswellbrook Mine (December 2022) and the transfer of its interest in Ensham, the Company's only coal mine operating in Australia will be Boggabri Mine. As stated above, through the operation of Boggabri Mine, the Company will fulfill its mission of providing a stable supply of energy needed today, while at the same time making maximum use of the resources it has developed over many years in Australia and promoting the diversification of its portfolio for a sustainable energy future such as renewable energy, rare metals, hydrogen and ammonia, in line with global growth demand. The transfer price will consist of an upfront payment of A\$340 million to be paid as of the transfer date and a royalty consideration payment based on the price and volume of coal to be sold from the Ensham mine in 2023 and 2024. Accordingly, although the final transfer price will vary, the impact of the transfer on the Company's consolidated operating results is expected to be regarded as a matter of minor importance.

■ Overview of Ensham

1. Location: Queensland, Australia
2. Operation commenced in 1993
3. Composition of interests (after transfer): Sungela Pty Ltd 85%, Bowen Investment (Australia) Pty Ltd 15%
4. Production volume: 4.3 million tonnes per annum (actual production volume in FY2021, 100% of interests)

*1: A joint venture company formed by Thungela, Mayfair, and Audley in connection with the transfer.

Overview of Thungela: Headquartered in Johannesburg, South Africa. The company was separated from Anglo American, a UK resources company, through a demerger process. The company operates seven thermal coal mines in South Africa. Listed on the Johannesburg Stock Exchange and the London Stock Exchange.

Overview of Mayfair: A private resources company located in Brisbane, Australia. Mayfair invests in operating and advanced exploration projects in bulk commodities, precious, base, strategic metals and other critical minerals. Mayfair's senior management team has over 100 years' experience in managing and financing metal and natural resource mining operations in Australia, North and South America. Mayfair currently has a diversified portfolio of exploration projects in coal, vanadium, IOCG gold and copper assets.

Overview of Audley Capital: A Switzerland -based investment group focused on long-term investment opportunities in the mining and metals sector. Audley concentrates on acquiring non-core producing assets from established mining and metals companies, deploying "best-in-class" management to optimise efficiency and unlock value.

*2: A carbon-neutral, high-calorie fuel made from commonly used semi-carbonized wood pellets. Can be used as an alternative to coal and does not require modification of existing coal combustion facilities.