**Utilize**

**Australian Coking Coal Business**

**Demonstrating our expertise as the sole general trading company with mine operation and rehabilitation know-how**

Having proven our expertise as the only general trading company dealing in coal mine operation and rehabilitation*, in March 2019, we acquired the Gregory Crinum coal mine, a coking coal mine adjacent to the Minerva coal mine. In addition to laterally expanding our coal mine management business, we will also establish a contract mining and rehabilitation business, working towards a business model with long-term stability and resilience to market fluctuations.

* Restoring the topography, soil, water, flora and fauna ecosystem of a mine site to its previous condition

---

**The background to our business foundation**

As the first Japanese general trading company to invest in Indonesian coal in the 1980s, Sojitz is a pioneer when it comes to investing in upstream interests. As a trader, we have also formed strong relationships with our clients, who place trust in our track record as the leading importer to Japan of Russian coal, in addition to Australian and Indonesian coal.

In 2010, we acquired additional interest in Australia’s Minerva coal mine, in which we have previously invested, increasing our ownership to 96%. Since then, we have not limited ourselves to coal mine management, but have also taken on mine operations, accumulating mining-related knowledge and cost management expertise along the way. We also actively promoted cooperation between our businesses, dispatching Australian technical experts to provide guidance in Indonesia. Our status as the sole general trading company that also functions as owner-operator has become the major strength of our coal business.

Having been recognized for our skillful operation and rehabilitation of Minerva coal mine, we went on to acquire the neighbouring Gregory Crinum coal mine in March 2019, marking our first venture into coal mine management of coking coal, a raw material for iron and steel production.

---

A dragline excavator at the Gregory Crinum coal mine, preparing to restart operations
Initiatives for sustainable growth

Demonstrate market presence by utilizing our operation expertise to develop the Gregory Crinum and surrounding mines

In line with heightened global environmental awareness and sustainable business development, our Metals & Mineral Resources Division aims to rebalance our coal assets portfolio and strengthen our coking coal business, as well as divesting at least half of our thermal coal assets by 2030. Furthermore, in order to create a portfolio that would yield steady earnings even amidst a market downturn, we are continuing thorough cost reduction in our existing projects, along with focusing our efforts in expanding our mid- and downstream businesses. Specifically, once we have determined our ideal role within the value chain from mine to clients, we will utilize our expertise in coal mine management as well as existing infrastructure to develop mining-related businesses outside of trading, such as rehabilitation and contract mining.

Our recently acquired Gregory Crinum coal mine is projected to have reserves of high-quality coking coal sufficient for over 30 years of operation. Thanks to its well-maintained infrastructure, our preparations for an early operation restart have also so far remained on track. As the mine is positioned right next to the currently in-operation Minerva coal mine and Meteor Downs South coal mine, we plan to utilize its proximity to optimize manpower allocation, switching from the existing two-mine system to integrated three-mine management.

Located at the center of an area dotted with undeveloped mine lots, Gregory Crinum’s location also brings a strategic advantage. By obtaining Gregory Crinum’s coal handling and preparation plant (CHPP), loading facilities and dragline excavator, we can further strengthen our capability as owner-operator.

Realizing these opportunities, we will promptly extend our reach into contract mining, aiming for stable returns from mining, coal handling and preparation, loading and trading in surrounding mines which will be resilient to market fluctuations. Simultaneously, we will seek new opportunities for growth in the form of new upstream investments, continuously developing new businesses for the future.

Rehabilitation: Maximizing our "two types of value" through sustainable initiatives

Legal rehabilitation obligations have been transferred to Sojitz alongside our acquisition of Gregory Crinum. In addition to fulfilling our legal responsibility, we are also considering contract rehabilitation of surrounding coal mines and new ventures that positively contribute to the environment.

In this manner, by utilizing our strength in coal mine management to offer new services and values, unconstrained by the traditional business models, we will generate stable earnings that will be resilient to market fluctuations. Simultaneously, we will work towards a sustainable society by promoting local economic development and preserving the global environment.

Value Creation Process: Our Australian Coking Coal Business

Two Types of Value

Value for Sojitz
• Project development
• Accumulation of operational expertise
• Accumulation of prime assets
• Long term stable earnings resilient to market fluctuations

Value for Society
• Supplying raw materials indispensable to the iron and steel industry
• Generating employment through business development

Business foundation for value creation

Sole general trading company with coal mine operating and rehabilitation expertise
Strong relationships with our customers built over decades of trade
Flexible allocation of experienced personnel across three mines
Trust in our achievements from the Australian government and industry
Approximately ¥80.0 billion in consolidated assets owned by our Australian coal interest holdings companies
Sojitz Coal Resources Pty Ltd
Sojitz Moolarben Resources Pty Ltd
Coal and other natural resources