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Sojitz Corporation

Additional Interest Acquired in Australia's Minerva Coal Mine

Sojitz to increase its interest through execution of preemptive right

Since 1994, Sojitz Corporation has been participating in the development of the Minerva coal mine in Australia. The company will increase its current interest by 15%, from 30% to 45%, at a cost of about 3 billion yen, and will strategically strengthen its production and marketing infrastructure in the booming coal business.

The Minerva coal mine, located approximately 45km south of Emerald City in Queensland, is operated under a joint venture between Catherine Hill Resources Pty. Ltd. (Head office: Brisbane, Queensland, Australia), a wholly owned Australian coal business operating subsidiary of Sojitz with a 30% interest, and resources development company Felix Resources (Head office: Brisbane, Queensland, Australia) with a 70% interest.

In response to a plan by a South Korean consortium consisting of Korea Resources Corporation and others to acquire 15% of the 70% interest held by Felix Resources, Sojitz has decided to execute its preemptive right and has notified Felix Resources accordingly.

The Minerva coal mine commenced production of high-grade thermal coal in July 2005, as originally planned. The mine, with marketable reserves of about 26.8 million tons of coal, is currently producing coal at its full production capacity of about 2.5 million tons per year.

Partly as a result of the recent active demand for thermal coal in the Asian region, the thermal coal produced by the Minerva coal mine, at its production capacity of 2.5 million tons per year, is coming close to being sold out. In view of this circumstance, and also from the standpoint of securing the equity coal for its customers mainly in Japan, Sojitz has determined that it would be appropriate to execute its preemptive right.

Sojitz has already acquired the exclusive marketing right for Japan for the high-grade thermal coal produced by the Minerva coal mine, as well as holding a marketing right in Taiwan. Through the increase in its interest, the volume of equity coal to be held by Sojitz is expected to increase by 380,000 tons to a total of 1.13 million tons per year.

The coal business undertaken by Sojitz, which positions as one of its core businesses the energy and mineral resources sectors, including coal, started in the latter part of 1960 in the US, and has expanded to Australia and China. The volume of Australian coking and thermal coal exported to Japan was approximately 6 million tons in fiscal year 2004. To date, Sojitz has undertaken the business of coal mining at seven locations in Australia and one in Indonesia, and aims to boost profits by expanding the volume of equity coal from 4.5 million tons in fiscal year 2006 to 8.8 million tons in fiscal year 2009 and to 12 million tons in fiscal year 2013. The company continues to aggressively enhance its production and marketing systems through the development of new coal mines and increases in interests at existing coal mines.

