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Press Release

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Idemitsu begins studies on commercialization of pumped-storage hydroelectricity using mined areas of Muswellbrook Coal Mine in Australia

Idemitsu Kosan Co.,Ltd. (Head Office: Chiyoda-ku, Tokyo; President and Representative Director: Shunichi Kito; hereinafter, "Idemitsu") will conduct joint studies with the major Australian power company AGL Energy Ltd. on the commercialization of pumped-storage hydroelectricity at Muswellbrook Coal Mine in Australia through a wholly owned subsidiary, Idemitsu Australia Resources Pty Ltd (Head Office: Brisbane, Queensland; Managing Director: Naoki Kawamoto). Intended to promote use of renewable energy and contribute to the local community, these studies will begin in August 2019.

This project, intended to commercialize pumped-storage hydroelectricity*1, is focused on previously mined areas of the Muswellbrook Coal Mine, a subsidiary business of Idemitsu and on the adjoining mountainous terrain (Bells Mountain). By converting the mined areas of the Muswellbrook Coal Mine into a lower reservoir and pumping the water using low-priced daytime and nighttime renewable power in the region, it would generate electricity during the peak demand periods of early morning and evening for the region. It is projected to have a power generation capacity of 250 MW. Commercialization of this project will be studied jointly with AGL Energy Ltd., a major Australian power company with rights to the adjoining Bells Mountain.

For 111 years, Muswellbrook Mine with the support of the local community have produced and supplied high-quality coal to help secure stable supplies of energy to Japan, Australia, and other markets. By utilizing the mined areas of the coal mine as a renewable energy facility, this project will pursue the possibilities of both maintaining and continuing the mine's economic and social contributions to the local community and converting the coal mine into a facility that will contribute to global environmental improvements.

In the future, Idemitsu and Idemitsu Australia Resources will aim to create a wide range of opportunities to contribute to the energy security of Japan and Australia while also continuing to promote the use of renewable energy.

Note that there is no impact on the Company's consolidated performance in fiscal year 2019.

*1 Pumped-storage hydroelectricity: A power generating method conducted through building reservoirs at higher and lower elevations in the power-plant facility and repeating the series of processes of allowing water to flow down from the higher to the lower reservoir, powering turbines as it does so, when demand for electricity is high and using surplus electric power to pump water from the lower to the higher reservoir when demand for electricity is low.

References

Overview of Idemitsu's coal mines in Australia:

Name of mine	State	**(million t/year)***	Rights and interests (%)
Ensham	Queensland	4.5	85
Boggabri	New South Wales	5.3	80
Muswellbrook	New South Wales	1.5	100

* Production figures shown for each mine correspond to Idemitsu's share of rights and interests

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