



**Glencore Works toward Expansion of Coal Business in Australia; To take over Hail Creek coal mine, etc. as single package**

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Glencore plc, a world's biggest thermal coal and semi-soft coking coal supplier has been working toward expansion of the coal export business in Australia.

Firstly, Glencore acquired additional interests in the existing coal mines in the State of QLD such as Newlands Coal Complex and Collinsvill coal mine in December 2016.

A 35% interest in each of Newlands Coal Complex and Collinsvill coal mine was obtained from ITOCHU Corporation and a 10% interest in each of them from Sumitomo Corporation. Accordingly, Glencore's interest holding ratios in both coal mines rose to 100% from 55%. The flagship type of coal at both coal mines is thermal coal.

Then, Glencore set up a joint venture (JV) with Yancoal Australia Ltd., a coal mining company of Chinese origin on 28 July 2017, and decided to operate Hunter Valley Operations (HVO), a large-scale thermal coal and semi-soft coking coal mine in the State of NSW on a conjoint basis. The interest holding ratio in JV is 51% by Yancoal Australia and 49% by Glencore.

From now onward, Glencore will obtain a total of 49% interest in HVO by taking over a 16.6% interest from Yancoal Australia and a 32.4% interest from Mitsubishi Corporation. The takeover amount of the interest is a total of US\$1.139 billion.

What's more, Glencore took over 3 billion shares newly issued by Yancoal Australia on August 31, and held a 6.82% stake in this company. Incidentally, after adding this stake, Glencore will hold a total of 52.48% ( $49\% + 51\% \times 0.0682$ ) interest in HVO.

And, Glencore decided on 20 March 2018 to take over multiple coal assets owned by Rio Tinto Limited as a single package.

What to be taken over from Rio Tinto are an 82% interest in Hail Creek coal mine, an existing metallurgical coal mine and a 71.2% interest in Valeria mining area, an unexplored thermal coal mining area in the Bowen Basin in the State of QLD, and the takeover amount will be a total of US\$1.7 billion. Transfer of these interests is slated for completion in the latter half of 2018.

Hail Creek coal mine is an open-cut metallurgical coal mine located 120 km to the northwest of Mackay, and the interest in this coal mine is 82% owned by Rio Tinto, 8% by Nippon Steel & Sumitomo Metal Corporation, 6.67% by Marubeni Corporation and 3.33% by Sumitomo Corporation respectively at the present moment.

The type of coal produced at Hail Creek coal mine is hard coking coal and thermal coal, and the production volume of saleable coal in 2017 was 9.381 million tons, the breakdown of which was 5.247 million tons of hard coking coal and 4.134 million tons of thermal coal.

Valeria mining area is an unexplored thermal coal mining area located 265 km to the west of Rockhampton and the coal resources are 762 million tons. Besides, this mining area is located 67 km to the southeast of Clermont thermal coal mine run by Glencore.

Glencore has a policy to go ahead with taking over the excellent coal assets in Australia as well as sell multiple less profitable coal mines for the purpose of reconstructing the coal export business in this country.

Based on this policy, Glencore decided on 12 January 2018 to sell Tahmoor coal mine, an existing metallurgical coal mine in the State of NSW to SIMEC Mining, which is a mining division of GFG Alliance, UK.

Tahmoor coal mine is an underground coal mine equipped with longwall (LW) mining technology in the Southern region in the State of NSW, and Glencore has a 100% interest. At this coal mine, 1.781 million tons of metallurgical coal was produced in the calendar year 2016.

Furthermore, Glencore now has been proceeding with the sellout of Rolleston coal mine, a large-scale thermal coal mine in the State of QLD.

Rolleston coal mine is an open-cut thermal coal mine in the southern part of the Bowen Basin and located 140 km to the southeast of Emerald. The coal production capacity is 19Mtpa. Thermal coal produced at this coal mine is exported to the Asian countries from the port of Gladstone.

At Rolleston coal mine, 13.364 million tons of coal was produced in FY2016/17 (one year ending 30 June 2017), and 11.129 million tons of coal (all were thermal coal) was exported, of which 5.35 million tons of coal was exported to China and 4.508 million tons to South Korea respectively.

The interest in Rolleston coal mine is 75.0% owned by Glencore and 12.5% by each of ITOCHU Corporation and Sumitomo Corporation. Both ITOCHU and Sumitomo also will sell the interests in this coal mine owned by them.

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