



May 15, 2019

Dear Sirs:

Company name: Mitsui Matsushima Holdings Co., Ltd.
Representative: Tsuneo Amano, Representative
Director and President
(Stock Code 1518, 1st Section of the
Tokyo Stock Exchange and Fukuoka
Stock Exchange)

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Notice Concerning Development of GDM Coal Mine in Indonesia

We are pleased to inform you that Mitsui Matsushima Holdings Co., Ltd. (“the Company”) has been developing underground coal mines of PT Gerbang Daya Mandiri (“GDM Coal Mine”) in Indonesia, and has decided to conduct trial mining through a long-wall automation mining system. The details of this are as follows:

1. Circumstances and future developments

The Company acquired 30% of the shares of GDM, a coal production and sales company in Indonesia, through the Company’s consolidated subsidiary MMI Indonesia Investments Pty Ltd. (“MMIII”) in 2012, and since then has developed GDM Coal Mine.

The development of GDM Coal Mine had substantially lagged behind schedule due to the soft ground in Indonesia. However, as the expected coal bed has been carbonized successfully, it has been confirmed that the future profitability of the business can be secured and that mining will be possible from a technical point of view. Accordingly, the Company plans to implement trial mining through a long-wall automation mining system in order to make a final decision on whether or not to embark on commercial production.

With respect to its future plan, after the implementation of trial mining through the long-wall automation mining system for underground mining, the Company intends to start commercial production in 2021 and establish an underground mining production system to produce 1 million tons of coal annually in 2023. For the implementation of trial mining through the long-wall automation mining system, MMIII plans to provide a loan amounting to approximately 6 million US dollars, an amount corresponding to its interests, to GDM.

The Mitsui Matsushima Group has the exclusive right to sell low-ash-content thermal coal produced by GDM in Japan, and believes this will secure a reliable source for providing excellent thermal coal to users in Japan.

Approximately 0.5 billion tons of coal are produced annually in Indonesia, and a large portion of mining is based on open-pit techniques. However, in light of the environmental problems resulting from deforestation and a possible decline in reserves for excellent open-pit mines, automated underground mining has been attracting a great deal of attention.

GDM plans to issue new shares, and in this case, MMIII’s investment ratio will be 20.1%.

2. Overview of GDM Coal Mine

(1) Name of coal mine	Gerbang Daya Mandiri
(2) Location	Kalimantan Timur, Indonesia
(3) Company that owns the mine	PT Gerbang Daya Mandiri
(4) Mining method	Open-pit and underground mining
(5) Annual production volume	Open-pit mining: approximately 400,000 tons; underground mining: approximately 1 million tons (planned)
(6) Recoverable reserves for underground mining	Approximately 14 million tons

3. Future prospects

Considering that this business is at the development stage at the present time, we believe it will have only a small impact on FY2019 earnings but will contribute to an improvement in earnings from a medium- and long-term viewpoint. If there is any matter that should be disclosed in the future, we will immediately inform you of it.