

## Pan Pacific Copper Signs Loan Agreements for Caserones Copper and Molybdenum Deposit Development Project in Chile

Pan Pacific Copper Co., Ltd. (hereinafter "PPC"; head office: Otemachi 2-chome, Chiyoda-ku, Tokyo; president: Yoshimasa Adachi), an integrated copper enterprise jointly established by JX Nippon Mining & Metals Corporation (head office: Otemachi 2-chome, Chiyoda-ku, Tokyo; president: Masanori Okada) and Mitsui Mining & Smelting Co., Ltd. (head office: Osaki 1-chome, Shinagawa-ku, Tokyo; president: Sadao Senda), today (July 26) signed loan agreements with related financial institutions for a total of 1.4 billion US dollars to finance the Caserones Copper and Molybdenum Deposit Development Project ("the Project"). PPC has a 75 percent interest in the Project, with Mitsui & Co., Ltd. holding a 25 percent interest. The initial investment for development (production facilities and related costs) is estimated at about 2 billion US dollars.

The loan agreements consist of two packages:

1. A total of 1.1 billion US dollars (roughly 88 billion yen<sup>1</sup>) in project finance from the Japan Bank for International Cooperation (JBIC) and four private banks (Bank of Tokyo-Mitsubishi UFJ, Ltd., as lead bank, with Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, and Hongkong and Shanghai Banking Corporation Limited)
2. A total of 300 million US dollars (roughly 24 billion yen<sup>1</sup>) in long-term loans from five private banks (Bank of Tokyo-Mitsubishi UFJ, Ltd., as lead bank, with Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, Chuo Mitsui Trust and Banking Co., Ltd., and Sumitomo Trust & Banking Co., Ltd.)

Nippon Export and Investment Insurance (NEXI) is to provide the four private banks in the first package with investment and loan insurance for natural resources and energy, while the Japan Oil, Gas and Metals National Corporation (JOGMEC) is to assume the project risk and provide the five private banks in the second package with liability guarantees for overseas development funds.

As a large copper and molybdenum mine development in which Japanese companies hold 100 percent interest, the Project is utilizing the full range of functions provided by Japan's major government-related organizations serving the resource sector, JBIC, NEXI, and JOGMEC, under the "one-stop-shop" structure<sup>2</sup> adopted in the national effort to secure access to mineral resources overseas.

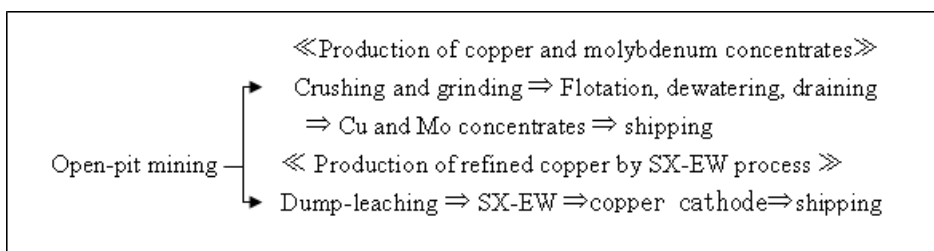
Development is making excellent progress and commercial production is expected to start on schedule by the end of 2013.

The Project will enable the PPC Group to satisfy about 50 percent of its raw material needs for domestic smelting operations with output from mines to which it has concession rights, up from the current level of just under 20 percent. Thus it is expected not only to contribute to stable procurement for the Group but also to greatly enhance the stability of Japan's supply of metal resources. In addition, it will play an important part in ensuring supplies of the rare metal molybdenum.

1. At an exchange rate of 1 US dollar=80 yen.
2. A structure for the support of projects by Japanese companies to secure mineral resources overseas, in which the government (the Ministry of Economy, Trade and Industry and the Ministry of Foreign Affairs) and relevant government-related organizations (such as JBIC, NEXI, and JOGMEC) work in close collaboration and offer their individual support measures on a systematic basis.

An outline of the Caserones copper and molybdenum deposit development project (estimated) is as follows:

- A. Construction of the mining and production facilities to start during the second half of 2010 and complete toward the middle of 2013.
- B. Commencement of operation:
  - Production of refined copper by hydrometallurgical SX-EW process: in January 2013
  - Production of copper and molybdenum concentrates: in September 2013
- C. Expected mine life: 28 years
- D. Flow of production to shipment:



Notes : (1) Dump-leaching means a process to extract (leach) copper by sprinkling sulfuric acid over a pile of uncrushed copper ore.

- (2) SX-EW process means a solvent extractive electrolytic copper winning process. Copper ion is selectively recovered from the leaching solution, and copper metal is produced by electrolysis from the copper sulfate solution. Approximately 20% of the copper from the mines in the world is produced by this process.

E. Estimated volume of ore to be mined

Ore	Volume(million tons)	Grade	
		Copper %	Molybdenum (ppm)
Primary and secondary copper sulfide (For production of copper and molybdenum concentrates)	1,050	0.34	126
Copper oxide and secondary copper sulfide ore (For production of refined copper by SX/EW process)	300	0.25	—

F. Daily output of ore: approximately 103,000 tons

G. Estimated annual production volume:

(Average during the initial phase of 10 years)

Copper : Copper content in copper concentrate: approx. 150,000 tons  
 Refined copper produced by SX-EW process: approx. 30,000 tons  
 Total: approx. 180,000 tons

Molybdenum : approx. 3,000 tons

(Average 28 years)

Copper : Copper content in copper concentrate: approx. 110,000 tons  
 Refined copper produced by SX-EW process: approx. 10,000 tons  
 Total: approx. 120,000 tons

(Total production for mine life: approx. 3,547,000 tons)

Molybdenum : approx. 3,000 tons  
 (Total production for mine life: approx 87,000 tons)

H. Estimated initial investment: approx. 2,000 million US dollars

I. Location of the Caserones copper and molybdenum deposit

162 kilometers southeast of Copiapó, the capital of the III Atacama Region of Chile, and 15 kilometers from the border with Argentina.

The deposit lies at altitudes between 4,200m to 4,600m above sea level.