

March 28, 2023

JX Nippon Mining & Metals Corporation

Notice Regarding Transfer of Shares in SCM Minera Lumina Copper Chile, Operator of Caserones Copper Mine

JX Nippon Mining & Metals Corporation (President: Seiichi Murayama; “JX Metals”) has decided to transfer 51% of its shares in an indirectly wholly-owned subsidiary, SCM Minera Lumina Copper Chile (CEO: Gonzalo Araujo; “MLCC”), which operates the Caserones Copper Mine in Chile, to Lundin Mining Corporation (CEO: Peter Rockandel; “Lundin”). JX Metals has also decided that it could transfer 19% of MLCC’s shares to Lundin or a third party in addition, so the final percentage of shares transferred will be 70%.

1. Background and purpose of the transfer

As stated in the JX Nippon Mining & Metals Group Long-Term Vision 2040, JX Metals is aiming to move from a process industry-type firm to a technology-based firm and become a global company that contributes with advanced materials to the development and innovation of society. Based on this Vision, it has been proactively reviewing its asset portfolio and, as part of this review, recently decided to transfer its shares in MLCC to Lundin.

Based in Canada, Lundin is one of the main companies in the Lundin Group, which develops and supplies mineral resources, petroleum, and gas in more than 20 countries worldwide. Lundin has been conducting mining and developments, operations, production, and sales of base metals such as copper and zinc for many years in South America, Europe, the United States, and other regions throughout the world. The Candelaria Copper Mine, which Lundin operates in the vicinity of Caserones, is one of the largest copper mines in Chile and one of the most important sites of procurement for the smelting plants of the JX Metals Group.

Through the participation of Lundin, which has extensive knowledge and high mine operation capability, as a partner in the operation of the Caserones Copper Mine, improvement of the mine’s productivity and cost competitiveness can be expected. In addition, as Lundin has a lot of operating experiences in the region, this transaction would bring big regional opportunity of mining development. It will also enable Caserones to have more efficient and long-term business operations and other mines developed in the future there. With the expectations mentioned above, we are convinced that both party will have very large synergy through this partnership.

Through these measures, JX Metals aims to concentrate further on focus business centered on its advanced materials business, control volatility in its resource business, and strengthen its long-term earnings base.

2. History of JX Metals' Development of Caserones Copper Mine

Following its acquisition of mining rights to the Caserones copper deposit in 2006, JX Metals conducted feasibility studies and undertook stripping and construction. In 2013, production of refined copper using the SX-EW method was begun and full-scale copper concentrate production commenced in May 2014. The Caserones Copper Mine is situated in a steep location at an altitude of more than 4,000 meters and the difficulties this causes have been overcome while also facing challenges such as weather problems and the COVID-19 pandemic. Recently, with the achievement of stable operation, productivity has been further improved and the mine reached a cumulative production volume of one million tons (copper content) in November 2022. Up to today, while maintaining cooperative and open relationships with neighboring communities, it has contributed greatly to the vitalization of the local economy through the creation of employment.

Together with its new partner Lundin, JX Metals will continue to further enhance the resilience of the Caserones Copper Mine and strengthen its relationships with local communities.

3. Future Role of Caserones Copper Mine in the JX Metals Group

With the digital transformation of society, demand is expected to further increase for JX Metals' advanced materials such as sputtering targets for semiconductors, treated rolled copper foil, and high-functionality copper alloy strips. To respond to this demand, JX Metals is currently constructing new plants and strengthening equipment capacity in multiple locations in Ibaraki Prefecture and in North America. Now that global demand for copper is expected to increase over the long term, JX Metals has defined copper that can respond sustainably to this increased demand as "sustainable copper"* and is undertaking "Green Hybrid Smelting," which combines the use of copper concentrate and scrap as raw materials, to promote its further evolution. The Caserones Copper Mine plays an important role as a procurement site for the raw materials essential for promoting these measures. By maintaining a stable supply of a certain amount of copper concentrate based on the offtake agreement, the mine will continue to support the growth of JX Metals' business.

The JX Metals Group will continue to actively and flexibly promote various initiatives toward the realization of the Long-Term Vision 2040.

* For details, see news release dated August 3, 2022: "Sustainable Copper Vision: JX Metals Aims to Supply Sustainable Copper."



Caserones Copper Mine

Reference

Overview of JX Metals

(1)	Company name	JX Nippon Mining & Metals Corporation
(2)	Location	10-4, Toranomom 2-chome, Minato-ku, Tokyo 105-8417, Japan
(3)	Name and title of representative	Seiichi Murayama, President & CEO
(4)	Business activities	<ul style="list-style-type: none"> ▪ Developing and mining of non-ferrous metal resources ▪ Manufacturing and marketing of non-ferrous metal products such as copper, gold, and silver ▪ Manufacturing and marketing of electro-deposited and treated rolled copper foils ▪ Manufacturing and marketing of thin film materials such as sputtering targets, surface treatment agents, and compound semiconductor materials ▪ Manufacturing and marketing of precision-rolled products ▪ Manufacturing and marketing of precision fabricated products ▪ Recycling of non-ferrous metal materials and treatment of industrial waste for reuse
(5)	Capital	¥75,000,000,000
(6)	Date of establishment	September 27, 2002
(7)	Major shareholder and shareholding ratio	ENEOS Holdings, Inc.: 100%

Overview of subsidiary (sub-subsidiary) to be transferred

(1)	Company name	SCM Minera Lumina Copper Chile
(2)	Location	Av. Andrés Bello 2687, Piso 4 – Edificio del Pacífico, Las Condes, Santiago, Chile
(3)	Name and title of representative	Gonzalo Araujo, CEO
(4)	Business activities	<ul style="list-style-type: none"> a) Exploring and developing mining and other rights b) Purchasing and leasing mining rights for exploration or development c) Participating in exploring, developing, and commercializing mineral deposits and mining rights d) Installing and operating plants for processing and refining ore to be produced e) Marketing, exporting, and commercializing ores and products
(5)	Capital	3,468,427,600 USD
(6)	Date of establishment	August 20, 2003
(7)	Major shareholders and shareholding ratios	MLCC Finance Netherlands B.V.: 68.68% Nippon Caserones Resources Co., Ltd.: 28.49% Nippon Caserones Resources Canada Enterprises Corp.: 2.83%
(8)	Relationship between the company and the company concerned	Capital relationship
		Indirectly wholly-owned subsidiary
	Personnel relationship	4 directors and of the company concerned are concurrently employees of JX Metals. In addition, 28 employees of JX Metals has been seconded to the company concerned.
	Business relationship	JX Metals provides loans for working capital of the company concerned and gain its interest from them, issued debt guarantees for borrowings by the company

		concerned from financial institutions and gain guarantee fees. In addition, there are transactions of raw materials and commodities between a subsidiary of JX Metals and the company concerned.	
(9) Business performance and financial condition for the past three years			
Fiscal year	Ended March 2020	Ended March 2021	Ended March 2022
Net assets (equity)	(684,240 kUSD)	(1,314,817 kUSD)	(1,055,650 kUSD)
Total assets	3,287,760 kUSD	2,775,360 kUSD	2,905,136 kUSD
Equity attributable to owners of the parent per share	(0.24 USD)	(0.47 USD)	(0.37 USD)
Net sales	772,833 kUSD	941,095 kUSD	1,244,268 kUSD
Operating income	23,793 kUSD	(497,389 kUSD)	394,286 kUSD
Income before tax	(159,244 kUSD)	(625,979 kUSD)	273,486 kUSD
Net income attributable to owners of the parent	(165,927 kUSD)	(630,563 kUSD)	259,201 kUSD
Net income per share	(0.06 USD)	(0.22 USD)	0.09 USD
Dividend per share	0 USD	0 USD	0 USD

Overview of share transfer counterparty

(1)	Company name	Lundin Mining Corporation	
(2)	Location	150 King Street West, Suite 2200 P.O. Box 38, Toronto, Ontario, M5H 1J9 Canada	
(3)	Name and title of representative	Peter Rockandel, CEO	
(4)	Business activities	Exploring, developing, and mining minerals in Argentina, Chile, Brazil, Portugal, Sweden, and the United States	
(5)	Capital	6,275,506,692 CAD	
(6)	Date of establishment	September 9, 1994	
(7)	Major shareholders and shareholding ratios	Nemesia Sarl	14.39%
		Capital Group Cos Inc.	11.28%
		FMR LLC	6.33%
		Vanguard Group Inc.	2.61%
		Blackrock Inc.	2.48%
		Mirae Asset Global Investments Co. Ltd.	2.06%
		M&G PLC.	2.04%
		Dimensional Fund Advisors L.P.	1.84%
		Polaris Capital Management LLC	1.69%
		Ballie Gifford & Co.	1.60%
		Pear Tree Advisors Inc.	1.35%
		Nordea Bank Abp	1.23%
(8)	Relationship between the company and the company concerned	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable

Number of shares to be transferred, transfer price, and status of shares held before and after the transfer

(1)	Number of shares held before transfer	2,827,486,684.93 shares
(2)	Percentage of shares transferred	51%
(3)	Transfer price	950,000,000 USD
(4)	Percentage of shares held after transfer	49%

Schedule

(1)	Date of resolution by Board of Directors	March 28, 2023
(2)	Agreement signing date	March 28, 2023
(3)	Share transfer execution date	June 2023 (planned)