



MINERAL RESOURCES GROUP

OUR VISION

Our Group has transformed its business model in accordance with changes in the external business environment. We will further transform our businesses to support the industry from a stance of supplying raw materials while also looking ahead to societal trends such as decarbonization, electrification, and the shift to a circular economy.

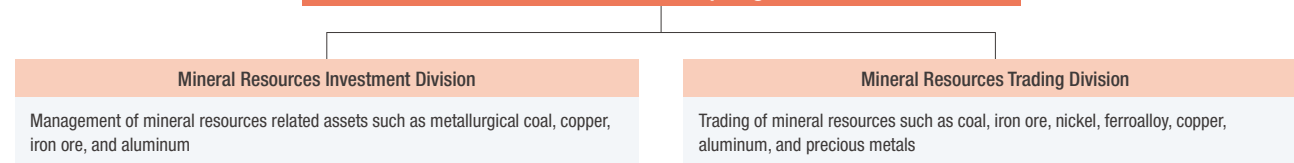
Norikazu Tanaka

Executive Vice President
Group CEO,
Mineral Resources Group

Norikazu Tanaka



Mineral Resources Group Organization



Risks and Opportunities in Light of Changes in the External Environment

Risks	Opportunities
<ul style="list-style-type: none"> Reduced demand for metallurgical coal due to a greater proportion of steel production coming from methods with low greenhouse gas emissions 	<ul style="list-style-type: none"> Increased demand for copper associated with the expanding use of electric vehicles (EV) and the adoption of renewable energy generation facilities

Strengths of the Mineral Resources Group

- The competitive cost advantage as well as the quality of its world-class assets
- Solid partnerships with major mining firms and other primary suppliers that leverage our presence in the industry built over many years
- Industry intelligence gained through a global customer portfolio cultivated by the trading business
- Ability to adapt business models to changes in the external environment to foster growth

Elements of the Midterm Corporate Strategy 2021

With metallurgical coal and copper as our main pillars, our mission is to further enhance the competitive advantage as well as the quality of its world-class quality assets, while delivering long-term sustainability in ways which are good for the environment and for the supply chain. We will leverage the know-how we have built up to strengthen our competitiveness by improving the level of self-management in each business and become more relevant in project management to further upgrade our organizational competencies.

Progress for the fiscal year ended March 31, 2021

- As a growth initiative, development is underway at the Quellaveco copper mine, with the estimated first copper production in 2022. We are also securing competitive assets and steadily progressing toward a stable supply of bauxite—a raw material for aluminum—through participation in the Aurukun Bauxite Project, a business venture to mine bauxite.
- To make the mineral resources investment portfolio more resilient, we completed our withdrawal from the Clermont thermal coal mine, the Western Australian Iron ore development project, and Herculite Ferrochrome Pty Ltd (Chrome ore mining/Ferrochrome production).

EQUITY IN EARNINGS FROM MAJOR GROUP COMPANIES

(Unit: billions of yen)

	Ownership (%)	2017/3	2018/3	2019/3	2020/3	2021/3
Metallurgical Coal Business						
1 MITSUBISHI DEVELOPMENT PTY LTD (Australia)	100.00	127.1	198.0	246.9	118.7	10.9
Copper Business						
2 JECO CORPORATION*1	70.00	3.5	14.8	16.1	10.5	11.9
3 JECO 2 LTD (UK)*1	50.00	0.5	3.0	3.3	2.2	2.8
4 MC COPPER HOLDINGS B.V. (Netherlands)*2	100.00	2.4	3.8	2.6	2.9	3.2
5 M.C. INVERSIONES LIMITADA (Chile)*3	100.00	-8.4	3.5	1.4	-1.3	2.9
Copper Business (dividend income)						
6 Antamina (Peru)	10.00	9.2	12.8	8.6	5.0	12.6

*1 Investment company for Escondida copper mine in Chile. (MC's indirect shareholding in Escondida copper mine is 8.25%, through both JECO CORPORATION and JECO 2 LTD.)
 *2 Investment company for Los Pelambres copper mine in Chile. (MC's shareholding in Los Pelambres through indirect investment: 5%)
 *3 The profit is consolidated with MC RESOURCE DEVELOPMENT LTD. until the second quarter of the fiscal year ended March 31, 2021, but shares were transferred to M.C. Inversiones Limitada in August 2020 (Equity gains and losses of MC RESOURCE DEVELOPMENT LTD. are before the fiscal year ended March 31, 2020)

METALLURGICAL COAL BUSINESS



One of the World's Largest Suppliers of Metallurgical Coal

Mitsubishi Development Pty Ltd (MDP) jointly operates its metallurgical coal business through BMA, together with its partner. BMA produces about 65 million tons per year and has a market share of approximately 30% in the global seaborne market. BMA produces high-quality and cost competitive metallurgical coal at its seven operating mines, together with a rail network and port terminal.

As the world transitions to a low-carbon/decarbonized society, we foresee potential impact on metallurgical coal demand as a result of wider use of electric furnaces for steelmaking and the adoption of new technology. However, in a business environment derived from the 2°C scenario*, we expect the superiority of high-quality metallurgical coal in particular will increase and for BMA to preserve its high competitive edge. While staying aware of changes in the business environment, we strive to reduce the greenhouse gases emitted from BMA production processes. We will also take actions with a joint venture partner BHP, a world-leading resources company, to support research that contributes to reducing emissions throughout the entire metallurgical coal value chain.

*IEA Sustainable Development Scenario: In this scenario, the GHG emission volumes for each industry are calculated in order to satisfy the Paris Agreement's target of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels."

COPPER BUSINESS



A World-Class Copper Project

Quellaveco, which has an anticipated mine life of 30 years, is one of the world's largest new copper mines and has a high cost competitiveness. The mine contains approximately 7.5 million tons (content metal basis) of copper in ore reserves. MC has been working with partner Anglo American plc to develop the site, with the estimated first copper production in 2022. When production starts at Quellaveco, we expect our production volume to reach approximately 320 to 370 thousand tons. Going forward, as electrification progresses, MC will continue to contribute to the stable supply of copper to support the growth of the global economy.

MC's Production Share and Projected Growth (Unit: thousand tons)

