

MINERAL RESOURCES GROUP



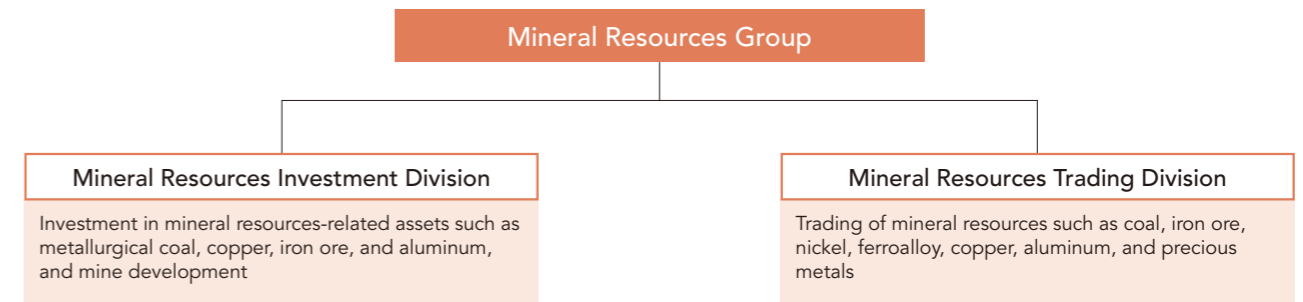
Our Vision



Norikazu Tanaka
 Director,
 Executive Vice President
 Group CEO,
 Mineral Resources Group

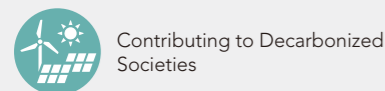
Norikazu Tanaka

To date, our Group has transformed its business model numerous times in accordance with changes in the external business environment. We will further transform our businesses in response to major changes in the societal environment such as accelerating decarbonization, electrification, and the shift to a circular economy, and contribute to the promotion of the EX strategy through the supply of raw materials.



Materiality (Material Issues)

Related Material Issues



Contributing to Decarbonized Societies



Promoting Stable, Sustainable Societies and Lifestyles

Relevance of Material Issues to the Business

Electrification and the introduction of renewable energy are essential transitions to realize a carbon-neutral society, and demand for metal resources, such as copper, lithium and nickel (both raw materials for batteries), will increase dramatically. In the steel industry, while the transition to electric furnaces and hydrogen-based steelmaking will continue over the long term, low-carbon steelmaking using blast furnaces, which will remain the mainstream for the time being, will be an important issue.

As part of our efforts toward a decarbonized society, we will work to reduce CO₂ emissions at the mines we own and to fulfill our responsibility to provide a stable supply of high-quality metallurgical coal and iron ore that contributes to the low-carbonization of blast furnaces. At the same time, we will contribute to the promotion of EX from the viewpoint of raw material supply by shifting to a new portfolio based on the three societal issues of decarbonization, electrification, and circular economies.

The mineral resources business is a long-term undertaking. The concept of realizing triple-value growth through the simultaneous generation of economic, societal, and environmental value, and growing together with local communities and environmental conservation, has always been the foundation of our business, and therefore sustainability is an integral part of our business. We contribute to the realization of a sustainable society through the stable supply of metal resources that are indispensable for the shift to a decarbonized world.

Group Strengths and Strategy

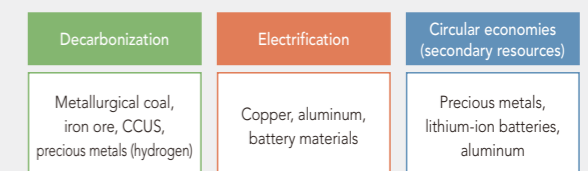
Group Strengths	<ul style="list-style-type: none"> Competitive cost advantage and the quality of our world-class assets Solid partnerships with major mining companies and other primary suppliers that leverage our presence in the industry built over many years Industry intelligence and presence as an industry player gained through a global customer base cultivated by our trading business, and using this as leverage to identify new quality investment opportunities Ability to adapt business models to changes in the external environment to foster growth
Summary of Midterm Corporate Strategy 2021	<ul style="list-style-type: none"> We have completed the withdrawal of several assets to further refine our quality assets, which combine world-class cost competitiveness and quality, as well as to strengthen our metal resources investment portfolio in light of the external environment. As initiatives for growth, we participated in the development of Quellaveco (copper mine) and the Aurukun (bauxite mine) project. In trading, we achieved sustainable business growth by steadily developing new clients and strengthening our risk management system.
Strategies Under Midterm Corporate Strategy 2024	<ul style="list-style-type: none"> To contribute to the decarbonization of the steel industry, we will pursue 1) the potential of direct reduced iron, which contributes to the expansion of electric furnaces, 2) the increased use of CCUS technology, 3) and precious metals essential for a hydrogen society, while at the same time achieving a stable supply of high-quality metallurgical coal and iron ore. As a material that supports electrification, we will work on internal growth opportunities for copper (maintaining and expanding production at existing assets), as well as take on the challenge of acquiring new prime assets and utilizing innovative copper recovery technologies. In addition, we will strengthen our efforts in next-generation resources such as lithium and nickel, raw materials for batteries, and bauxite, a raw material for aluminum. With an eye toward circular economies, we will work to utilize secondary resources in precious metals, lithium-ion batteries, and aluminum.
Forecast for Future Growth	<ul style="list-style-type: none"> Based on the strong asset portfolio that we have refined to date, we will strengthen our efforts in metal resources, an essential component of decarbonization, by focusing on the three themes of decarbonization, electrification, and a circular economy as part of our EX strategy.

Major Growth Drivers

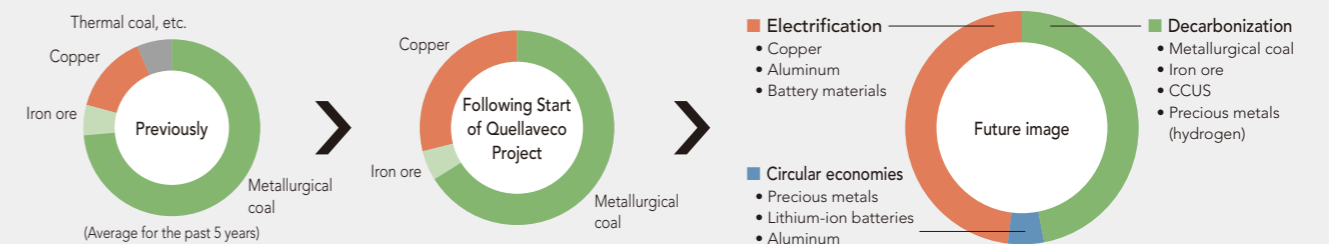
Group EX Strategy

Strengthen efforts in metal resources, an essential component of decarbonization, and begin the execution of specific projects

- Stable supply of high-quality metallurgical coal and iron ore. Pursue the potential of 1) direct reduced iron, which contributes to the expansion of electric furnaces, 2) the increased use of CCUS technology, and 3) the precious metals that are indispensable for a hydrogen society
- Expand our capability to supply next-generation resources essential for electrification
- Start work on secondary resources



Profit Structure (excluding trading)



Business Examples

Mitsubishi Development Pty Ltd. (MDP) which conducts exploration, development, production, and sale of mineral resources, jointly operates its metallurgical coal business, BMA, together with its partner, BHP. BMA operates one of the world's largest metallurgical coal operations, with an annual production volume of about 63 million tons and a share of approximately 30% of seaborne trade volume. In addition to producing high-quality metallurgical coal at its seven operating mines, BMA also maintains an integrated rail and port network, and is fulfilling its responsibility to provide a stable supply of high-quality metallurgical coal that contributes to low-carbon blast furnace steelmaking.

As the world transitions to a decarbonized society, we foresee potential impact on metallurgical coal demand as a result of the wider use of electric furnaces for steelmaking and the adoption of new technology. However, even in a business environment calculated based on decarbonization scenarios, we expect the demand for high-quality metallurgical coal to remain high.

Also, while staying aware of changes in the business environment, we will strive to reduce GHG emissions from BMA production processes. Furthermore, together with our metallurgical coal business partner BHP, we are working to support research that contributes to reducing emissions throughout the entire metallurgical coal value chain.



BMA (Australia)



Quellaveco Copper Project (Peru)

Quellaveco is a large copper mine in southern Peru, with reserves of approximately 8.9 million tons and an expected mine life of approximately 36 years, and is highly cost competitive. MC is developing the mine with partner Anglo American plc, and started copper concentrate production in 2022. Our equity production volume currently exceeds 200,000 tons per year, the largest for Japan, and is expected to increase approximately 1.5 times to around 320,000 to 370,000 tons after full-scale launch of the mine. We will continue our efforts to secure and provide a stable supply of copper, an essential component for the realization of a carbon neutral society, especially for the progress of electrification centered on renewable energy and the spread of EVs.

MC's Equity Production Volume and Projected Growth

