



For Release

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Mitsui Mining & Smelting Transfers its Mining Rights in the Quechua Mining Area in Peru.

Mitsui Mining & Smelting Co., Ltd. (CEO: Yoshihiko Takebayashi) announces that it has decided to wholly transfer its mining rights for the Quechua Mining Area that it owns in the Republic of Peru to a local subsidiary to be launched in Peru by Pan Pacific Copper Co., Ltd. (PPC; President: Eiji Kato), a copper business company jointly set up between Mitsui Mining & Smelting and Nippon Mining & Metals Co., Ltd. (President: Masanori Okada).

This transfer of mining rights has no impact on the business forecasts for the current fiscal year.

Quechua Mining Area

The Quechua Mining Area is a 5,732-hectare copper mining area located nearly 700 kilometers to the southeast of the Peruvian capital Lima, at an altitude range of 4,000-4,400 meters. Mitsui Mining & Smelting (Mitsui Kinzoku) has retained ownership of this area without developing it, although it performed exploration in two periods, namely from 1970 to 1980 and from 1995 to 1998.

Road transport, electric power, and other infrastructure is well developed around this area. Conveniently located to existing port and harbor facilities suitable to shipping, it is well placed for future development.

Transfer of mining rights

After a long study on how to deal with the Quechua Mining Area going forward, Mitsui Kinzoku reached the conclusion that in light of PPC's business strategy of focusing on securing resources that it would be appropriate that the area be developed by a local subsidiary to be set up by PPC. It has thus made a resolution to hand over its mining rights in this mining area.

The transfer price is 40 million US dollars. With this move, all mining rights in the area owned by Mitsui Kinzoku will be transferred.

After the handover, the local subsidiary will conduct a cost efficiency study by 2010 and will commence operation in the second half of 2012.

Operating environment and the Company's overseas mine development

Prices of copper, zinc and other metals are at high levels because of strong demand. Mine development is of increasing importance for stable supply of raw ores. Mitsui Kinzoku's copper business is currently operated by PPC, which is actively securing resources to enable the stable purchase of copper concentrate.

Since the 1960s, Mitsui Kinzoku has been conducting fully-fledged overseas mine development and mine exploration for zinc and copper mainly in the Republic of Peru. Today, it operates two zinc mines in Peru, namely the Huanzala Mine and Palka Mine. In the past, it operated the Katanga Copper Mine as well.

[Facts about the Quechua Mining Area]

- Location: Espinar, Cusco, Republic of Peru
(Approx. 700 km to the southeast of the capital city Lima at the altitude range from 4,000 to 4,400 meters)
- Mining area: 5,732 ha
- Ore reserves: Approx. 260 million metric tons (with an average copper grade of 0.61%, approx. 1.6 million metric tons of copper, based on a copper cut-off grade of 0.4%)
- Transfer price: 40 million US dollars
- Exploration periods: 1970-1980 and 1995-1998 (with a suspension between the two exploration periods)

[Corporate Profile of PPC]

- Company name: Pan Pacific Copper Co., Ltd.
- Location: 8th Floor, Shin-Nikko Building, 2-10-1 Toranomom, Minato-ku, Tokyo
- Representative: Eiji Kato, president and representative director
- Capital: 22,700 million yen (Mitsui Mining & Smelting has a 34% stake)
- Date of foundation: October 2000
- Number of employees: 175 (as of October 1, 2007)
- Principal businesses: Production and sale of electrolytic copper, sulfuric acid, precious metals and other by-products from copper smelting process by tolling contracts
- Sales: Approx. 681,300 million yen (for the year ended March 31, 2007)