

Security Code

Tokyo 5020

# JX Group Strategy Presentation

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September, 2010



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**Section 1**

# **Mid-Term Management Plan & Long-Term Vision**

## JX Holdings, Inc.

### JX Nippon Oil & Energy

Share in the domestic fuel market

**34 %**

(No.1 in Japan)

Paraxylene production capacity

**2,620** thousand tons/year

(No.1 supplier in Asia)



### JX Nippon Oil & Gas Exploration

Crude oil and natural gas production  
(Equity basis)

Approx. **140** thousand barrels/day \*1

Worldwide business activities ranging from crude oil to LNG and oil sand



### JX Nippon Mining & Metals

Copper Smelting & refining capacity

**1,170** thousand tons/year \*2

(No.2 in the world)

Equity entitled copper mine production

Approx. **80** thousand tons/year

(Self-sufficient ratio **17%**)

Electronic Materials;  
Product Lines with World No.1 Market Shares



Listed subsidiaries

**NIPPO**  
Toho Titanium

Common group  
function companies

Independent  
companies

\*1 Crude Oil Equivalent

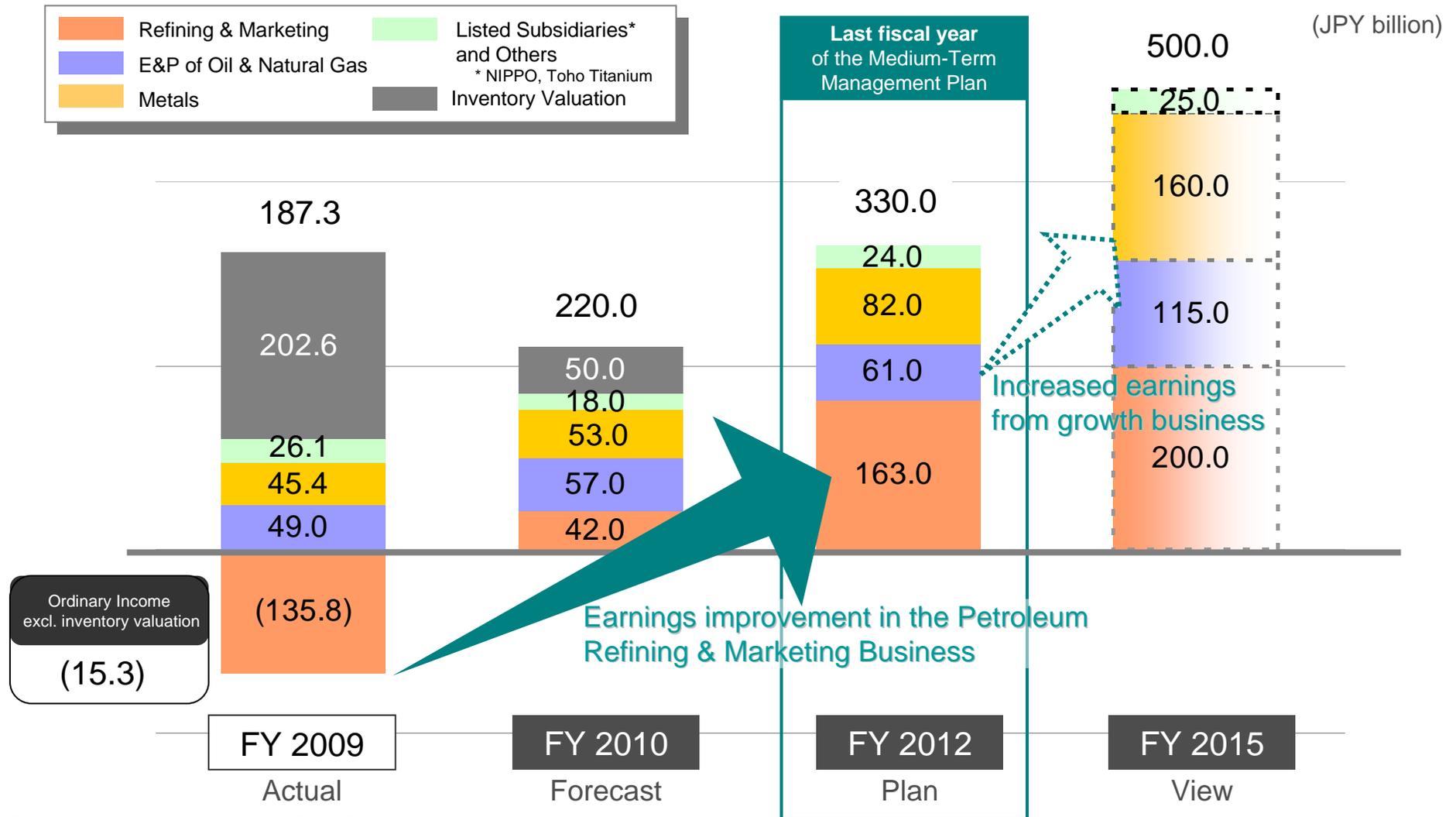
\*2 Pan Pacific Copper 610 thousand tons/year (66.0% equity stake) + LS-Nikko Copper 560 thousand tons/year (39.9% equity stake)

# Medium-Term Management Plan for FY 2010-2012 (Key Factors and Targets)

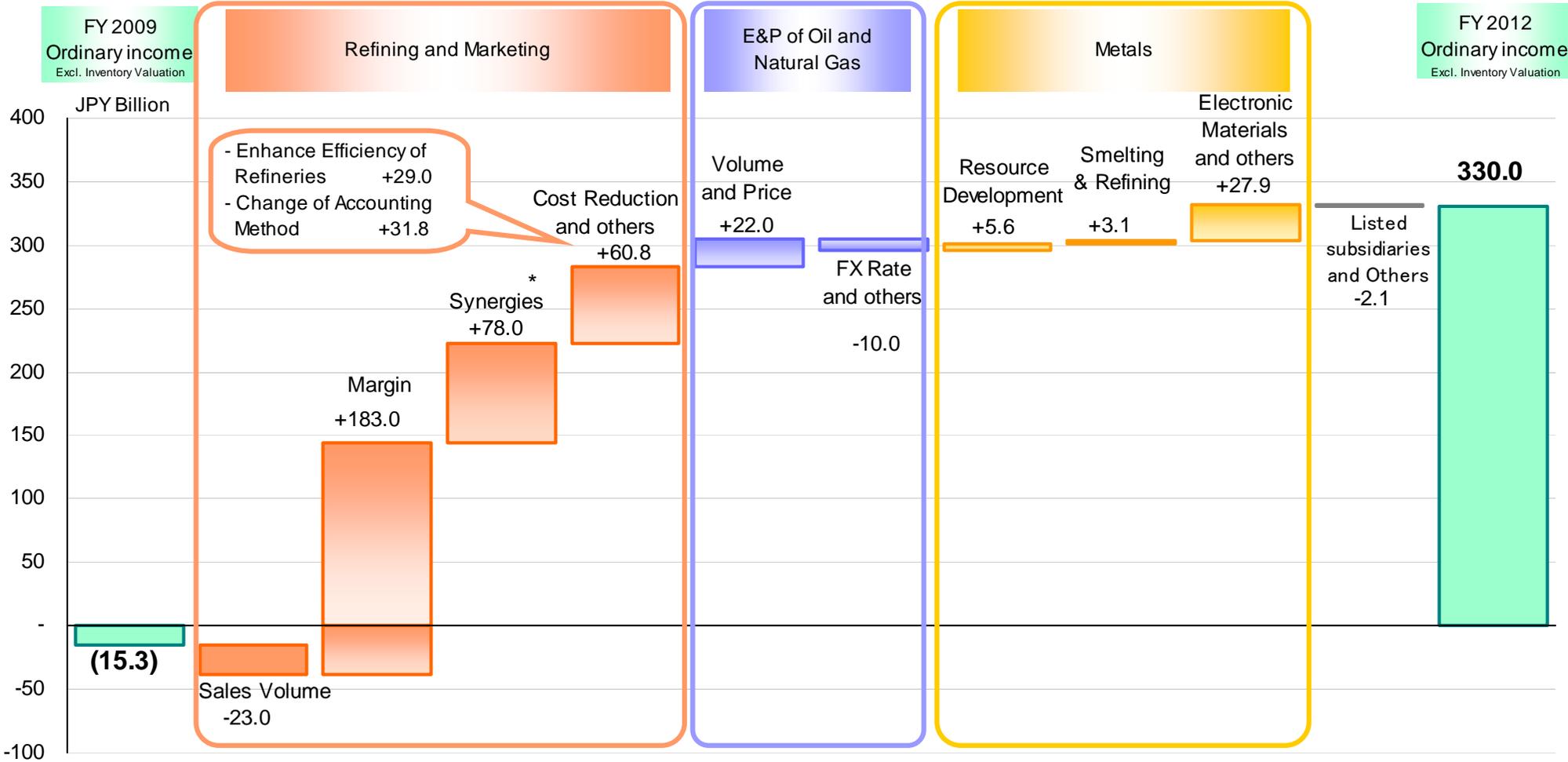


Key Factors (FY 2012)	Exchange rate	90 ¥/\$
	Crude oil FOB (Dubai spot)	80 \$/bbl
	Copper price (LME)	280 ¢/lb
Targets (FY 2012)	Ordinary Income	¥ 300.0 billion or more
	ROE	10% or higher
	Net Debt / Equity ratio	1.0 times
	Capital expenditure and investments	¥ 960.0 billion (FY2010-2012 total)
	Dividend policy	Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

# Earnings Plan (Ordinary Income)



# Changes in Ordinary Income by Segment FY 2009 Actual vs. FY 2012 Plan



\*Total of Synergies will be ¥80.0 billion including Metals business

# Refining & Marketing Business (JX Nippon Oil & Energy)

## Basic Strategy

### ➤ Dramatically transform the business

- Realize integration synergies
- Develop the No.1 competitiveness of Refining & Marketing in Japan
- Enhance overseas business to meet increasing demand in Asia
- Develop new energy businesses

## Major Tasks

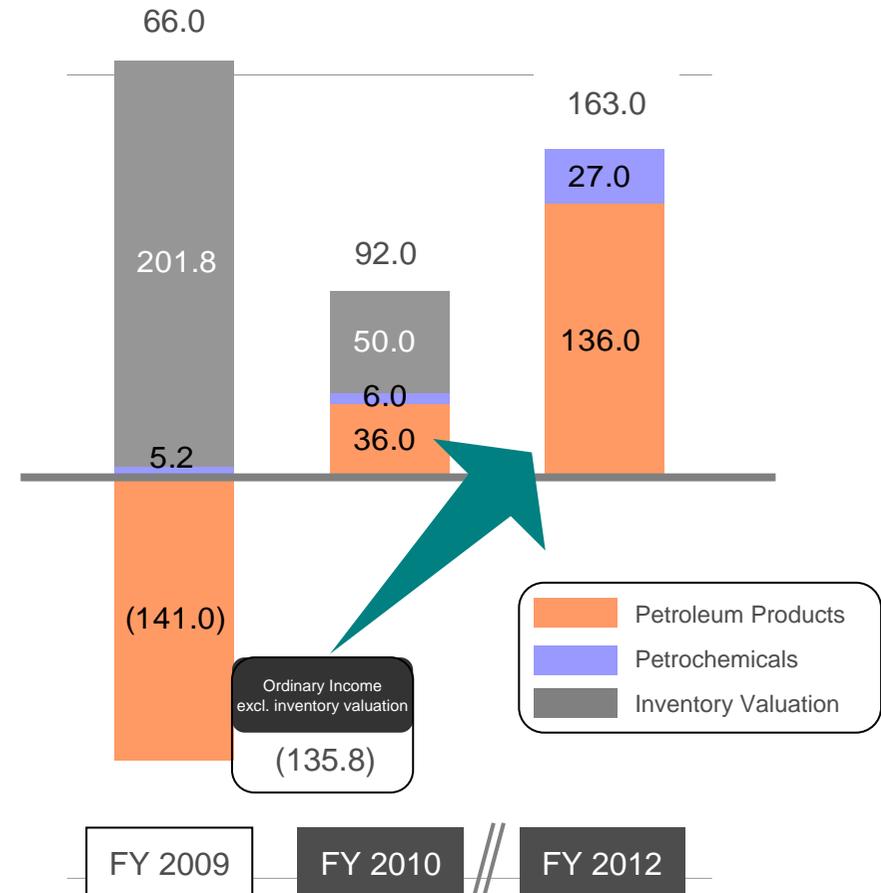
- (1) Realize integration synergies of ¥80.0 billion and enhance efficiency of refineries
- (2) Reduce refining capacity by 400 thousand barrels/day
- (3) Formulate a growth strategy for the future

¥300.0 billion improvement  
in ordinary income (excl. inventory valuation) in FY 2012 (vs. FY 2009)

Three-year total:  
Disciplined investments equivalent to  
around 80% of depreciation and amortization

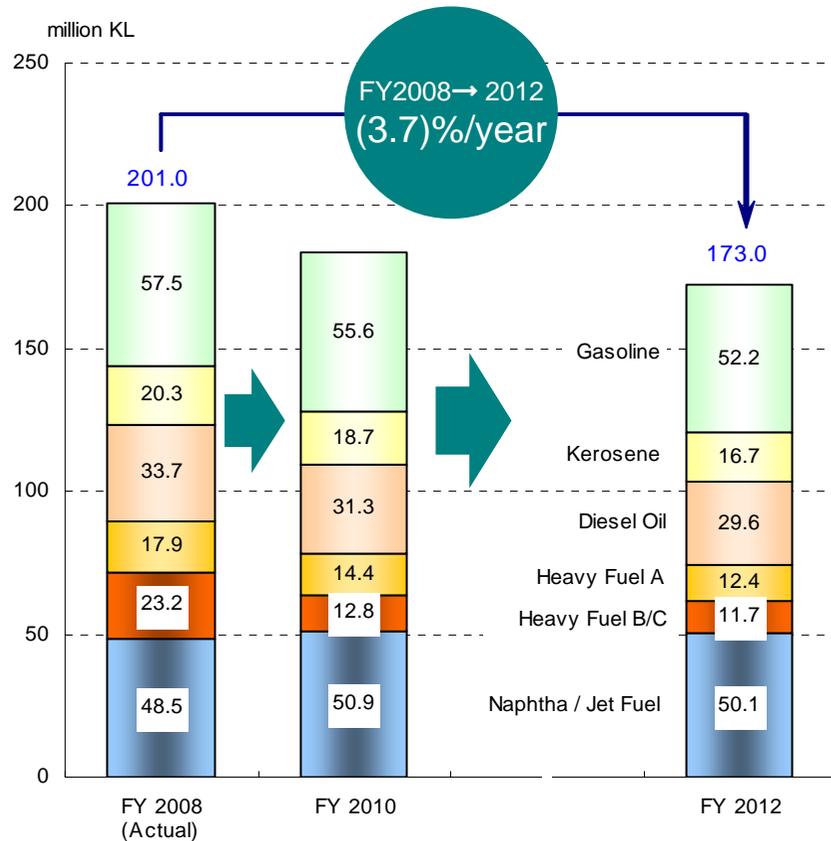
## Ordinary Income (Refining & Marketing)

(JPY billion)



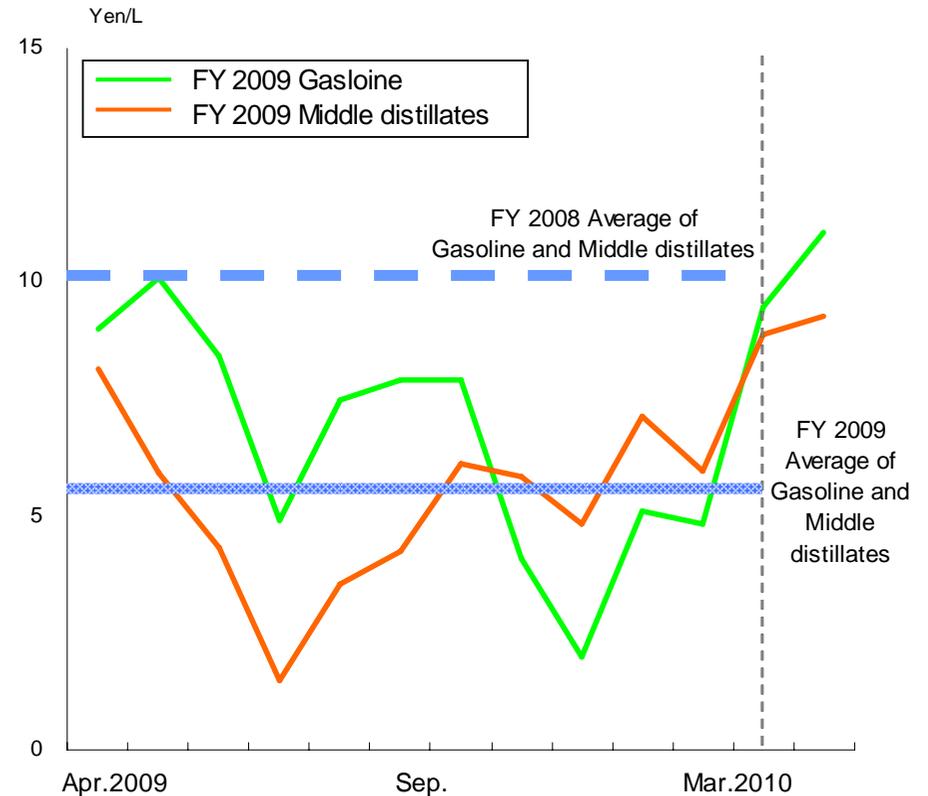
# Trends in the Domestic Petroleum Products Market

## Domestic Demand Outlook for Fuel



Source: Advisory Committee on Energy and Natural Resources information

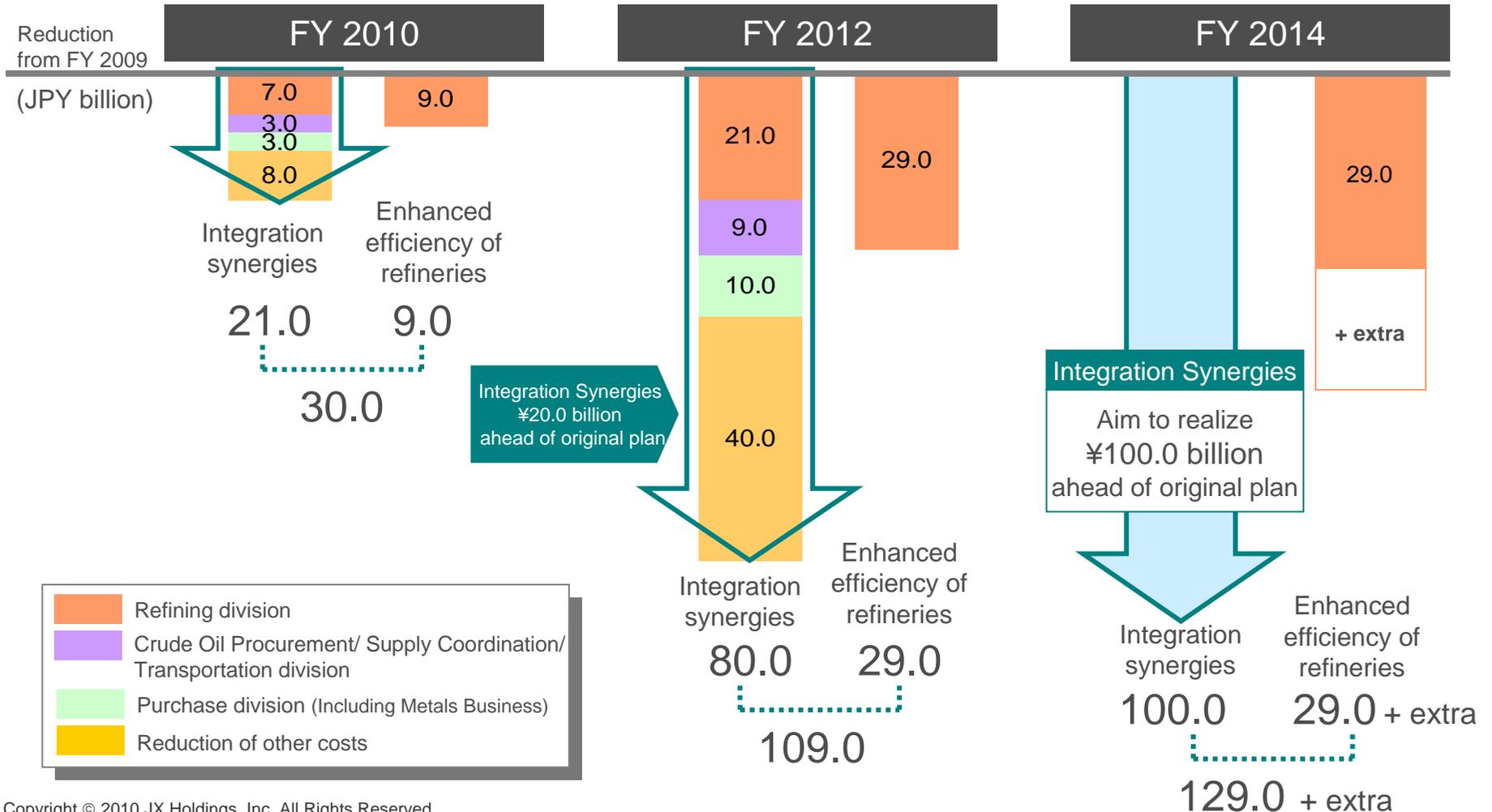
## Price Spread \* for Petroleum Products



\* Spot price — Crude Oil CIF Japan (including petroleum tax and interest)

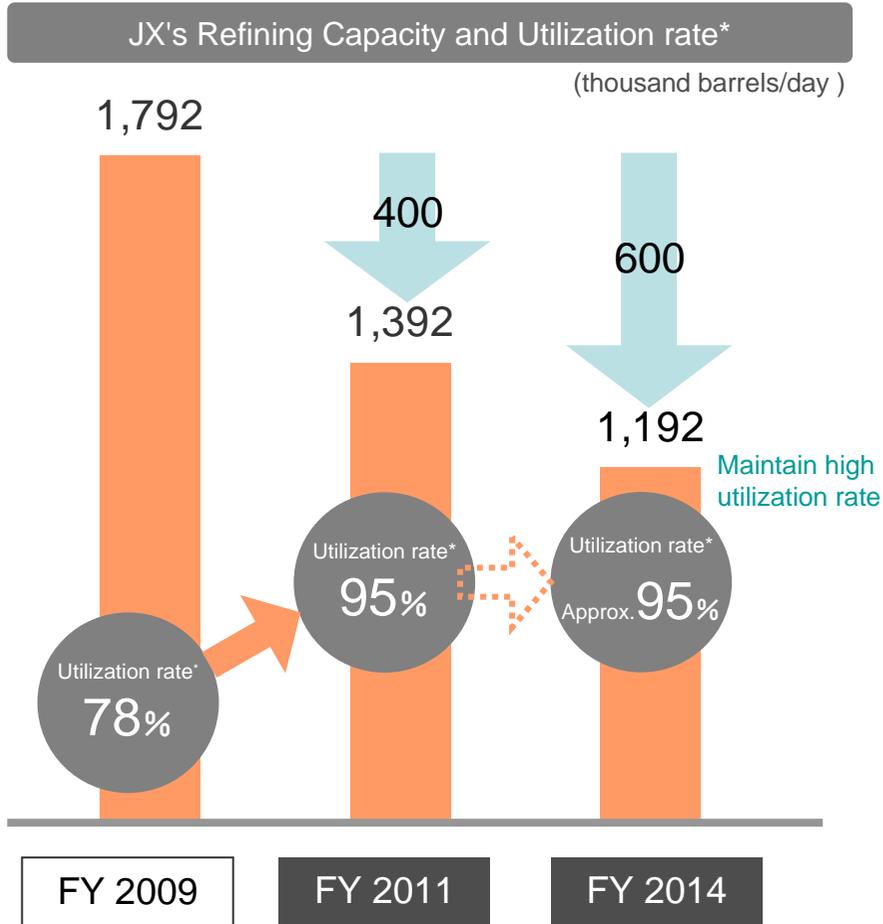
(1) Realize integration synergies of ¥80.0 billion and enhance efficiency of refineries

Synergy effects of ¥80.0 billion (¥20.0 billion ahead of schedule) + ¥29.0 billion from enhanced oil refinery efficiency



## (2) Reduce refining capacity by 400 thousand barrels/day

Streamline Japan's leading oil refinery operation ahead of a demand decline



\*1 Utilization rate of Crude Distillation Unit excluding the impact of periodic repair

### Refining Capacity Reduction Schedule

By March 2011

- Capacity reduction -  
**400** thousand barrels/day

<breakdown list>

Refinery	Refining Capacity (thousand barrels/day)	Time Schedule	Notes
Negishi	70	Oct. 2010	Expected to terminate operation of CDU No.2
Osaka	115	End of FY 2010	Expected to be redirected and operated by a joint venture with China National Petroleum Corporation
Mizushima	110	Jun. 2010	Expected to terminate operation of CDU No.2
Oita	24	May 2010	Expected to terminate operation of CDU No.1
Kashima	21	May 2010	Expected to reduce refining capacity of CDU No.1
Toyama	60	Mar. 2009	Already reduced
Total	400		

1 year ahead of original schedule  
By the end of March 2014

- Further Capacity reduction -  
**200** thousand barrels/day

Consider further accelerating capacity reduction depending on the supply/demand environment



## Basic Strategy

- Maintain and expand production over the medium/long term

## Major Tasks

- (1) Lay the groundwork for growth
- (2) Restructure the asset portfolio

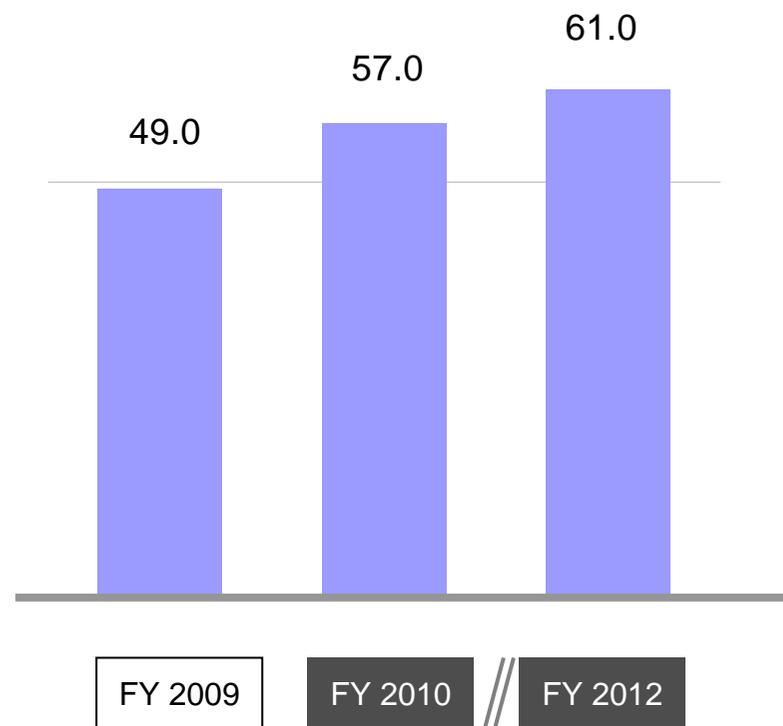


Three-year total:

Investment of ¥320.0 billion

## Ordinary Income (E&P of Oil & Natural Gas)

(JPY billion)



# (1) Lay the groundwork for growth

## ■ Reserve replacement & expansion

Primarily through exploration  
 → Increase future production  
 Asset acquisition with (comprehensive pre-investment) risk analysis

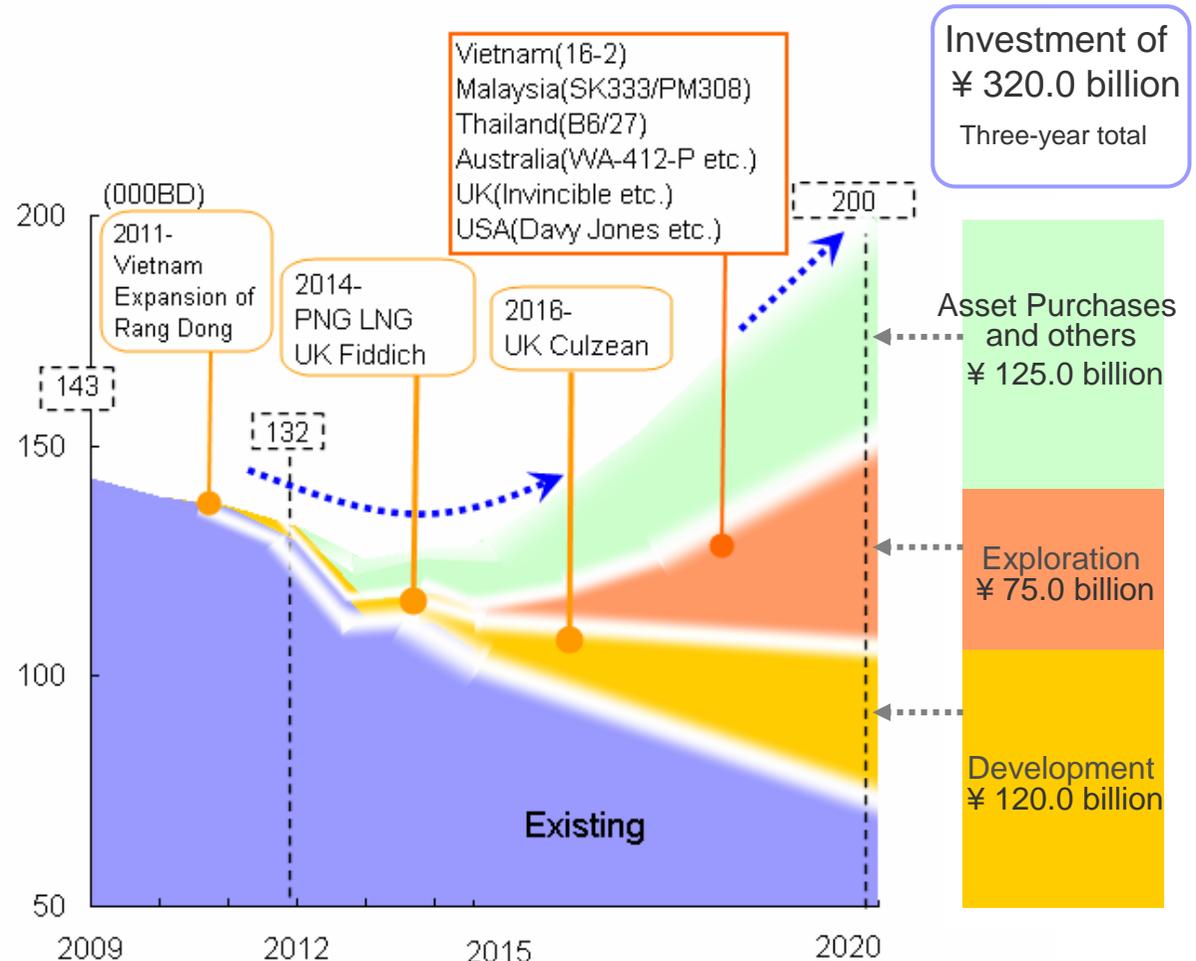
## ■ Pursuit of additional development projects

Pursuit of additional development mainly on core countries of operation

## ■ Involvement in new technologies

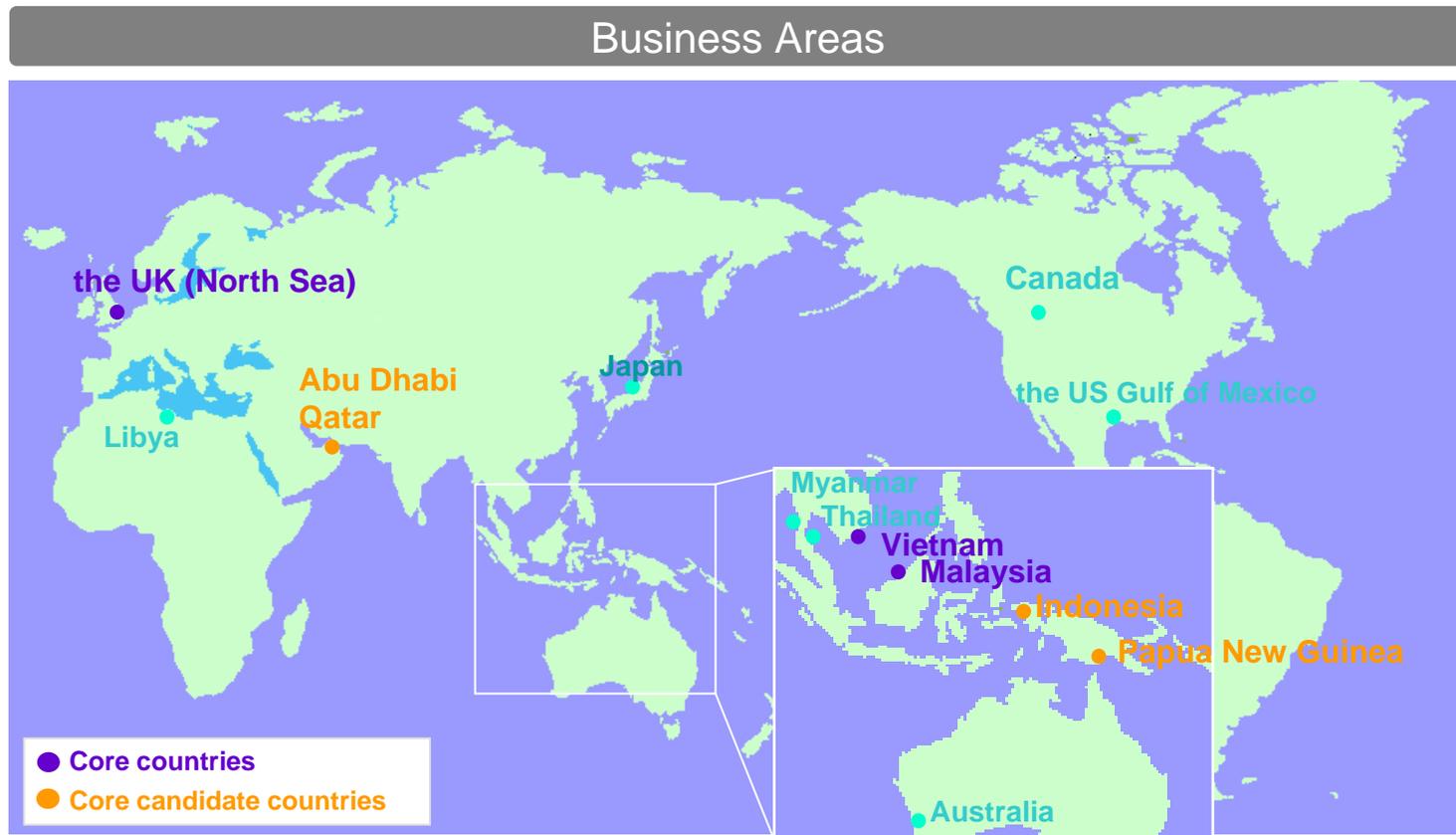
Apply the knowledge accumulated as an operator  
 → Involvement in new technologies for enhanced oil recovery etc.

## Production Schedule / Investment Plan



## (2) Restructure the asset portfolio

Allocate resources with a focus on core countries of operation (Vietnam, Malaysia, the UK (North Sea))



We play a central role in production activities as an operator in Japan, Vietnam, Malaysia, the US Gulf of Mexico, and the Middle East. We are also active as an operator in exploration operations in the UK North Sea and Australia.

# Metals Business (JX Nippon Mining & Metals)

## Basic Strategy

(Resource Development / Smelting & Refining)

- Development of a balanced, highly profitable business structure by increasing the equity entitled copper mine production

(Recycling & Environmental Services and Electronic Materials, etc.)

- Profitability improvement from business development satisfying high-growth market needs

## Major Tasks

(Resource Development / Smelting & Refining)

- (1) Mine development /  
Development of new copper-refining technology

(Recycling & Environmental services and Electronic Materials, etc.)

- (2) Product development and market creation targeting growth sectors

Three-year total:  
Investment of ¥300.0 billion (of which, ¥200.0 billion in Resource Development)

## Ordinary Income (Metals)

(JPY billion)





# (1) Mine development / Development of new copper-refining technology

## ■ Mine development

Caserones Mine in Chile

(Construction phase)

> Start production in FY 2013

Quechua Mine in Peru

(Feasibility study phase)

> Start construction in 2012, start production in 2014

## ■ Development of new copper-refining technology

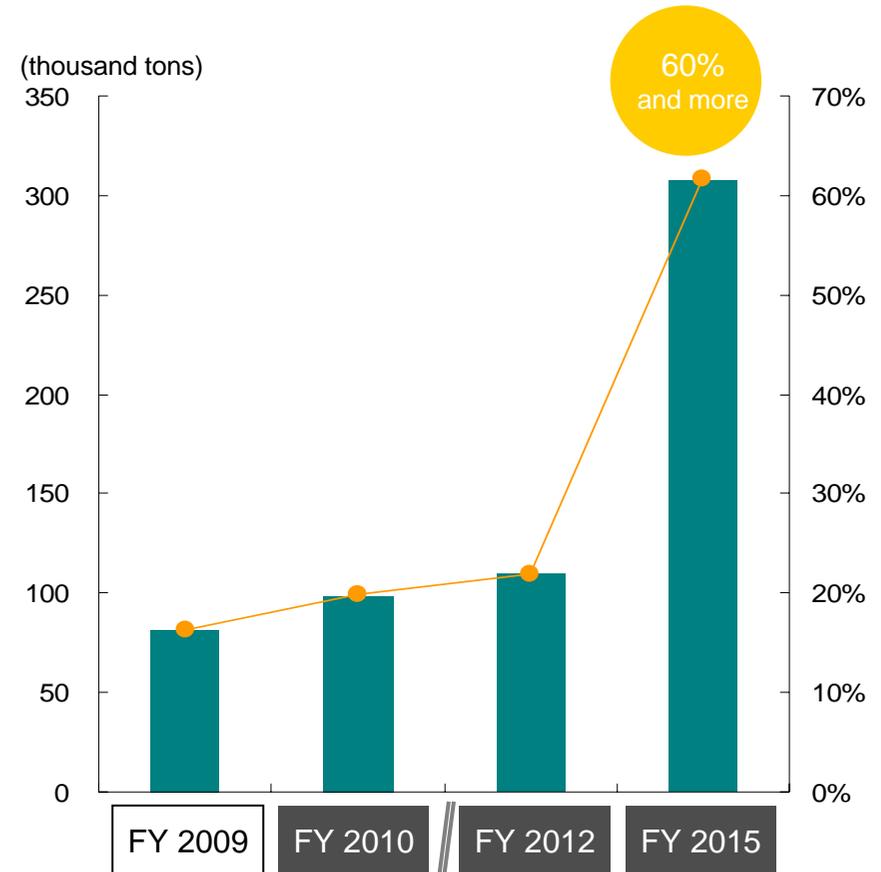
N-Chlo Process technology

Bio-mining technology

Application to low-grade ore

Expand range of potential mining interests

Equity entitled copper mine production\*1 (Left) and  
Self-sufficient ratio\*2 (Right)



\*1 Total of Nippon Mining & Metals and Pan Pacific Copper

\*2 Equity entitled copper mine production / Necessary amount of concentrates (copper tons) for PPC, excluding scrap



## (2) Product development and market creation targeting growth sectors

### ■ Recycling & Environmental Services

Put the Hitachi Metal Recycling Complex (HMC) plant into full operation  
 Quickly bring overseas scrap collecting facility (Taiwan) up to full strength  
 Develop and commercialize used-battery recycling technologies

### ■ Electronic Materials

Increase HA foil sales; enhance rolled copper foil performance  
 (bending durability, heat-cool durability, etc.)

Increase market share of target material in leading-edge  
 semiconductor lines

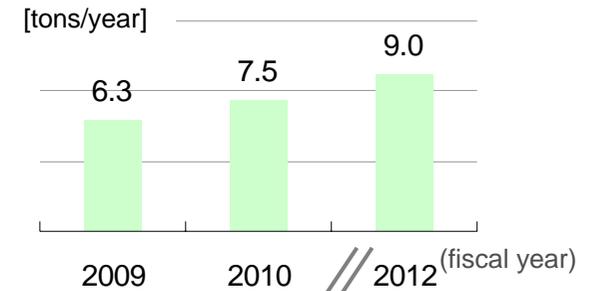
Enhance copper sheet & strip business through the integrated “Rolling  
 + Plating + Pressing” structure after integration of Nikko Fuji  
 Electronics and acquisition of Sanyu Electronic

Commercialize UBM plating, cathode materials for automotive lithium-  
 ion batteries, etc.

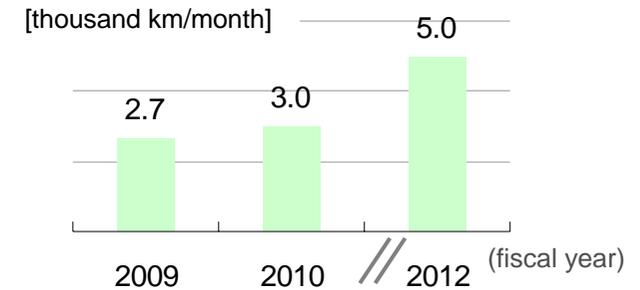
### ■ Polysilicon for photovoltaic power generation

promote the Japan Solar Silicon (JSS) business  
 Rapidly build 4,500 tons/year production capacity

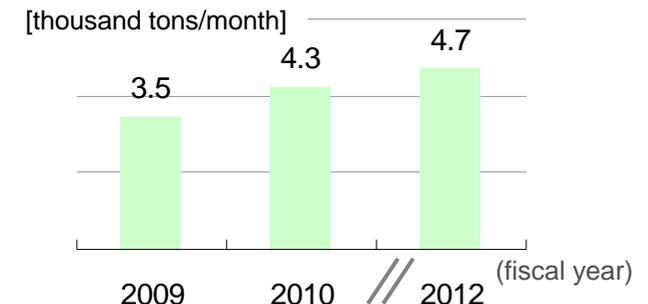
Gold recovery volume by Metals Recycling



Treated Rolled Copper Foil Sales



Precision Rolled Products Sales



# Capital Expenditure & Investments



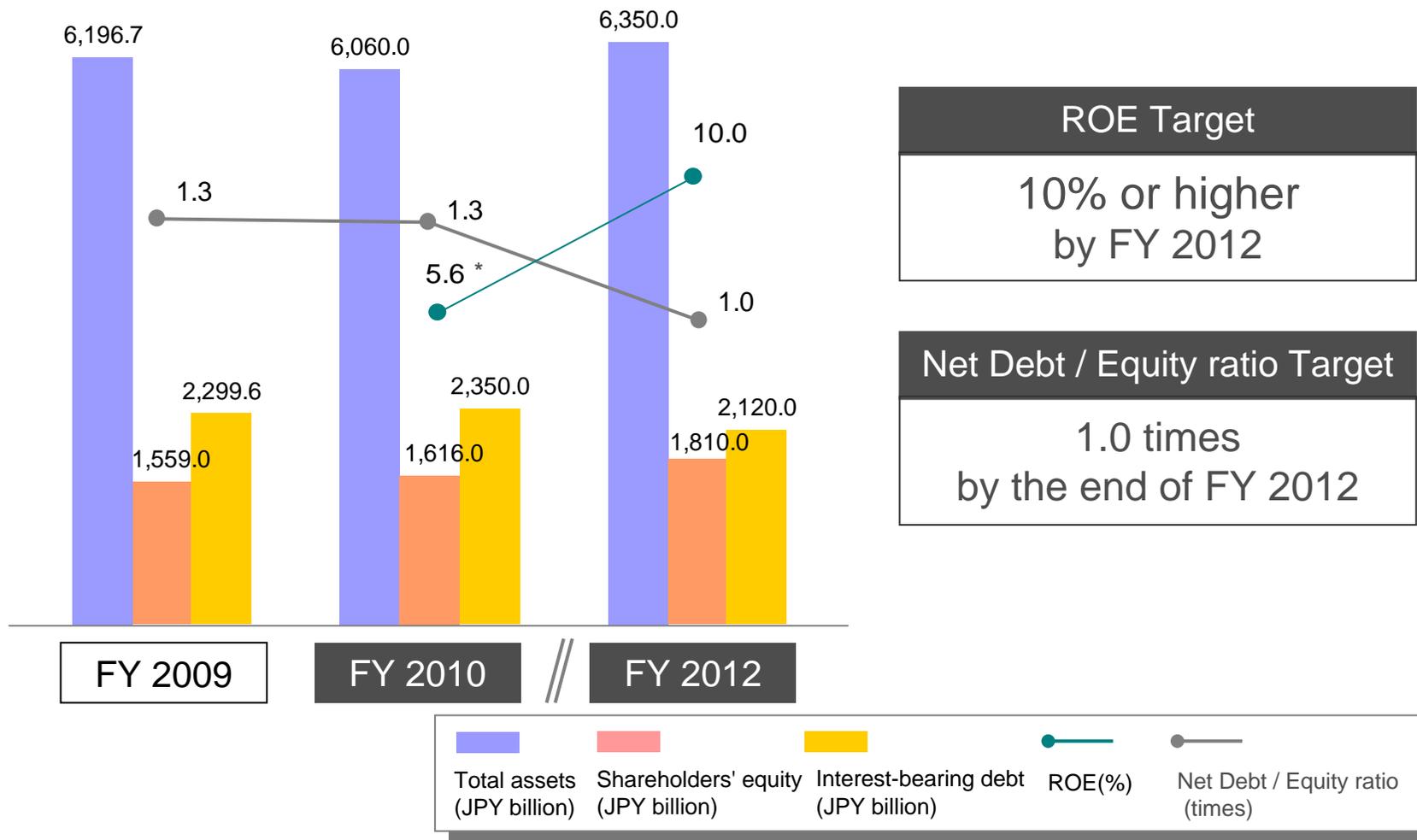
(JPY billion)

Capital expenditure & investments		Depreciation & amortization	
Refining & Marketing	300.0		375.0
<i>Strategic investments</i>	150.0		
<i>Maintenance and others</i>	150.0		
E&P of Oil & Natural Gas ( <i>Strategic investments</i> )	320.0		148.0
Metals	300.0		82.0
<i>Strategic investments</i>	220.0		
<i>Maintenance and others</i>	80.0		
Listed Subsidiaries and Others ( <i>Maintenance and others</i> )	40.0		51.0
<b>Capital expenditure &amp; investments (3 years total)</b>	<b>960.0</b>	<b>Three-year total</b>	<b>656.0</b>
<i>Strategic investments total</i>	<b>690.0</b>		

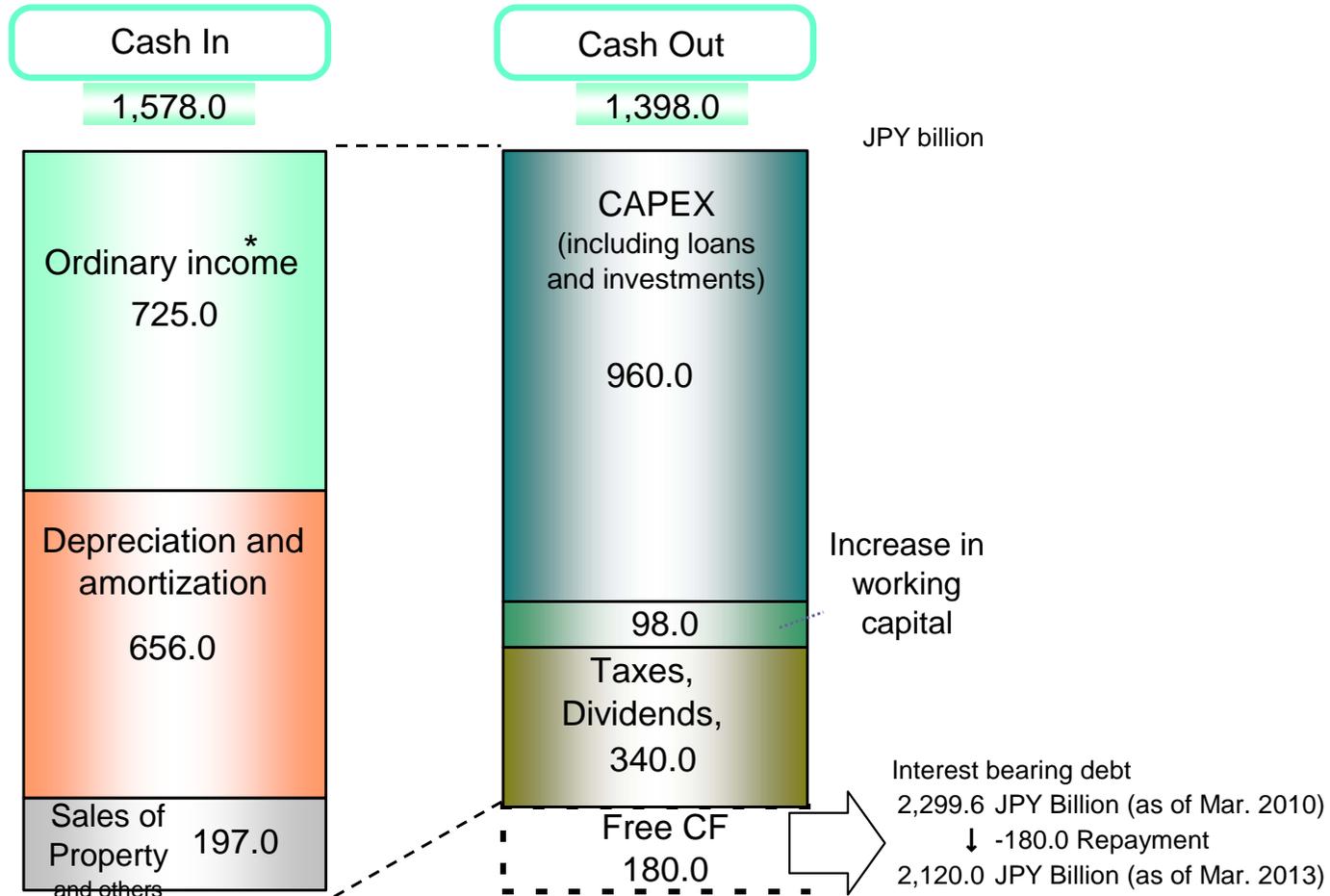
Investment greatly exceeding depreciation and amortization in E&P and Metals Businesses

70% into strategic investments

## Balance growth investment with improvements in financial condition



# Cash flows (FY 2010-2012 total)



\* Excluding equity in income of affiliates and including dividends from affiliates accounted by equity method

## Basic Dividend Policy

Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

## FY 2010 Dividends (Forecast)

Cash dividend per share (Forecast)			Payout ratio * (consolidated) (excluding special gain/loss)	Dividends on equity ratio (consolidated)
End of 2nd quarter	Year-end	Full year	(Forecast)	(Forecast)
¥7.5	¥7.5	¥15.0	30%	2.3%

\* Pro forma figures that exclude the impact of special gains and losses, net of ¥140.0 billion, which includes ¥180.0 billion in special gains due to one-time write-down of negative goodwill in the fiscal year ending March 31, 2011.

# Formulate a growth strategy for the future

Dramatically transform the business

Develop the No.1 competitiveness of Refining & Marketing in Japan



- Bolster refinery competitiveness
- Restructure the LPG business
- Execute LNG import facility project etc.

- Increasing petrochemicals production (paraxylene, specialty & performance chemicals, etc.)
- Forge ahead in new energy businesses (fuel cells, solar cells, storage cells)



- Expand the overseas lubricants business
- Acquire additional coal interests

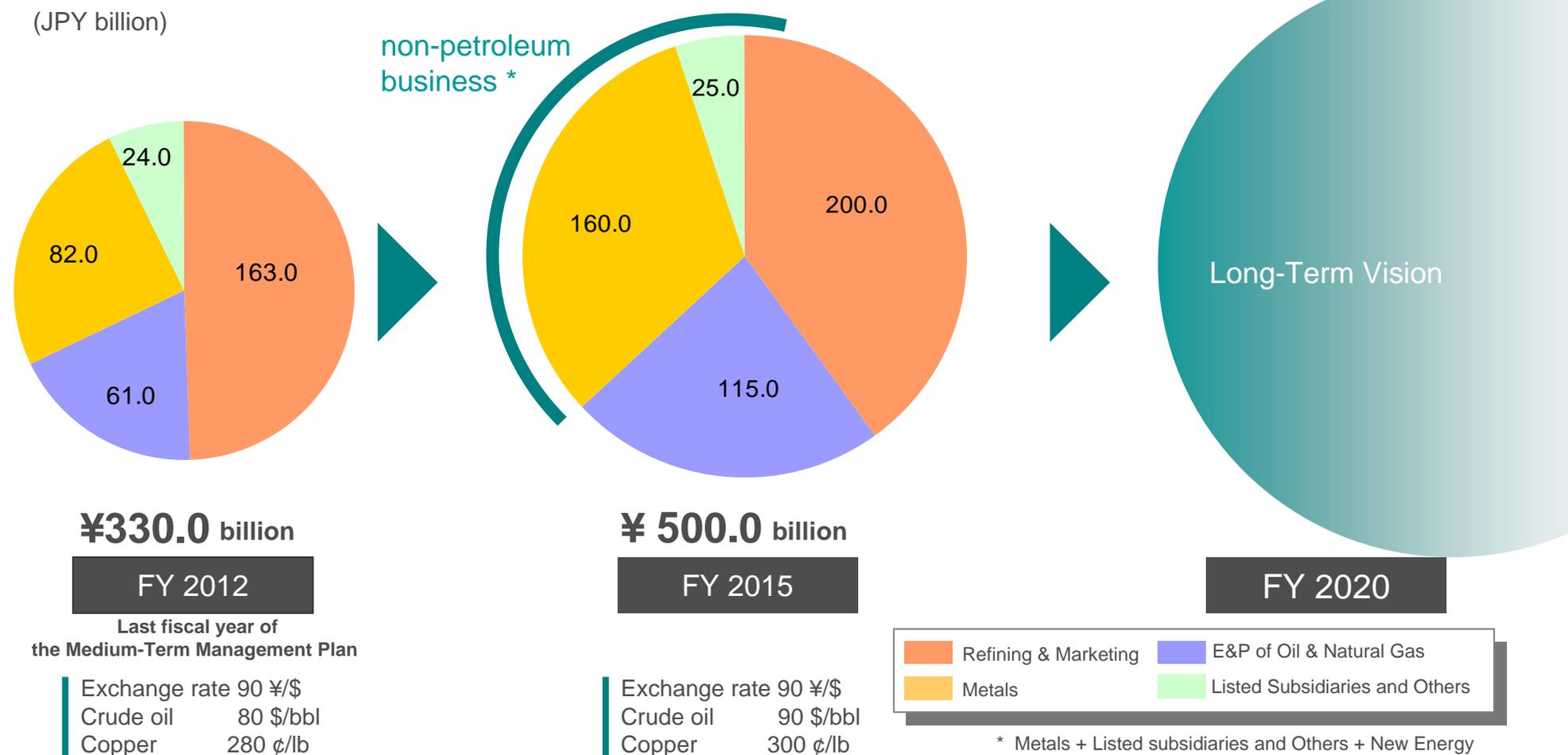
Enhance overseas business to meet increasing demand in Asia

Long-Term Vision

# Business Portfolio for FY 2015 (Ordinary Income)



Increase ordinary income from non-petroleum businesses\* to ¥200.0 billion (around 40% of total)

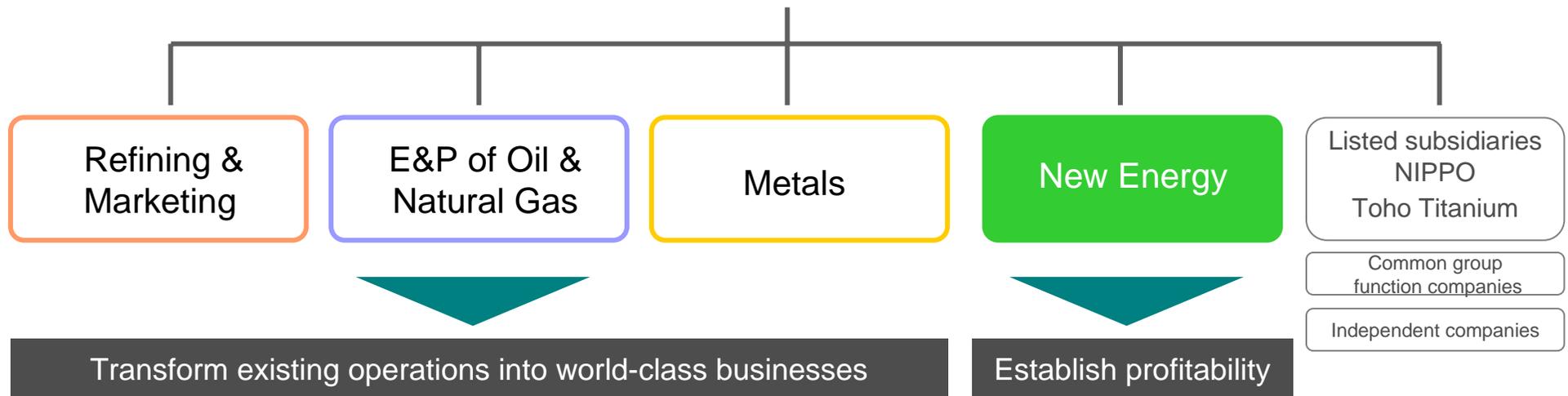


# Long-Term Vision for FY 2020



## Long-Term Vision

Become a world's leading integrated energy, resources and materials business group with new energy-related businesses



Build sustainable business structure against market fluctuation  
Continue strategic investment in growth areas

## Refining & Marketing

Slim, robust production operations aligned with demand (Goal: Refining capacity of 1,000 thousand barrels/day)

- Boost production of aromatic products through proprietary technologies → Restructure of refineries (= transform into petrochemical plants)
- Bolster specialty & performance chemicals business
- Consider constructing new heavy oil cracking units

## E&P of Oil & Natural Gas

Become an oil and natural gas E&P company that achieves sustained growth on the basis of operatorship

- Goal: Produce 200 thousand barrels/day of crude oil and natural gas (equity basis)
- Efficient application of personnel and knowledge accumulated at existing business facilities worldwide
- Reserve replacement rate of 100% or higher

## Metals

Securement of resources and business development to meet societies' Eco needs

- Goal: Equity entitled copper mine production ratio of 80%
- Develop low-grade copper mines applicable new hydrometallurgy refining technologies
- Supply metallic materials for eco-friendly products
- Introduce a resource recycling system in collaboration with users

## New Energy

Establish profitability

- Goal: Fuel cell unit sales of 300 thousand units/year\*
- Forge ahead in the solar cell business
- Establish positive and negative electrode materials technologies for lithium-ion batteries

\*Including exports

The  
Future

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**Section 2**

**Financial Results for FY 2010 1Q**

## Consolidated Financial Results FY 2010 1Q

- From April 1, 2010 to June 30, 2010 -

- ✓ Due to improved margins on petroleum products despite reduced impact from inventory valuation, we posted an increase in underlying ordinary income.
- ✓ Due to one time amortization of negative goodwill, we booked a special gain of over ¥ 200 billion.

# FY 2010 1Q Results Outline



\*1 Unaudited Pro Forma Combined Financial Results of Nippon Oil and Nippon Mining

\*2 Average from Mar. to May (nearly equal to arrived crude cost)

Crude Oil(Dubai) (\$/B) <sup>*2</sup>
Copper Price (¢/lb)
Exchange Rate (Yen/\$)
Net Sales
Operating Income (loss)
Non-operating Income(Expenses), Net
Ordinary Income
Ordinary Income Excluding Inventory Valuation
Special Gain (Loss)
Net Income (Loss)

FY 2009 <sup>*1</sup>	
1Q	
('09/4-6)	
	51
('09/1-3)	212
<156>	
	98
JPY Billion	
	1,939.8
	71.7
	6.1
	77.8
	0.7
	(4.7)
	42.4

FY 2010	
1Q	
('10/4-6)	
	79
('10/1-3)	319
<328>	
	92
JPY Billion	
	2,235.2
	34.0
	25.1
	59.1
	59.5
	228.6
	262.2

Including 226.5 of one time amortization of negative goodwill

Changes
+ 28
<+172> + 107
-6
JPY Billion
+ 295.4
-37.7
+ 19.0
-18.7
+ 58.8
+ 233.3
+ 219.8

Net Income(Loss) per Share (Yen / Share)

105.4

< Excl. Special Gain (Loss) Factors 13.5 >

# FY 2009 1Q Actual vs. FY 2010 1Q Actual Changes in Ordinary Income by Segment



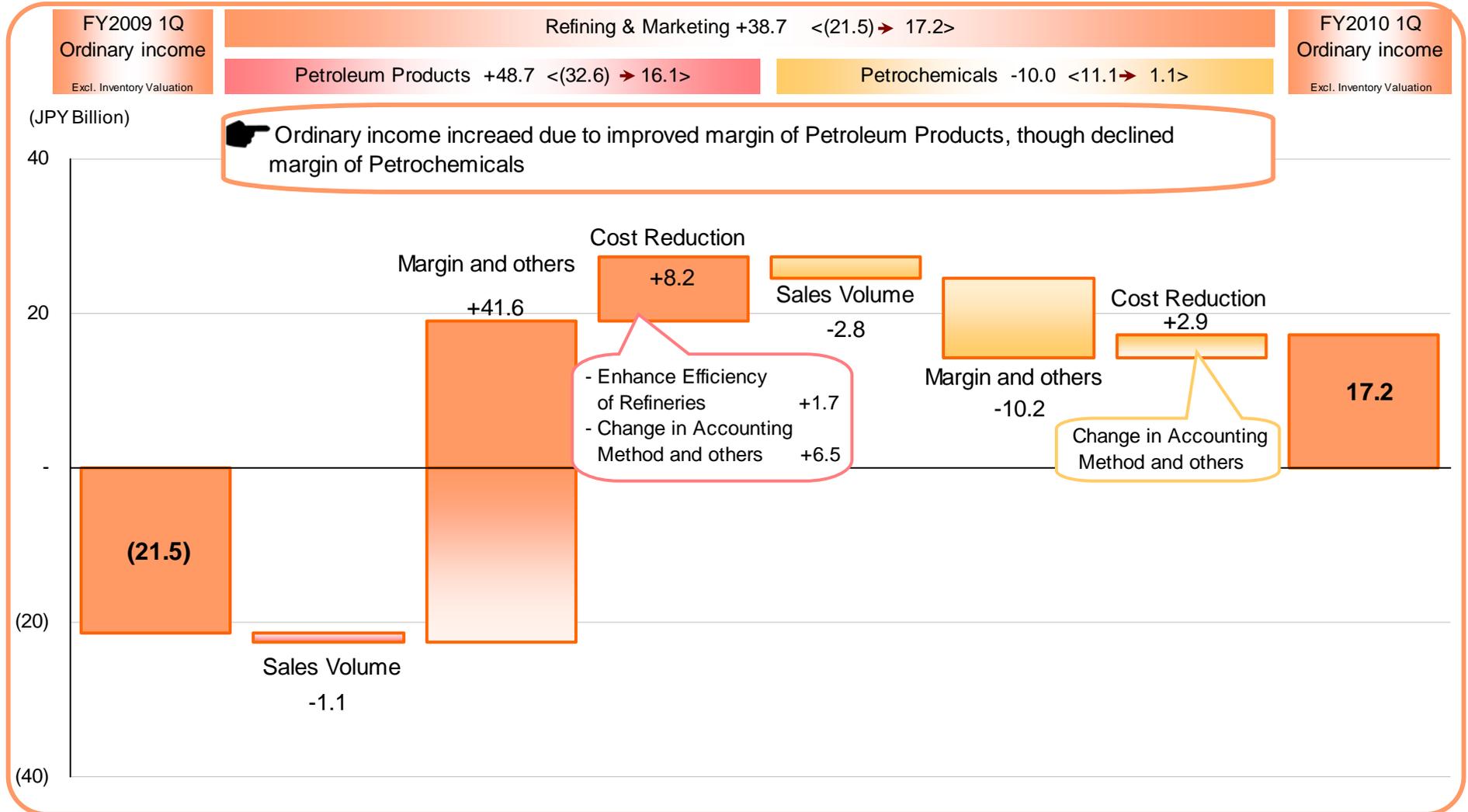
\* Unaudited Pro Forma Combined Financial Results of  
Nippon Oil and Nippon Mining

	FY 2009 <sup>*</sup> 1Q (09/4-6)	FY 2010 1Q (10/4-6)	Changes
	JPY Billion	JPY Billion	JPY Billion
Refining & Marketing	56.8	16.1	-40.7
- Inventory Valuation	78.2	(1.1)	-79.3
Excl. Inventory Valuation	(21.5)	17.2	+ 38.7
- Petroleum Products	(32.6)	16.1	+ 48.7
- Petrochemicals	11.1	1.1	-10.0
E&P of Oil & Natural Gas	11.8	17.4	+ 5.6
Metals	4.6	17.4	+ 12.8
- Inventory Valuation	(0.7)	0.7	+ 1.4
Excl. Inventory Valuation	5.3	16.7	+ 11.4
Listed subsidiaries <sup>*</sup> and Others	4.6	8.2	+ 3.6
-Inventory Valuation	(0.4)	-	+ 0.4
Excl. Inventory Valuation	5.1	8.2	+ 3.1
Total	77.8	59.1	-18.7
Excl. Inventory Valuation	0.7	59.5	+ 58.8

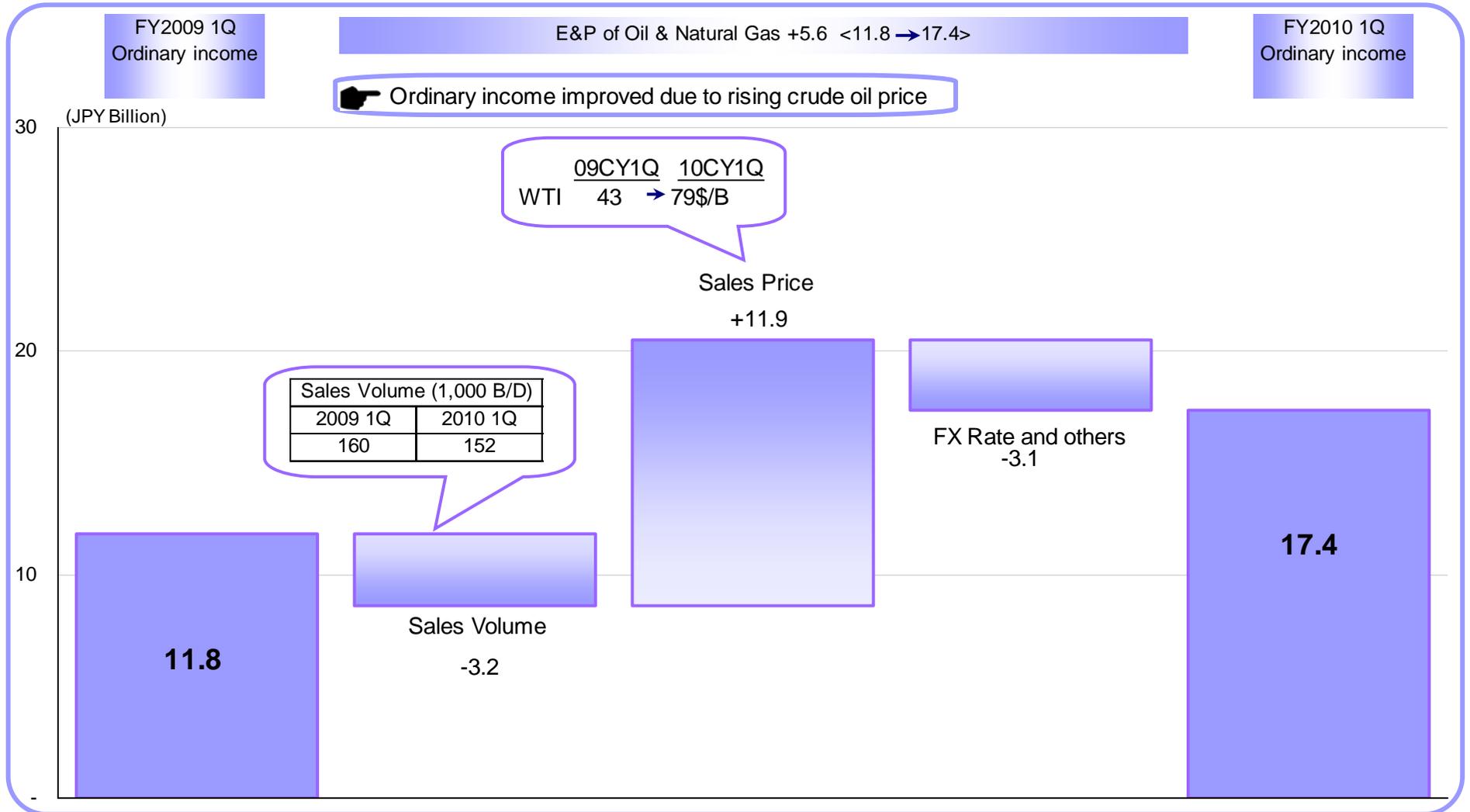
\*NIPPO Corporation and Toho Titanium Co.,Ltd.

# FY 2009 1Q Actual vs. FY 2010 1Q Actual

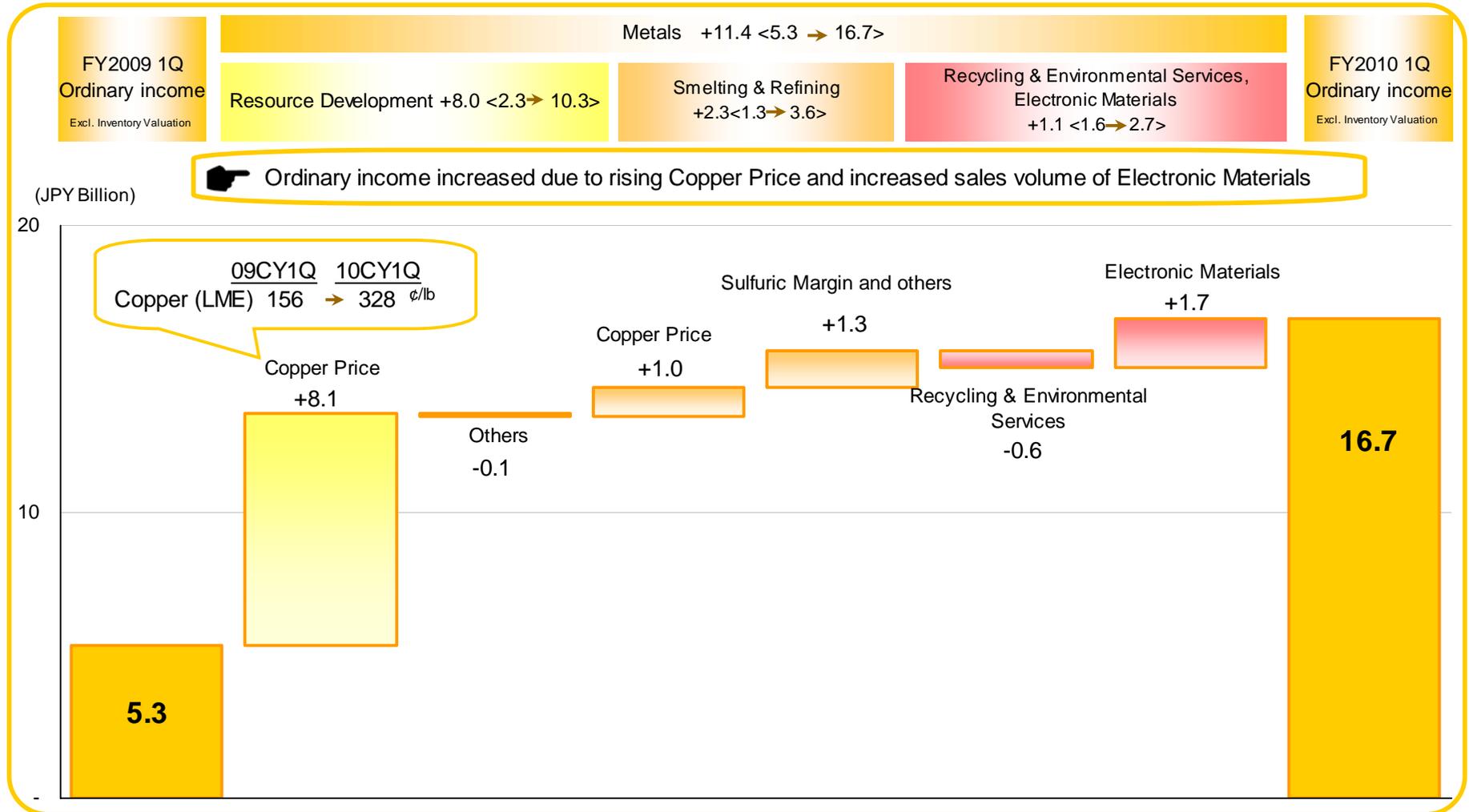
## Changes in Ordinary Income - Refining and Marketing -



# FY 2009 1Q Actual vs. FY 2010 1Q Actual Changes in Ordinary Income - E&P of Oil and Natural Gas -



# FY 2009 1Q Actual vs. FY 2010 1Q Actual Changes in Ordinary Income - Metals -





## Forecast for FY 2010 2Q(1H)

- From April 1, 2010 to September 30, 2010 -

- ✓ With negative inventory valuations offsetting improved margins on petroleum products, our forecast for ordinary income is slightly revised.
- ✓ The confirmed amount of negative goodwill generated an increase in special gain and net income.

**\* We have not changed the fiscal forecasts for the full year ending March 31, 2011, in view of the difficult-to-predict business conditions of crude oil, metal prices and exchange rates, etc.  
We will revise the forecasts when we announce the operating results for the first half of the fiscal year ending March 31, 2011.**



# FY 2010 2Q(1H) Forecast Outline

\* Average from Mar. to Aug. (nearly equal to arrived crude cost)

Crude Oil(Dubai) (\$/B)	*
Copper Price (¢/lb)	
Exchange Rate (Yen/\$)	

Net Sales	
Operating Income (Loss)	
Non-operating Income(Expenses), Net	
Ordinary Income	
Ordinary Income Excluding Inventory Valuation	
Special Gain (Loss)	
Net Income (Loss)	

Original Forecast FY 2010 2Q (Announced in May)	
	80
( <sup>10/1-6</sup> ) <280>	280
	90
JPY Billion	
	4,370.0
	70.0
	20.0
	90.0
	45.0
	155.0
	210.0

Revised Forecast FY 2010 2Q	
	77
( <sup>10/1-6</sup> ) <323>	299
	91
JPY Billion	
	4,440.0
	50.0
	35.0
	85.0
	92.0
	210.0
	260.0

Changes	
	-3
<+43>	+ 19
	+ 1
JPY Billion	
	+ 70.0
	-20.0
	+ 15.0
	-5.0
	+ 47.0
	+ 55.0
	+ 50.0

Net Income(Loss) per Share (Yen / Share)

105

< Excl. Special Gain (Loss) Factors 20 >

# FY 2010 2Q(1H) Original Forecast vs. FY 2010 2Q(1H) Revised Forecast Changes in Ordinary Income by Segment



	Original Forecast FY 2010 2Q (Announced in May)	Revised Forecast FY 2010 2Q	Changes
	JPY Billion	JPY Billion	JPY Billion
Refining & Marketing	35.0	16.0	-19.0
- Inventory Valuation	45.0	(7.0)	-52.0
Excl. Inventory Valuation	(10.0)	23.0	+ 33.0
- Petroleum Products	(14.0)	28.0	+ 42.0
- Petrochemicals	4.0	(5.0)	-9.0
E&P of Oil & Natural Gas	31.0	32.0	+ 1.0
Metals	24.0	28.0	+ 4.0
- Inventory Valuation	0.0	0.0	-
Excl. Inventory Valuation	24.0	28.0	+ 4.0
Listed subsidiaries* and Others	0.0	9.0	+ 9.0
Total	90.0	85.0	-5.0
Excl. Inventory Valuation	45.0	92.0	+ 47.0

\*NIPPO Corporation and Toho Titanium Co.,Ltd.

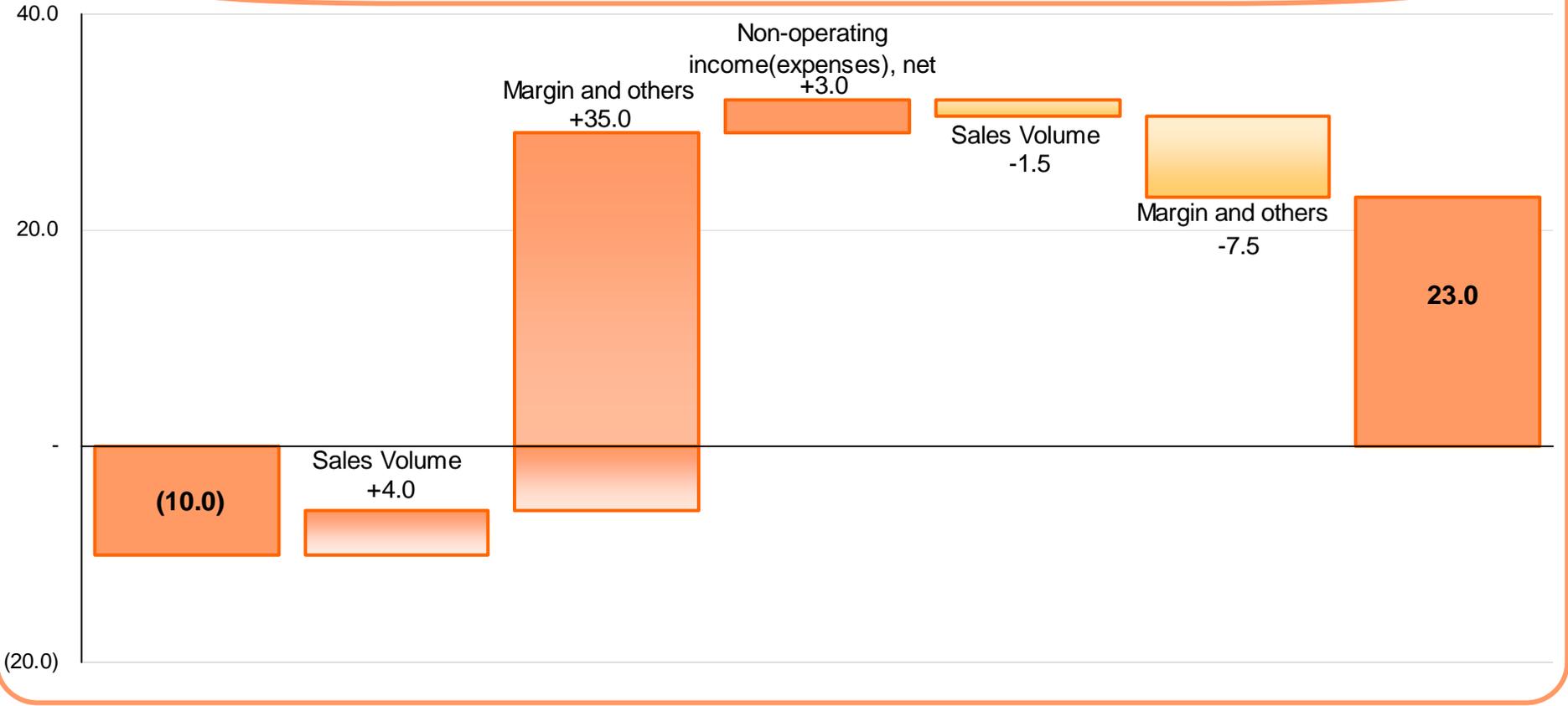
# FY 2010 2Q(1H) Original Forecast vs. FY 2010 2Q(1H) Revised Forecast Changes in Ordinary Income - Refining and Marketing -



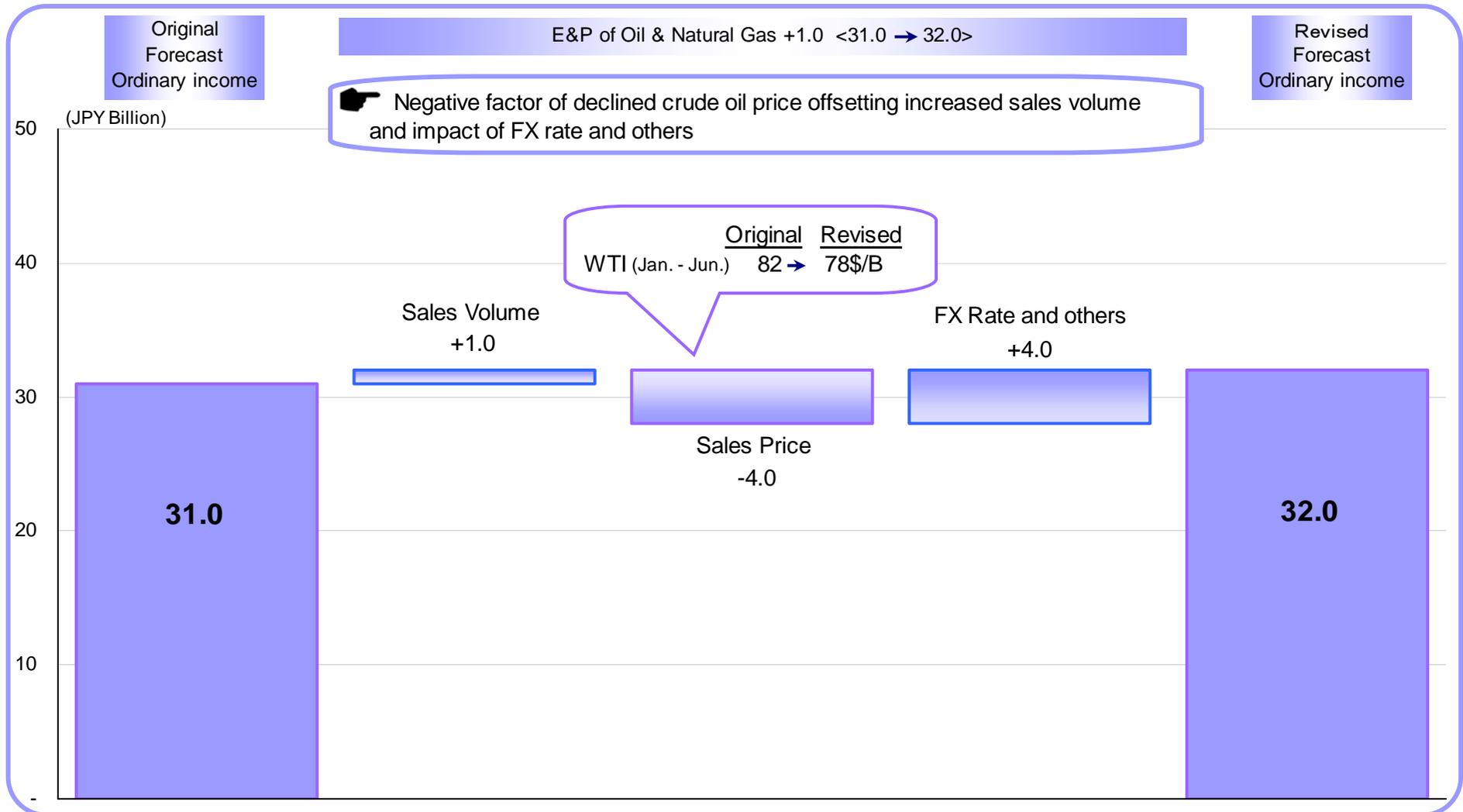
Original Forecast Ordinary income <small>Excl. Inventory Valuation</small>	Refining & Marketing +33.0 <(10.0) → 23.0>		Revised Forecast Ordinary income <small>Excl. Inventory Valuation</small>
	Petroleum Products +42.0 <(14.0) → 28.0>	Petrochemicals -9.0 <4.0 → (5.0)>	

(JPY Billion)

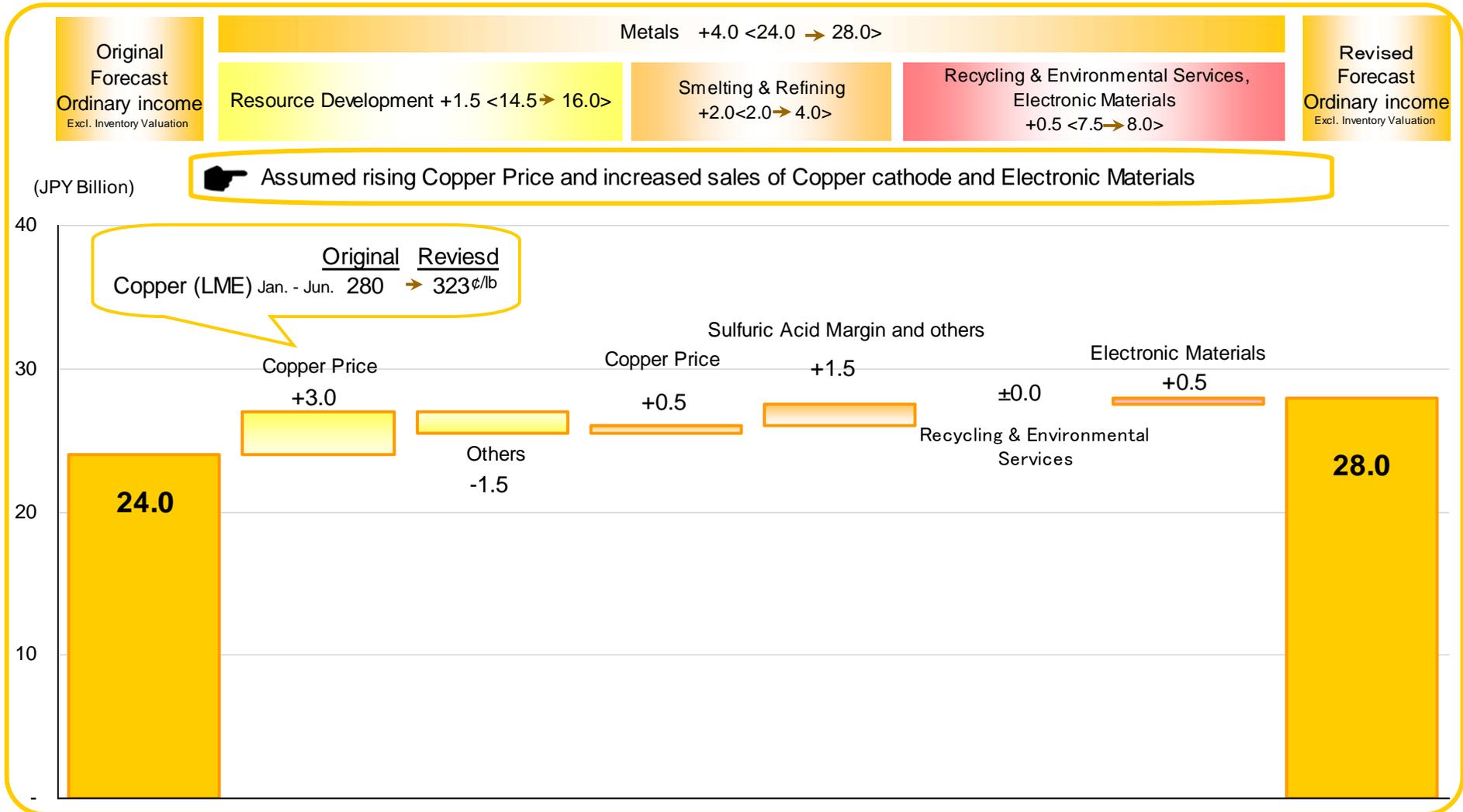
Factors of improved Margin of Petroleum Products and declined Margin of Petrochemicals are considered



# FY 2010 2Q(1H) Original Forecast vs. FY 2010 2Q(1H) Revised Forecast Changes in Ordinary Income - E&P of Oil and Natural Gas -



# FY 2010 2Q(1H) Original Forecast vs. FY 2010 2Q(1H) Revised Forecast Changes in Ordinary Income - Metals -



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**Section 3**

**Supplementary Information**

## All Segments

Outlook of Business Performance (Mid-term Management Plan)	...40
Outlook of Business Performance (FY2010 1Q results / 1H forecast)	...41
Ordinary Income by Segment (Mid-term Management Plan)	...42
Ordinary Income by Segment (FY2010 1Q results / 1H forecast)	...43
Key Factors (Mid-term Management Plan)	...44
Key Factors (FY2010 1Q results / 1H forecast)	...45
Balance Sheet	...46
Sensitivity Analysis	...47

## Refining & Marketing

Demand for Petroleum Products ( Japan )	...48
Domestic Market Margin* (Gasoline and Kerosene)	...49
Domestic Market Margin* (Diesel Fuel and Heavy Fuel Oil A)	...50
Paraxylene Price and Margin ( vs. Crude Oil, vs. Naphtha)	...51
Benzene Price and Margin ( vs. Crude Oil, vs. Naphtha)	...52
Propylene Price and Margin ( vs. Crude Oil, vs. Naphtha)	...53
Sales Volume of FY 2009, FY2010 1Q & Forecast of FY 2010	...54
Number of Service Stations (Fixed-Type)	...55
JX Group's Market Share and Demand in Japan	...56
Historical CDU Utilization Rate	

## E&P of Oil & Natural Gas

JX Group's Reserve Standards	...57
Outline of E&P of Oil and Natural Gas Projects	...58
Principal Individual E&P Project Overview	
① Gulf of Mexico	...59
② Canada	...60
③ U.K. North Sea ①	...61
④ U.K. North Sea ②	...62
⑤ Vietnam	...63
⑥ Malaysia ①	...64
⑦ Malaysia ②	...65
⑧ Indonesia	...66
⑨ Papua New Guinea	...67
⑩ Myanmar	...68
⑪ UAE, Qatar	...69

## Metals

World Copper Cathodes Supply & Demand	...70
Copper Price and Inventory Level	...71
Copper Smelting & Refining	...72
Overseas Copper Mine Development	...73
Nikko-Chloride Process (N-Chlo Process)	...74
Trends of TC/RC & Earnings Structure of Copper Smelter	...75
Metal's Recycling	...76
Electronic Materials	...77
Polysilicon for Photovoltaic Power Generation	...78



# Outlook of Business Performance (Mid-term Management Plan)

JPY billion	FY 2009 <sup>* 2</sup>	FY 2010	FY 2012
	Actual	Forecast	Plan
<b>Net Sales</b>	<b>9,008.0</b>	<b>9,160.0</b>	<b>9,360.0</b>
Refining & Marketing	7,607.6	7,760.0	7,840.0
E&P of Oil & Natural Gas	145.9	160.0	180.0
Metals	780.7	810.0	940.0
Listed Subsidiaries*1 and Others	473.8	430.0	400.0
<b>Operating Income</b>	<b>130.4</b>	<b>170.0</b>	<b>275.0</b>
Refining & Marketing	56.5	91.0	161.0
E&P of Oil & Natural Gas	28.5	49.0	55.0
Metals	16.9	16.0	41.0
Listed Subsidiaries*1 and Others	28.5	14.0	18.0
<b>Non-Operating Income (Expenses), Net</b>	<b>56.9</b>	<b>50.0</b>	<b>55.0</b>
Refining & Marketing	9.5	1.0	2.0
E&P of Oil & Natural Gas	20.5	8.0	6.0
Metals	30.5	37.0	41.0
Listed Subsidiaries*1 and Others	(3.6)	4.0	6.0
<b>Ordinary Income</b>	<b>187.3</b>	<b>220.0</b>	<b>330.0</b>
Refining & Marketing	66.0	92.0	163.0
E&P of Oil & Natural Gas	49.0	57.0	61.0
Metals	47.4	53.0	82.0
Listed Subsidiaries*1 and Others	24.9	18.0	24.0
<b>Net Income</b>	<b>73.1</b>	<b>270.0</b>	<b>175.0</b>
<b>Impact of Negative Goodwill</b>	<b>-</b>	<b>180.0</b>	<b>-</b>

Note: "Listed Subsidiaries and Others" includes "Eliminations or Corporate".

\*1 NIPPO, Toho Titanium

\*2 Unaudited pro forma combined financial results of Nippon Oil and Nippon Mining



# Outlook of Business Performance (FY2010 1Q results / 1H forecast)

(JPY billion)	FY 2009		FY 2010		Reference
	1 Q	1 H	1 Q	1 H	FY 2010
	Actual	Actual	Actual	Revised Forecast	Full Year May 5 Forecast
<b>Net Sales</b>	<b>1,939.8</b>	<b>4,087.5</b>	<b>2,235.2</b>	<b>4,440.0</b>	<b>9,160.0</b>
Refining & Marketing	1,651.3	3,482.4	1,892.7	3,730.0	7,760.0
E&P of Oil & Natural Gas	35.9	67.7	38.6	77.0	160.0
Metals	166.5	353.8	235.0	456.0	810.0
Listed Subsidiaries and Others*	86.0	183.7	69.0	177.0	430.0
<b>Operating Income</b>	<b>71.7</b>	<b>96.0</b>	<b>34.0</b>	<b>50.0</b>	<b>170.0</b>
Refining & Marketing	54.1	63.1	14.4	12.0	91.0
E&P of Oil & Natural Gas	11.1	16.1	13.8	25.0	49.0
Metals	1.0	7.0	4.7	9.0	16.0
Listed Subsidiaries and Others*	5.5	9.9	1.1	4.0	14.0
<b>Non-Operating Income (Expenses), Net</b>	<b>6.1</b>	<b>24.4</b>	<b>25.1</b>	<b>35.0</b>	<b>50.0</b>
Refining & Marketing	2.7	9.0	1.7	4.0	1.0
E&P of Oil & Natural Gas	0.7	9.2	3.6	7.0	8.0
Metals	3.6	8.2	12.7	19.0	37.0
Listed Subsidiaries and Others*	(0.9)	(2.1)	7.1	5.0	4.0
<b>Ordinary Income</b>	<b>77.8</b>	<b>120.4</b>	<b>59.1</b>	<b>85.0</b>	<b>220.0</b>
Refining & Marketing	56.8	72.1	16.1	16.0	92.0
E&P of Oil & Natural Gas	11.8	25.3	17.4	32.0	57.0
Metals	4.6	15.2	17.4	28.0	53.0
Listed Subsidiaries and Others*	4.6	7.8	8.2	9.0	18.0
<b>Net Income</b>	<b>42.4</b>	<b>63.0</b>	<b>262.2</b>	<b>260.0</b>	<b>270.0</b>

\* "Listed Subsidiaries and Others" includes "Eliminations or Corporate"

# Ordinary Income by Segment (Mid-term Management Plan)

JPY billion	FY 2009 <sup>*2</sup>	FY 2010	FY 2012
	Actual	Forecast	Plan
<b>Ordinary Income (Loss)</b>	<b>187.3</b>	<b>220.0</b>	<b>330.0</b>
<b>Refining &amp; Marketing</b>	<b>66.0</b>	<b>92.0</b>	<b>163.0</b>
Petroleum Products	(141.0)	36.0	136.0
Petrochemicals	5.2	6.0	27.0
Inventory Valuation	201.8	50.0	-
<b>E&amp;P of Oil &amp; Natural Gas</b>	<b>49.0</b>	<b>57.0</b>	<b>61.0</b>
<b>Metals</b>	<b>47.4</b>	<b>53.0</b>	<b>82.0</b>
Resource Development	27.4	31.0	33.0
Smelting & Refining	4.9	5.5	8.0
Recycling & Environmental Services	4.9	5.0	10.0
Electronic Materials	5.4	11.5	30.0
Internal Adjustment and Others	2.8	-	1.0
Inventory Valuation	2.0	-	-
<b>Listed Subsidiaries <sup>*1</sup> and Others</b>	<b>24.9</b>	<b>18.0</b>	<b>24.0</b>

\*1 NIPPO, Toho Titanium

\*2 Unaudited pro forma combined financial results of Nippon Oil and Nippon Mining

# Ordinary Income by Segment (FY2010 1Q results / 1H forecast)

(JPY billion)	FY 2009		FY 2010		Reference
	1 Q Actual	1 H Actual	1 Q Actual	1 H Revised Forecast	FY 2010 Full Year May 5 Forecast
Ordinary Income (Loss)	77.8	120.4	59.1	85.0	220.0
Refining & Marketing	56.8	72.1	16.1	16.0	92.0
Petroleum Products	(32.5)	(85.7)	16.2	28.0	36.0
Petrochemicals	11.1	13.0	1.1	(5.0)	6.0
Inventory Valuation	78.2	144.8	(1.1)	(7.0)	50.0
E&P of Oil & Natural Gas	11.8	25.3	17.4	32.0	57.0
Metals	4.6	15.2	17.4	28.0	53.0
Resource Development	2.3	8.3	10.3	16.0	31.0
Smelting & Refining	1.3	1.0	3.6	4.0	5.5
Recycling & Environmental Services	0.4	2.3	(0.2)	2.5	5.0
Electronic Materials	1.2	1.6	2.9	5.5	11.5
Inventory Valuation	(0.7)	1.9	0.8	0.0	0.0
Listed Subsidiaries and Others*	4.6	7.8	8.2	9.0	18.0
Listed Subsidiaries and Others*	5.1	8.5	8.2	9.0	18.0
Inventory Valuation	(0.4)	(0.7)	-	-	-

\* "Listed Subsidiaries and Others" includes "Eliminations or Corporate"

## Key Factors (Mid-term Management Plan)

		FY 2009 <sup>*2</sup>	FY 2010	FY 2012
		Actual	Forecast	Plan
All segments	Exchange rate [¥/\$]	93	90	90
Refining & Marketing	Crude oil FOB [Dubai spot] *1 [\$/bbl]	67	80	80
	Sales volume excluding barter trade & others [million kl/period]	85.5	84.4	80.2
	- Sales volume of paraxylene [million tons/year]	2.1	2.3	2.3
	Paraxylene spread [ACP] (Paraxylene price - Dubai crude oil price) [\$/ton]	490	530	580
E&P of Oil & Natural Gas	Sales volume <Crude oil equivalent> [1,000 bbl/day]	143	139	132
	Natural gas price <HenryHub>*2 [\$/mmbtu]	3.9	4.8	6.0
Metals	Copper price [LME] [¢/lb]	277	280	280
	Equity entitled copper mine production*3 [1,000 tons/year]	82	100	110
	PPC copper cathode sales [1,000 tons/year]	605	610	640
	Gold recovery volume by Metals Recycling [1,000 tons/year]	6.3	7.5	9.0
	TRCF*4 sales [1,000 km/month]	2.7	3.0	5.0
	Precision Rolled Products sales [1,000 tons/month]	3.5	4.3	4.7

\*1 Average from March to February of the next year (nearly equal to arrived crude cost)

\*3 Total of Nippon Mining & Metals and PPC

\*2 Average on calendar year basis

\*4 Treated Rolled Copper Foil

## Key Factors (FY2010 1Q results / 1H forecast)

		FY 2009		FY 2010		Reference
		1 Q	1 H	1 Q	1 H	FY 2010
		Actual	Actual	Actual	Revised Forecast	May 5 Forecast
All segments	Exchange Rate [¥/\$]	98	96	92	91	90
Refining & Marketing	Crude oil FOB [Dubai spot] *1 [\$/\$]	51	60	79	77	80
	Sales volume excluding barter trade & others [million kl/period·year]	20.1	40.4	19.3	40.6	84.4
	— Sales volume of paraxylene [million tons/period·year]	0.6	1.1	0.5	1.1	2.3
	Paraxylene spread [ACP] (vs. Dubai crude oil price) [\$/\$/ton]	533	525	439	395	530
E&P Oil and Natural Gas	Sales volume <Crude oil equivalent> [1,000 bbl/day]	160	144	152	147	139
	Natural gas price <HenryHub> [\$/\$/mmbtu]	4.6	4.1	5.1	4.7	4.8
Metals	Copper price [LME] [¢/lb]	212	239	319	299	280
	Equity entitled copper mine production*2 [1,000 tons/period·year]	19	40	21	46	100
	PPC copper cathode sales [1,000 tons/period·year]	160	301	159	310	610
	Gold recovery volume by Metals Recycling [1,000 tons/period·year]	1.7	2.8	1.6	3.5	7.5
	TRCF*3 sales [1,000 km/month]	2.4	2.6	3.8	3.8	3.0
	Precision Rolled Products sales [1,000 tons/month]	2.6	3.1	4.1	4.1	4.3

\*1 Crude oil arrival basis

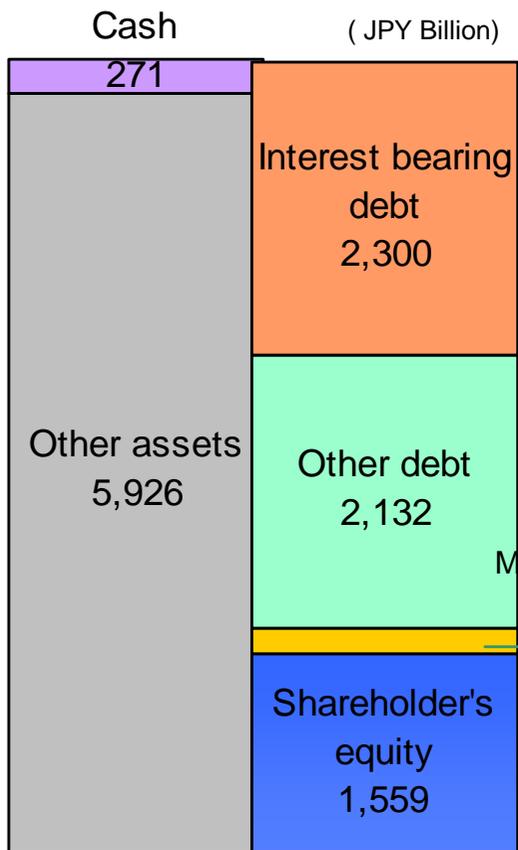
\*2 Total of Nippon Mining &amp; Metals and PPC

\*3 Treated Rolled Copper Foil



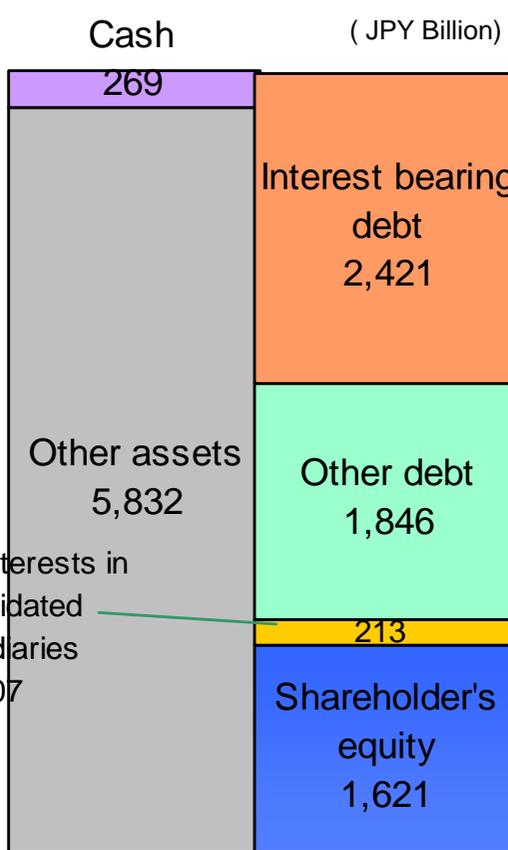
# Balance Sheet

Total : 6,196.7



Mar. 2010

Total : 6,100.7



Jun. 2010

+121 (2,300 → 2,421)

The falling of the last day of FY 2009 on a Japanese national holiday, which resulted in a large increase in unpaid gasoline and other taxes.

+62\* (1,559 → 1,621)

Due to Negative goodwill of assessment by market value method.

Equity capital ratio :**26.6%**

Net Debt Equity Ratio:**1.33**

\* Shareholder's equity as of Mar. 2010 is combined figure of book value. And 163 billion of negative goodwill of the difference between Nippon Mining's net assets (book value) and market capitalization doesn't influence on the increase of shareholder's equity.

## Sensitivity Analysis



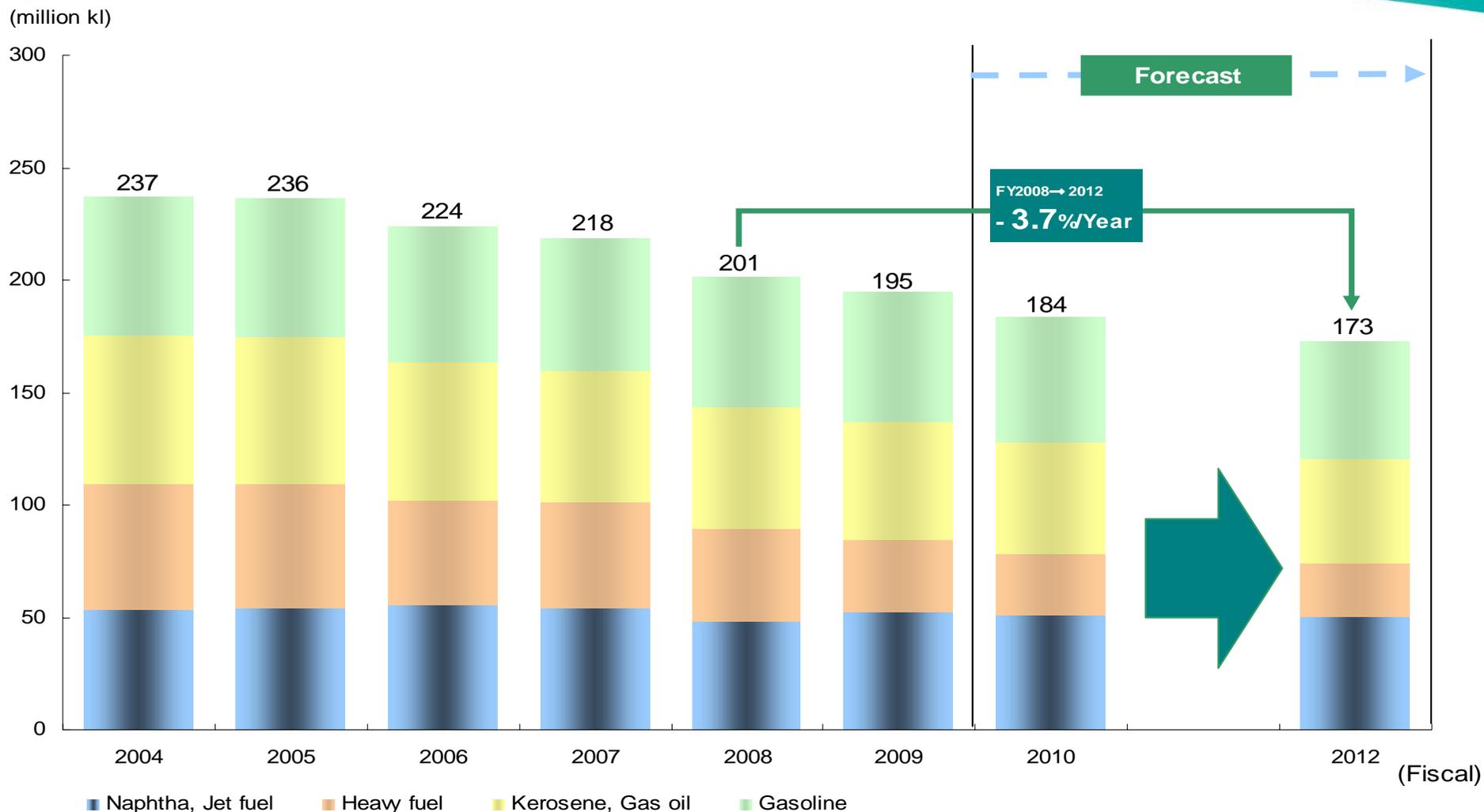
## Impact on ordinary income by change in key factors

(JPY billion/year)

			FY 2012
Key Factors	Appreciation	Segment	Impact on Ordinary Income
Foreign Exchange	¥1/\$ yen appreciation	Refining & Marketing (energy costs, petrochemical margin, and etc.)	1.5
		E&P of Oil & Natural Gas	(1.2)
		Metals (margin deterioration, foreign exchange gain/loss)	(1.3)
		Subtotal	(1.0)
		Inventory valuation gain/loss	(6.5)
		<b>Total</b>	<b>(7.5)</b>
Crude Oil FOB (Dubai spot)	+1\$/bbl	Refining & Marketing (energy costs etc.)	(4.0)
		E&P of Oil & Natural Gas	2.0
		Subtotal	(2.0)
		Inventory valuation gain/loss	7.5
<b>Total</b>	<b>5.5</b>		
Copper Price (LME)	+10¢/lb	Metals (Resource Development)	2.0
		Metals (Smelting & Refining)	0.5
		<b>Total</b>	<b>2.5</b>



# Demand for Petroleum Products ( Japan )



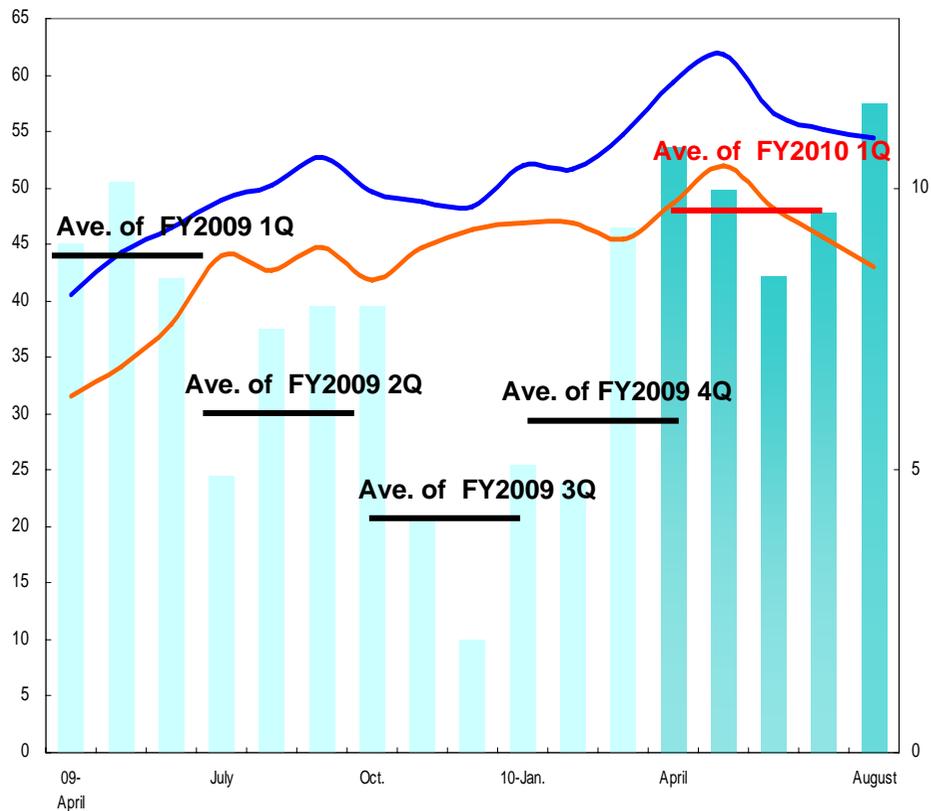
Source: Ministry of Economy, Trade and Industry, Japan



# Domestic Market Margin\* (Gasoline and Kerosene)

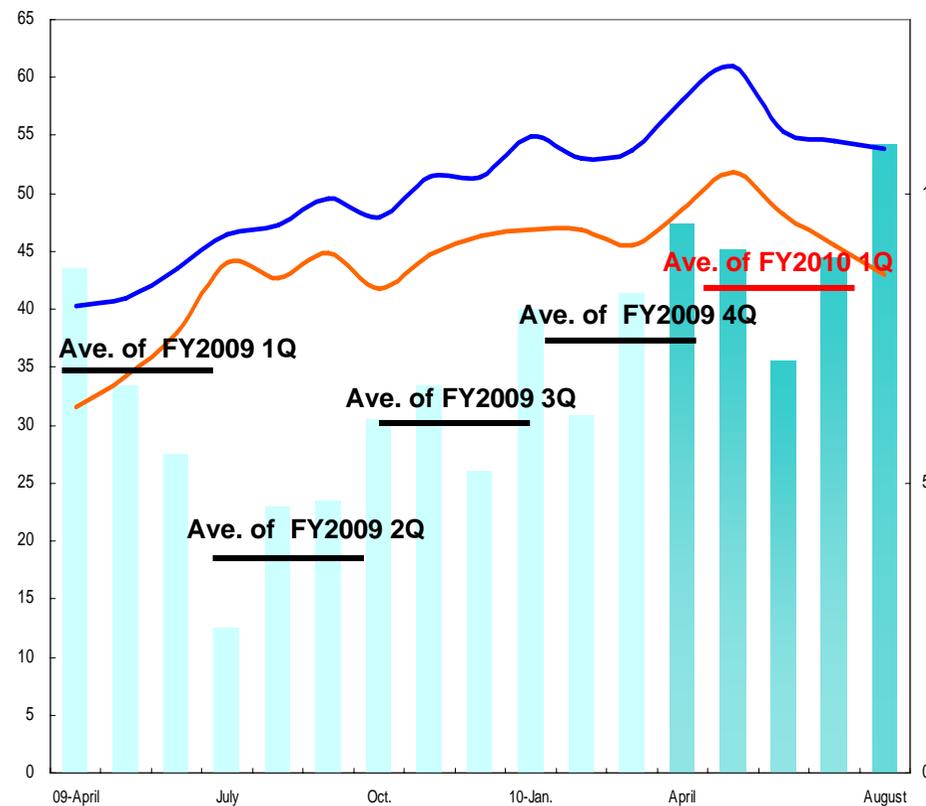
## Gasoline

(Yen/L)



## Kerosene

(Yen/L)



Margin ( Right axis ) Spot price ( Left axis ) Clude oil CIF Price ( Left axis )

Margin ( Right axis ) Spot price ( Left axis ) Clude oil CIF Price ( Left axis )

\* : Margin = Spot Price – All Japan Crude Oil CIF (including petroleum tax and interest) – Taxes

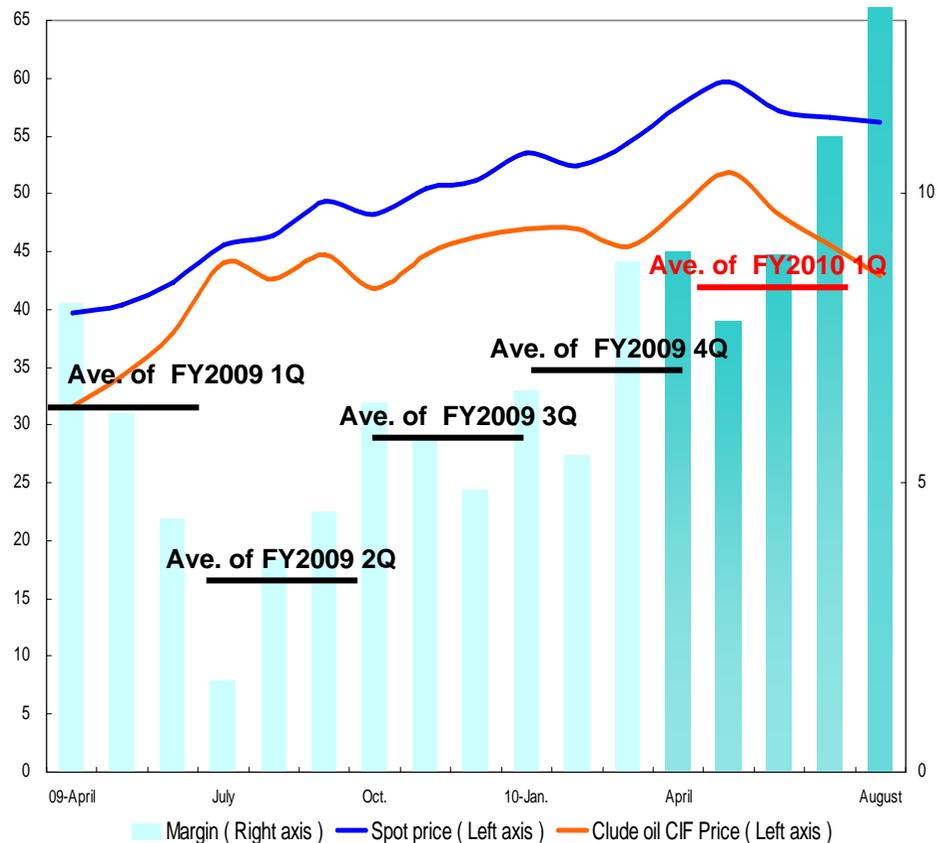
Source : Trade statistics (Ministry of Finance, Japan)



# Domestic Market Margin\* (Diesel Fuel and Heavy Fuel Oil A)

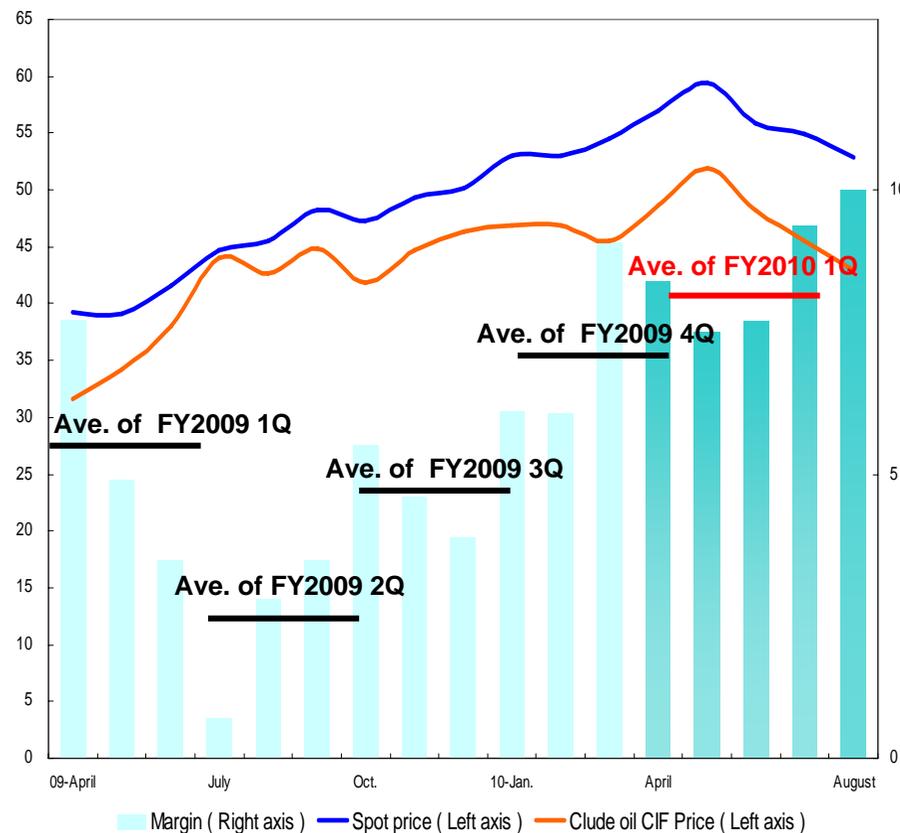
## Diesel Fuel Oil

(Yen/L)



## Heavy Fuel Oil A

(Yen/L)



\* : Margin = Spot Price – All Japan Crude Oil CIF (including petroleum tax and interest) – Taxes

Source : Trade statistics (Ministry of Finance, Japan)

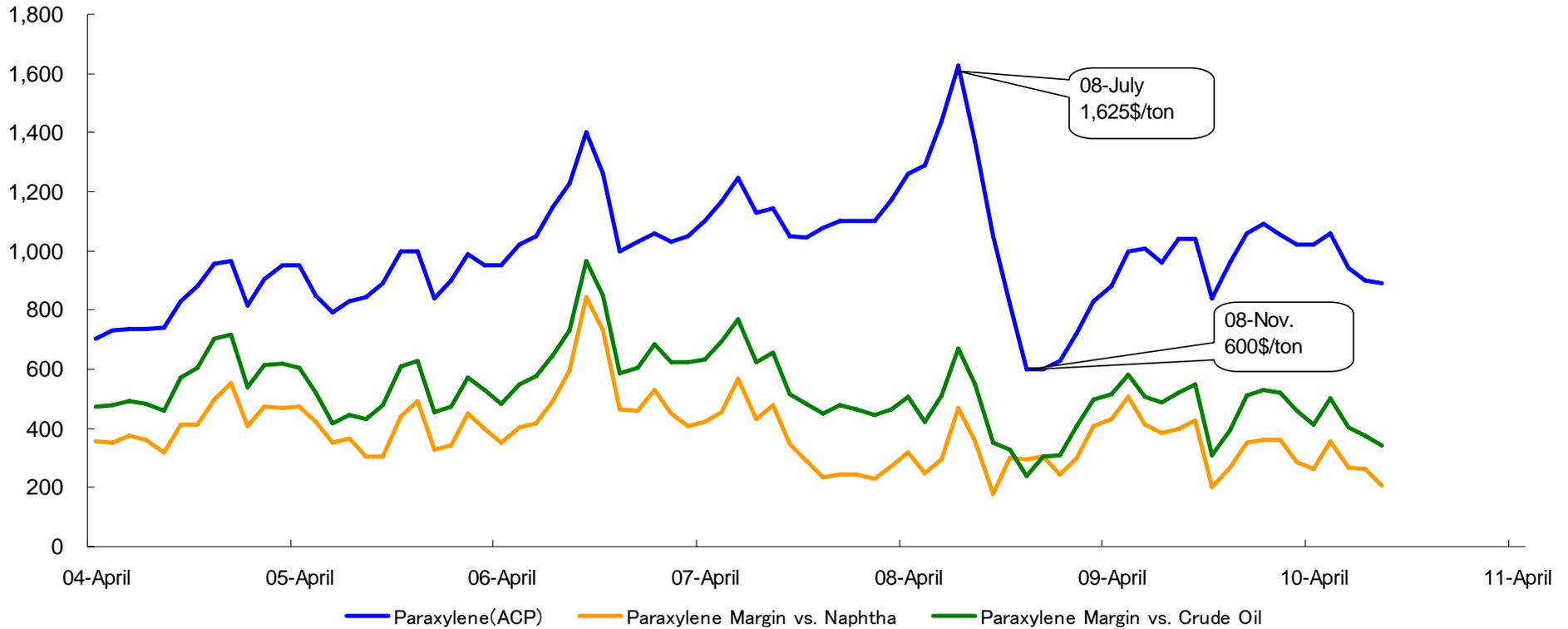


# Paraxylene Price and Margin ( vs. Crude Oil, vs. Naphtha)

(\$/ton)

Average Price	FY04	FY05	FY06	FY07	FY08	FY09				FY10		
						1Q	2Q	3Q	4Q	1Q	July	August
Asian Contract Price	829	903	1,103	1,119	1,020	964	1,013	953	1,055	1,007	900	890
Margin vs. Crude Oil	563	514	660	556	425	533	519	405	504	296	261	215
Margin vs. Naphtha	416	389	511	351	309	449	404	273	336	568	527	539

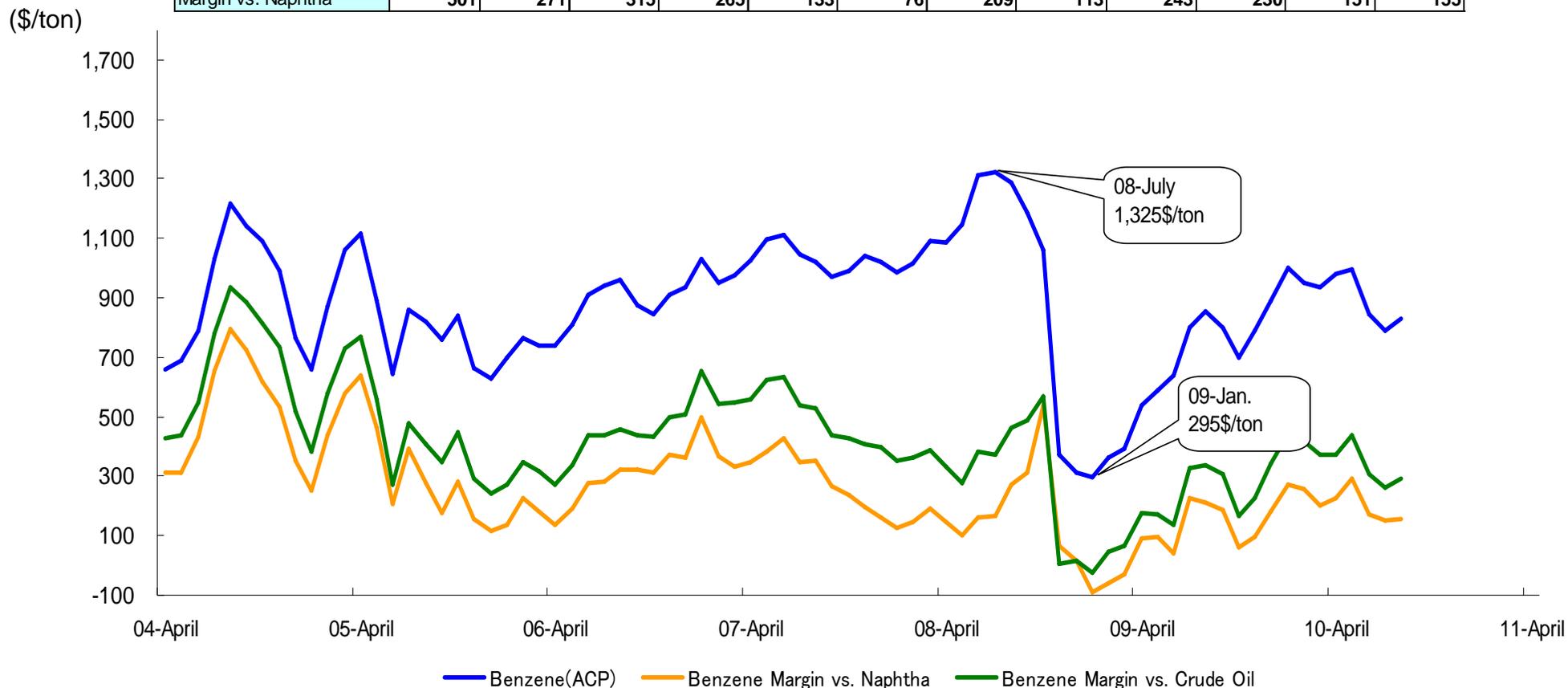
(\$/ton)





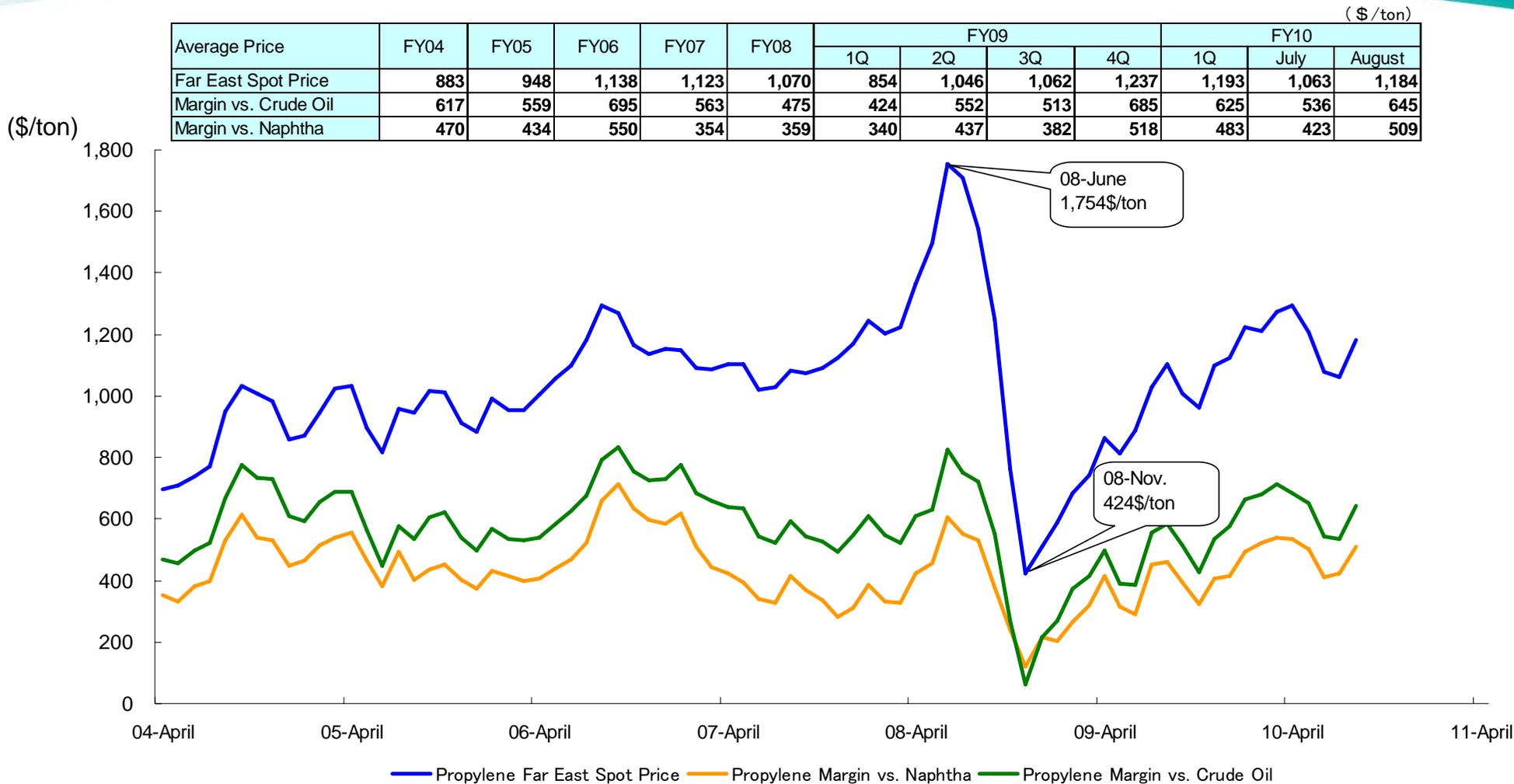
# Benzene Price and Margin ( vs. Crude Oil, vs. Naphtha)

Average Price	FY04	FY05	FY06	FY07	FY08	FY09				FY10		
						1Q	2Q	3Q	4Q	1Q	July	August
Asian Contract Price	914	786	907	1,034	844	590	818	793	962	940	790	830
Margin vs. Crude Oil	648	397	464	471	249	160	324	245	410	372	263	291
Margin vs. Naphtha	501	271	315	265	133	76	209	113	243	230	151	155





# Propylene Price and Margin ( vs. Crude Oil, vs. Naphtha)



## Sales Volume of FY 2009, FY2010 1Q &amp; Forecast of FY 2010

	FY 2009 1Q	FY 2009
	JX Nippon Oil & Energy Corporation*	JX Nippon Oil & Energy Corporation*
	million KL	million KL
Gasoline	4.83	20.02
Premium	0.74	2.95
Regular	4.06	16.96
Naphtha	1.15	4.27
JET	0.35	1.56
Kerosene	1.17	7.99
Diesel Fuel	2.89	12.06
Heavy Fuel Oil A	1.54	6.82
Heavy Fuel Oil C	1.73	6.31
For Electric Power	0.94	3.25
For General Use	0.79	3.06
<b>Total Domestic Fuel</b>	<b>13.66</b>	<b>59.03</b>
Crude Oil	0.23	1.14
Lubricants & Specialities	0.73	3.32
Petrochemicals	1.45	5.82
Exported Fuel	2.88	10.30
LPG	0.44	2.01
Coal	0.71	4.44
<b>Total Excluding Barter Trade &amp; Others</b>	<b>20.10</b>	<b>86.06</b>
Barter Trade & Others	6.41	27.05
<b>Total</b>	<b>26.51</b>	<b>113.11</b>

	FY 2010 1Q	FY 2010(Forecast as of May 10)	Changes vs. FY 2009 1Q	Changes vs. FY 2009
	JX Nippon Oil & Energy Corporation*	JX Nippon Oil & Energy Corporation		
	million KL	million KL		
Gasoline	4.86	18.99	0.6%	-5.1%
Premium	0.70	2.86	-5.4%	-3.1%
Regular	4.14	16.02	1.7%	-5.5%
Naphtha	0.87	5.03	-24.4%	17.8%
JET	0.33	1.56	-5.4%	0.0%
Kerosene	1.25	7.18	6.7%	-10.1%
Diesel Fuel	2.91	11.15	0.7%	-7.5%
Heavy Fuel Oil A	1.48	6.08	-4.2%	-10.9%
Heavy Fuel Oil C	1.35	5.01	-22.1%	-20.6%
For Electric Power	0.68	2.35	-27.2%	-27.7%
For General Use	0.67	2.66	-16.0%	-13.1%
<b>Total Domestic Fuel</b>	<b>13.05</b>	<b>55.00</b>	<b>-4.3%</b>	<b>-6.8%</b>
Crude Oil	0.18	0.97	-20.1%	-14.9%
Lubricants & Specialities	0.77	3.47	5.4%	4.5%
Petrochemicals	1.40	6.33	-2.8%	8.8%
Exported Fuel	2.16	11.73	-24.9%	13.9%
LPG	0.45	1.93	1.2%	-4.0%
Coal	1.33	4.97	87.1%	11.9%
<b>Total Excluding Barter Trade &amp; Others</b>	<b>19.34</b>	<b>84.40</b>	<b>-3.8%</b>	<b>-1.9%</b>
Barter Trade & Others	5.54	19.15	-13.5%	-29.2%
<b>Total</b>	<b>24.88</b>	<b>103.55</b>	<b>-6.1%</b>	<b>-8.5%</b>

\* : Figures for FY 2009 and FY 2010 1Q are pro forma summations of Nippon Oil and Japan Energy.



# Number of Service Stations (Fixed-Type)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10 1Q
<b>JX Group</b>	15,082	14,640	14,076	13,474	13,318	12,687	12,584
<b>EMGK</b> *1	6,701	6,464	6,044	5,635	5,064	4,761	4,688
<b>Idemitsu Kosan</b>	5,358	5,249	5,059	4,913	4,598	4,338	4,297
<b>Showa Shell Sekiyu</b>	4,808	4,689	4,560	4,481	4,256	4,102	4,055
<b>Cosmo Oil</b>	4,709	4,552	4,359	4,188	3,913	3,768	3,737
<b>Others</b> *2	1,500	1,439	1,388	1,383	687	683	676
<b>Oil Companies</b>	38,158 (79.5%)	37,033 (78.8%)	35,486 (78.9%)	34,074 (79.2%)	31,836 (77.6%)	30,339 (77.8%)	30,037 (77.8%)
<b>Private Brands and Others</b> *3	9,842 (20.5%)	9,967 (21.2%)	9,514 (21.1%)	8,926 (20.8%)	9,164 (22.4%)	8,661 (22.2%)	8,563 (22.2%)
<b>Total</b> *3	48,000	47,000	45,000	43,000	41,000	39,000	38,600

## <Number of Company-Owned Service Stations

	FY09	FY10 1Q
JX Group	2,893	2,847

## <Number of Self-Service Stations>

	FY09	FY10 1Q
JX Group	2,378	2,377
Total for Japan *4	6,906	6,918

Notes: \*1. Figures are total of Esso, Mobil, Tonen General Sekiyu, and Kygnus Sekiyu.

\*2. Figures are total of Kyushu Oil, Taiyo Petroleum, and Mitsui Oil & Gas. (until FY2007)

\*3. Estimated by JX Holdings.

\*4. This figure includes only self-service retail outlets that are affiliated to oil wholesale companies.

# JX Group's Market Share and Demand in Japan

## Historical CDU<sup>\*1</sup> Utilization Rate



### Domestic Share of Sales

	FY09 (%)	FY10 1Q (%)
Gasoline	34.8	34.6
Kerosene	41.9	40.6
Diesel Fuel	37.6	38.3
Heavy Fuel Oil A	42.5	42.5
Four Light Oil	37.6	37.2
Total Domestic Fuel	34.0	32.6

### Demand in Japan

	FY09 1Q (1,000 KL)	FY10 1Q (1,000 KL)	Changes against FY09 1Q (%)
Gasoline	14,028	14,060	100.2
Kerosene	2,980	3,351	112.4
Diesel Fuel	7,704	7,647	99.3
Heavy Fuel Oil A	3,704	3,477	93.9
Four Light Oil	28,415	28,536	100.4
Total Domestic Fuel	44,593	44,376	99.5

### CDU Utilization Rate (Excluding the impact of periodic repair)

	(million BD)						
	FY04	FY05	FY06	FY07	FY08	FY09	FY10 1Q
<b>JX Group</b> <sup>*2</sup>	94%	93%	91%	89%	85%	78%	79% <sup>*4</sup>
<b>Japan Total</b> <sup>*3</sup>	84% (4.78)	87% (4.77)	83% (4.39)	83% (4.49)	84% (4.59)	82% (4.41)	—

\* 1. Crude Distillation Unit

\* 2. Utilization Rate (JX) excluding Condensate splitter of Mizushima and Kashima.

\* 3. All Japan Refining Capacity excluding Condensate splitter of Mizushima and Kashima.

\* 4. Considering the impact of long-shut down of 2nd CDU of Mizushima(former NOC),

a Utilization Rate(JX) rises to about 85%.

Source: Petroleum Association of Japan and Company data



# JX Group's Reserve Standards

JX Group's criteria for evaluating reserves conforms to the SPE Standards, drafted by the SPE (Society of Petroleum Engineers), WPC (World Petroleum Congress), AAPG (American Association of Petroleum Geologists), and SPEE (Society of Petroleum Evaluation Engineers) and announced in March 2007.

JX Group's reported reserves are in line with reserves as defined by the SPE Standards. The degree of certainty of the reserve values is categorized, in order, as either Proved, Probable, or Possible. Following trends common at other industry firms, JX Group's has used Proven and Probable reserves to arrive at its total reserves.

## **Definition of Proved Reserves:**

Reserves judged to have a high level of certainty from analysis of geoscience and production/petroleum engineering data, based on economic conditions, operational methods and laws and regulations assumed by JX Group in light of discovered reservoirs—there is at least a 90% probability that actual recovered volume will equal or exceed estimates of oil and natural gas deposits reasonably evaluated as commercially recoverable.

## **Definition of Probable Reserves:**

There is at least a 50% probability that additional oil and natural gas reserves will equal or exceed actual recovered volume of the total of estimated proved and probable reserves. While these additional reserves are evaluated in the same manner as proved reserves, the probability of recoverability of probable reserves is lower than proved reserves, but higher than possible reserves.



# Outline of E&P of Oil and Natural Gas Projects

Project Name/Company	Sales Volume(Jan.-Mar. 2010) (1,000BOED) *1	Reserves (million BOE) *2
[Gulf of Mexico(U.S.A.)] Nippon Oil Exploration U.S.A. Limited	11	48
[Canada] Japan Canada Oil Company Limited	14	280
[North Sea, U.K.] Nippon Oil Exploration and Production U.K. Limited	13	21
[Vietnam] Japan Vietnam Petroleum Co., Ltd.	11	
[Malaysia] Nippon Oil Exploration (Malaysia) Ltd. Nippon Oil Exploration (Sarawak) Ltd.	22 42	
[Indonesia] Nippon Oil Exploration (Berau) Ltd.	10	<Sub Total> 312
[Papua New Guinea] Japan Papua New Guinea Petroleum Company Ltd. Southern Highlands Petroleum Co., Ltd.	6 1	
[Australia] Nippon Oil Exploration (Australia) Pty Ltd.	1	<Sub Total> 88
[United Arab Emirates, Qatar and others] Nippon Oil Exploration (Myanmar) Ltd. Abudhabi Oil Co., Ltd., United Petroleum Development Co., Ltd. and others *3	22	64
合計	152	813

+113  
(Compared to Dec., 2008)

\*1 Project company basis .

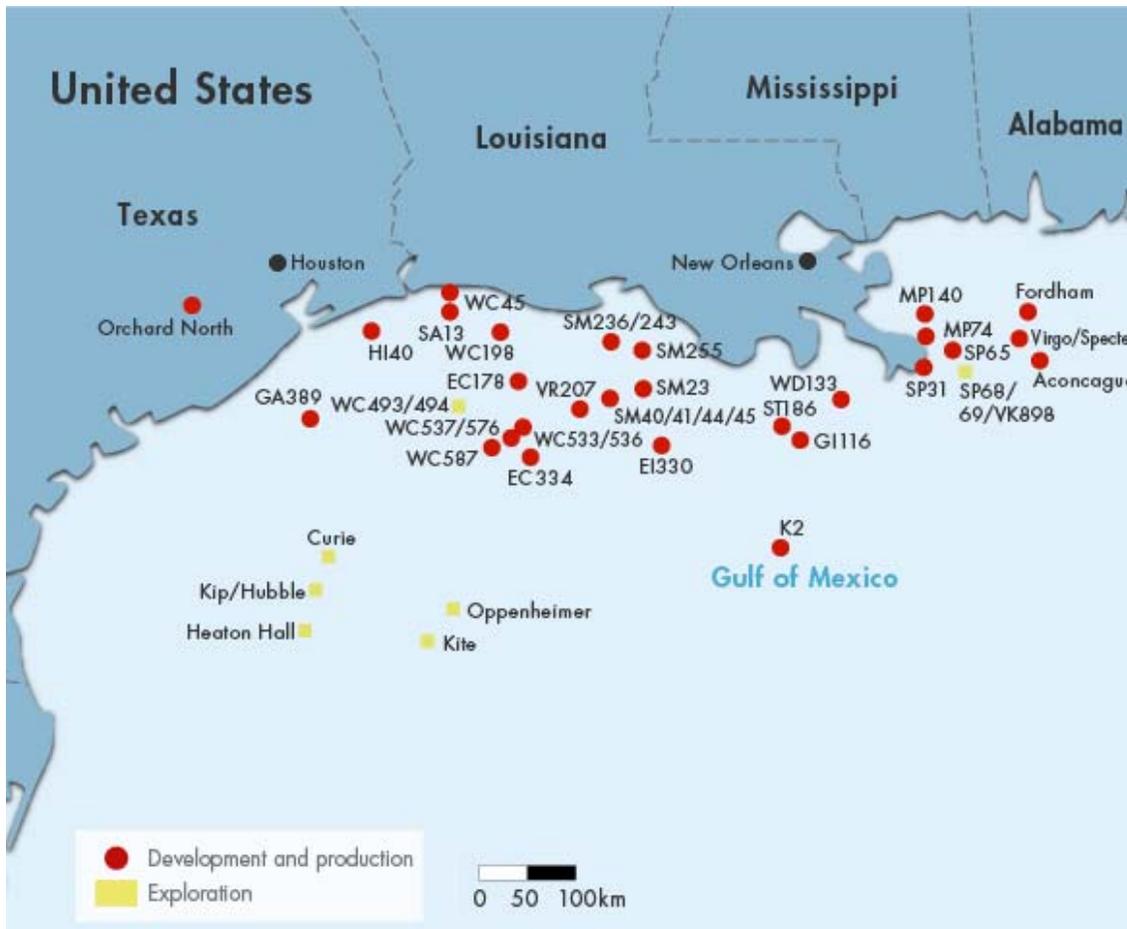
\*2 Proved reserves and probable reserves as of end of Dec., 2009, including reserves from projects currently under development.

\*3 JX Group's equity basis



# Principal Individual E&P Project Overview ①

## Gulf of Mexico



### '10 Jan-Mar Sales Volume

11,200 boed  
(oil: 4,500 b/d, gas: 40mmcf/d)

### Project Company

Nippon Oil Exploration U.S.A. Ltd. (NOEX USA)  
(100%)  
(%) = JX Group Shareholding

### Range Of Interests in Individual Fields

6.1%-100%

### Operators

NOEX USA, Anadarko, ConocoPhillips, others

● In 1990, NOEX USA began exploration, development, and production operations at an onshore field in Texas and offshore blocks in both deep as well as shallow waters in the Gulf of Mexico.

● In addition to continuing such existing operations as those in the Orchard North Gas Field, Aconcagua Gas Field, and Virgo Gas Field, NOEX USA purchased interests in certain producing assets in the Gulf of Mexico from Devon in 2005 and from Anadarko in 2007.

# Principal Individual E&P Project Overview ②

## Canada



### '10 Jan - Mar Sales Volume

13,500BOED  
(Oil 13,500b/d)

### Project Company

Japan Canada Oil Co., Ltd. (100%)  
(%) = JX Group Shareholding

### Interest in Individual Fields

5%

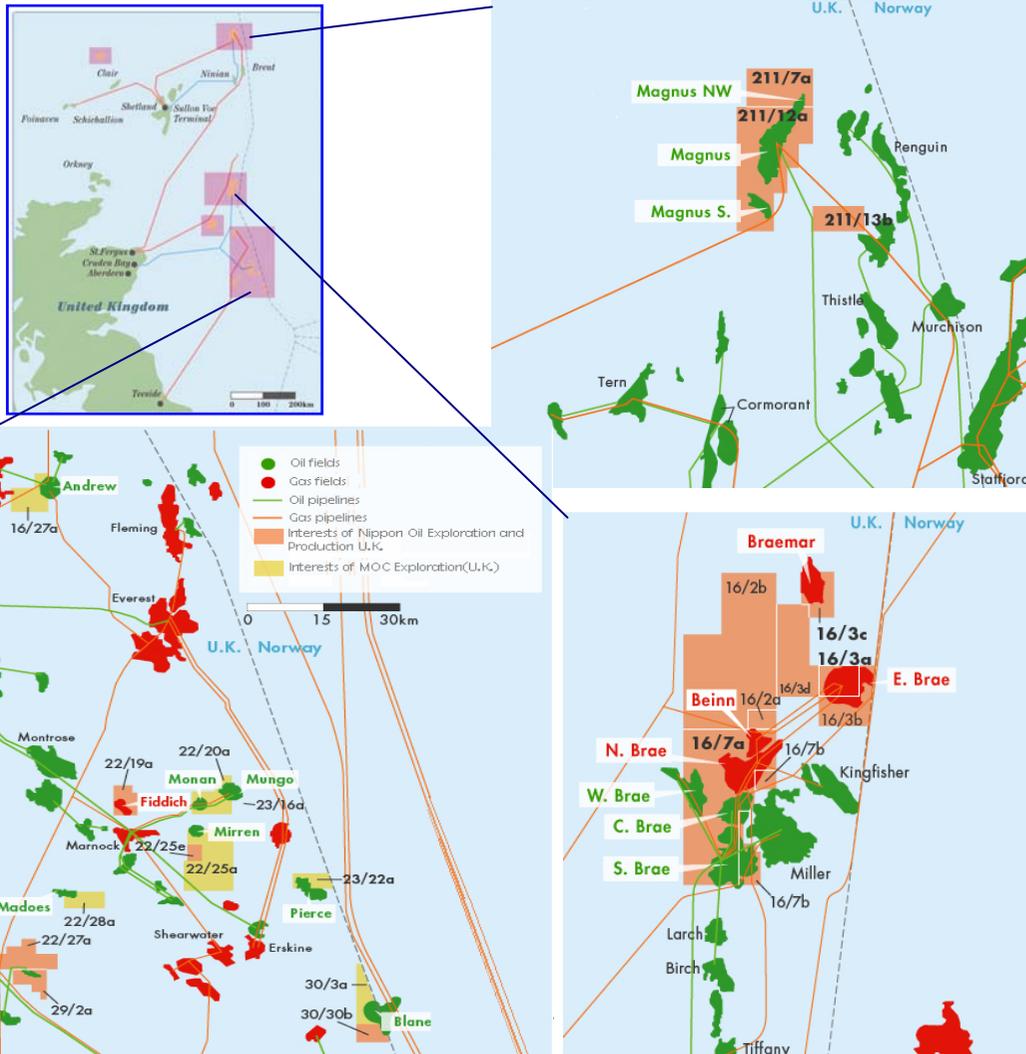
### Operator

Syncrude Canada

- In 1992, NOEX acquired a 5% stake in the Syncrude project from PetroCanada. Subsequently, this stake was transferred to Mocal Energy Limited (a wholly owned subsidiary of NOEX).

# Principal Individual E&P Project Overview ③

## U.K. North Sea ①



**'10 Jan - Mar Sales Volume**  
 13,400BOED  
 (oil: 8,000b/d, gas: 32mmcf/d)

**Project Company**  
 Nippon Oil Exploration and Production U.K. Ltd.  
 (NOEP UK) (100%)  
 (%) = JX Group Shareholding

**Range of Interests in Individual Fields**  
 2.1% to 45%

**Operators**  
 BP, Shell, Marathon, others

● **MOEX**

In 1994, MOEX acquired a working interest in blocks, including those in the Andrew Oil Field, the Mungo/Monan Oil Fields, the Pierce Oil Field, the Mirren/Madoes Oil Fields, and the Blane Oil Field. It is currently expanding its exploration, development, and production operations.

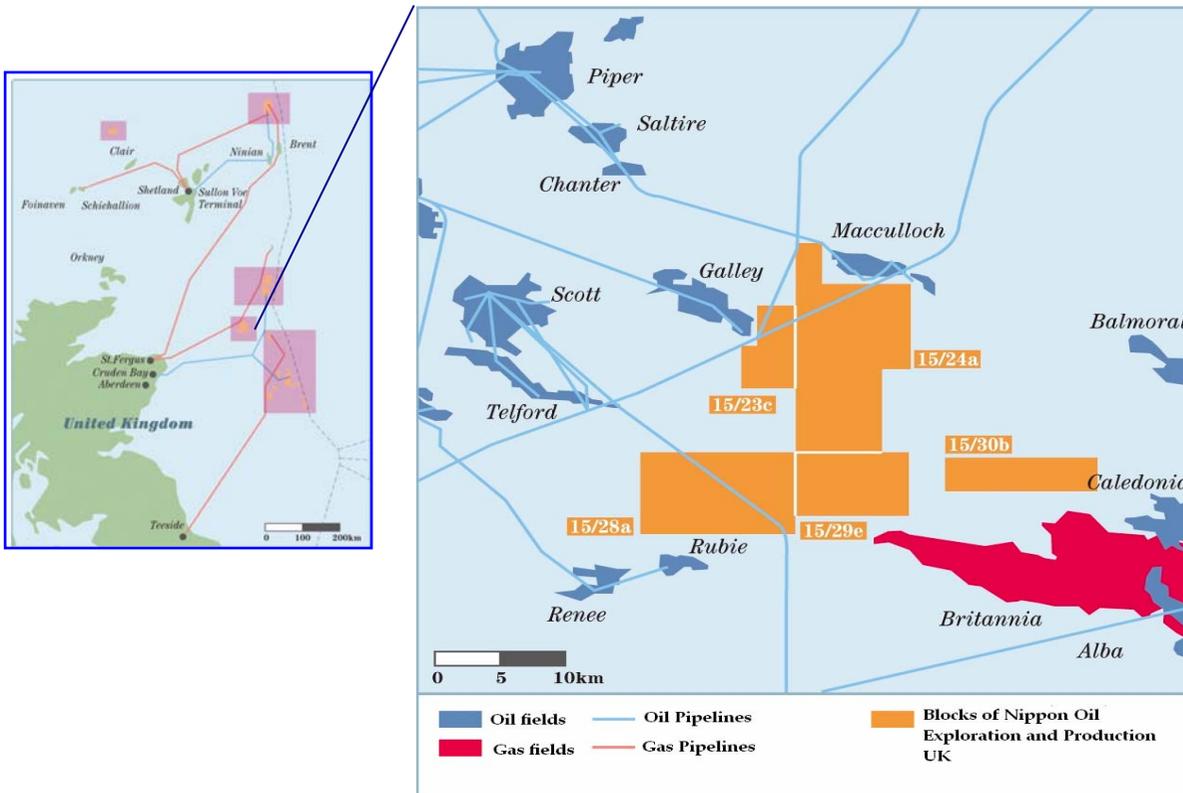
● **NOEP UK**

In 1996, NOEP UK acquired an interest in the Magnus Oil Field, in 2002, it acquired interests in the Brae Gas Fields and the Fiddich Oil Field, and in 2004, it acquired an interest in the West Don oil field.

Exploration, development and production activities are progressing.

# Principal Individual E&P Project Overview ④

## U.K. North Sea ②



### Project Company

Nippon Oil Exploration and Production U.K. Ltd  
(100%)

### Range of Interests in Individual Fields

33.3% to 45%

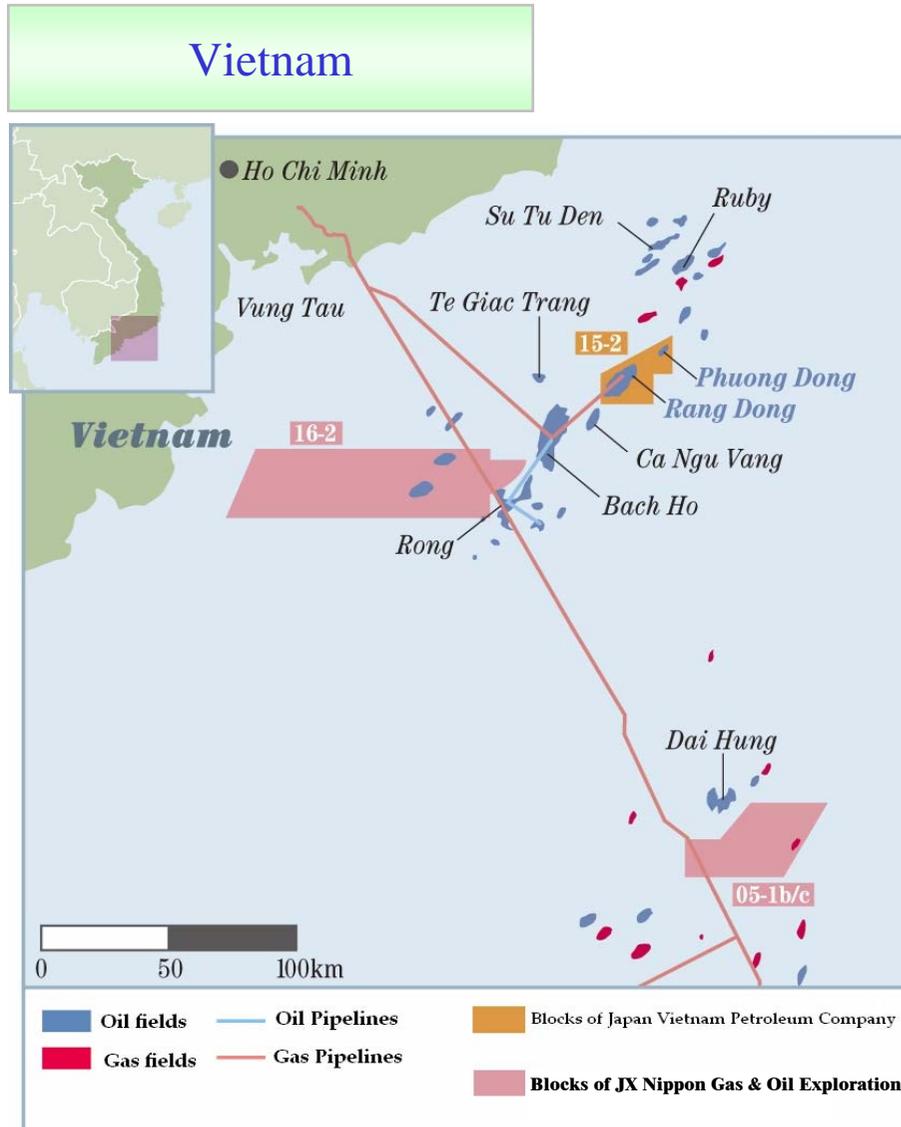
### Operators

Nippon Oil Exploration and Production U.K. Ltd

Nippon Oil Exploration and Production U.K. Ltd acquired 4 exploration blocks in 2009 as an operator through a competitive tender process were held by the British Government

acquired blocks in 2007-  
15/23c, 15/24a, 15/28a, 15/29e  
acquired blocks in 2009-15/30b

# Principal Individual E&P Project Overview ⑤



## '10Jan - Mar Sales Volume

11,300BOED

(oil: 7,500b/d, gas: 23mmcf/d)

## Project Company

Japan Vietnam Petroleum Co., Ltd. (JVPC)

(97.1%)

(%) = JX Group Shareholding

## Interest in Individual Fields

Rang Dong : 46.5%

Phuong Dong : 64.5%

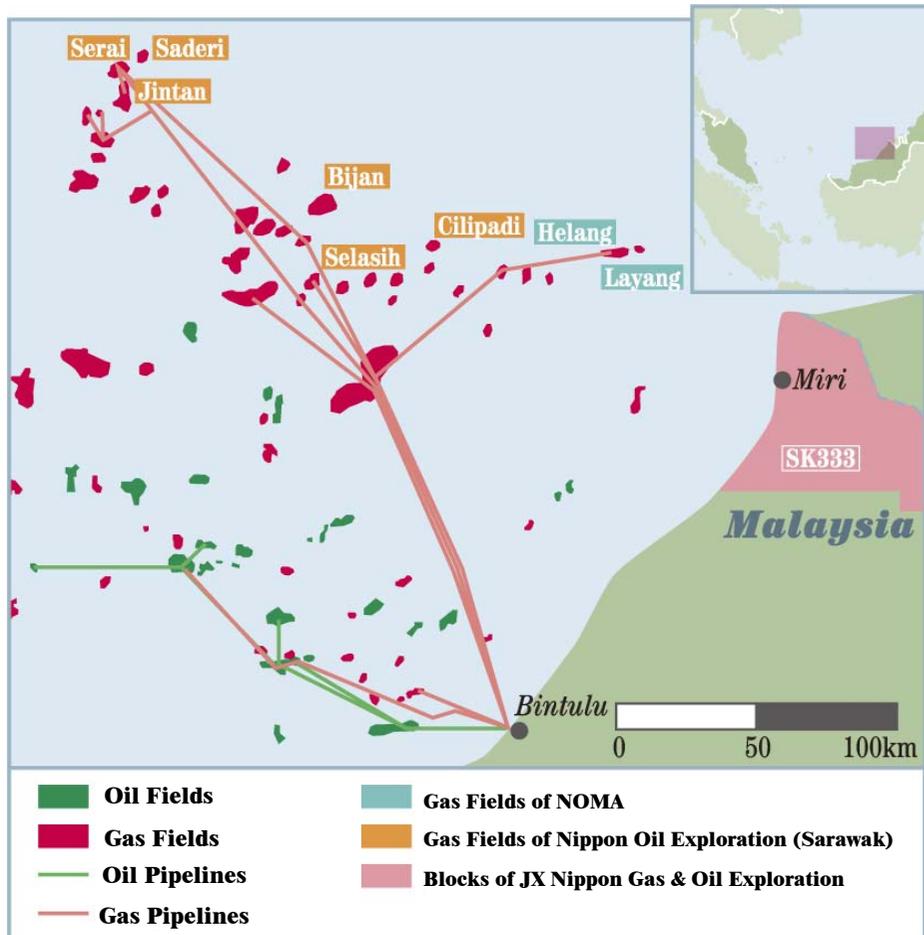
## Operator

JVPC

- In 1992, JVPC acquired a working interest in block 15-2 offshore Vietnam.
- In 1994, JVPC discovered the Rang Dong Oil Field within block 15-2, and it began production in that field from 1998.
- In February 2008, Rang Dong CDM Project received CER (Certified Emission Reductions) issuance approval under the Kyoto Protocol.
- In July 2008, Rang Dong Oil Field achieved a cumulative production volume of 150 million barrels.
- In August 2008, JVPC began production in the Phuong Dong Field.

# Principal Individual E&P Project Overview ⑥

## Malaysia ①



### '10 Jan - Mar Sales Volume

22,000BOED

(oil: 4,200b/d, gas: 107mmcf/d)

### Project Company

Nippon Oil Exploration (Malaysia), Limited (NOMA)  
(78.7%)

(%) = JX Group Shareholding

### Range of Interest in Individual Fields

75%

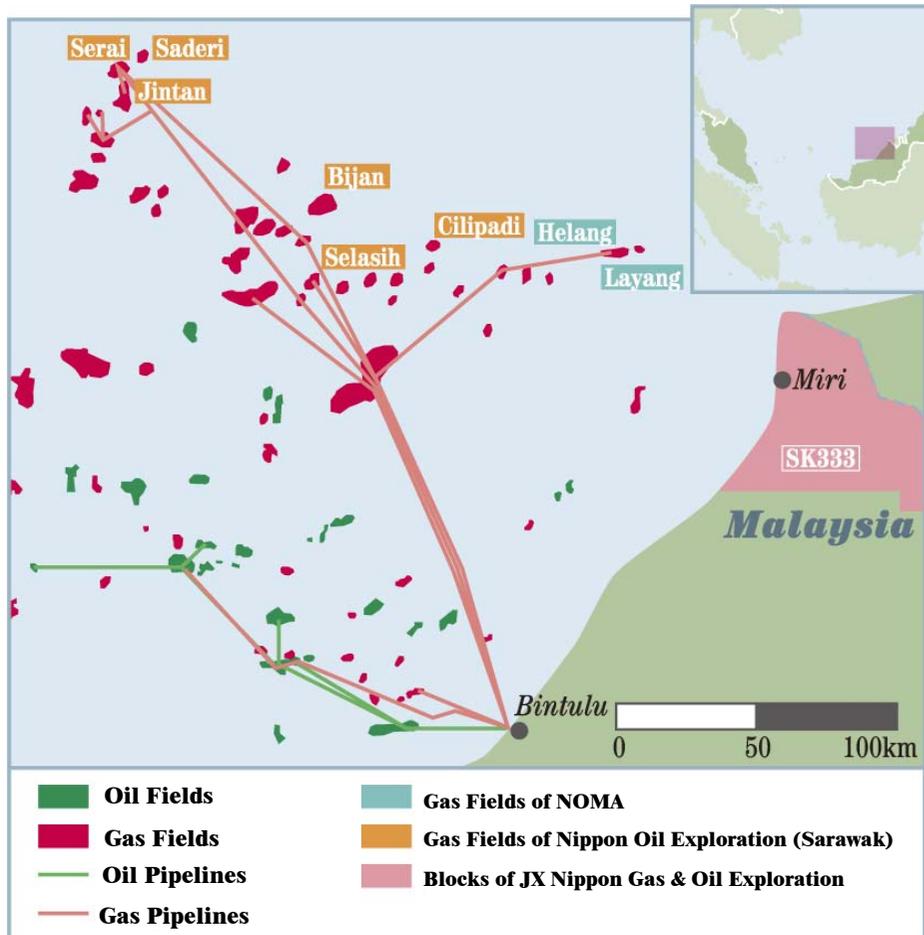
### Operator

NOMA

- In 1987, NOMA acquired a working interest in Block SK-10 offshore Sarawak, Malaysia.
- In 1990, NOMA discovered the Helang Gas Field, where production commenced in 2003.
- In 1991, NOMA discovered the Layang Gas Field.

# Principal Individual E&P Project Overview ⑦

## Malaysia ②



### '10 Jan - Mar Sales Volume

41,500BOED

(oil: 3,200b/d, gas: 230mmcf/d)

### Project Company

Nippon Oil Exploration (Sarawak), Limited  
(NOSA)

(76.5%)

(%) = JX Group Shareholding

### Interest in Individual Fields

37.5%

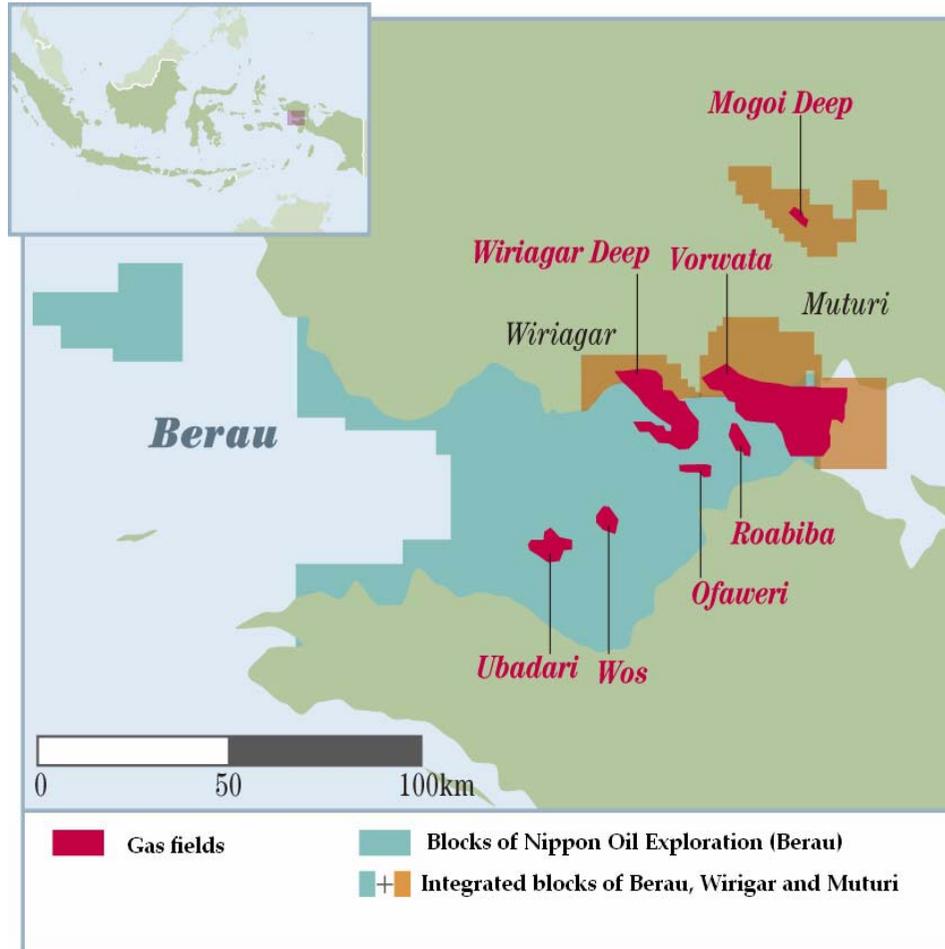
### Operator

Shell

- In 1991, NOSA acquired a working interest in Block SK-8 offshore Sarawak, Malaysia.
- From 1992 through 1994, the Jintan and Serai Gas Fields were discovered in that block, and production there commenced in 2004.
- In 2008, the Saderi Gas field commenced production.

# Principal Individual E&P Project Overview ⑧

## Indonesia



### '10 Jan - Mar Sales Volume

9,500BOED

(oil: 400b/d, gas: 55mmcf/d)

### Project Company

Nippon Oil Exploration (Berau), Limited  
(NOEX(Berau)) (51%)

(%) = JX Group Shareholding

### Interest in Individual Fields

12.2% (after unitization)

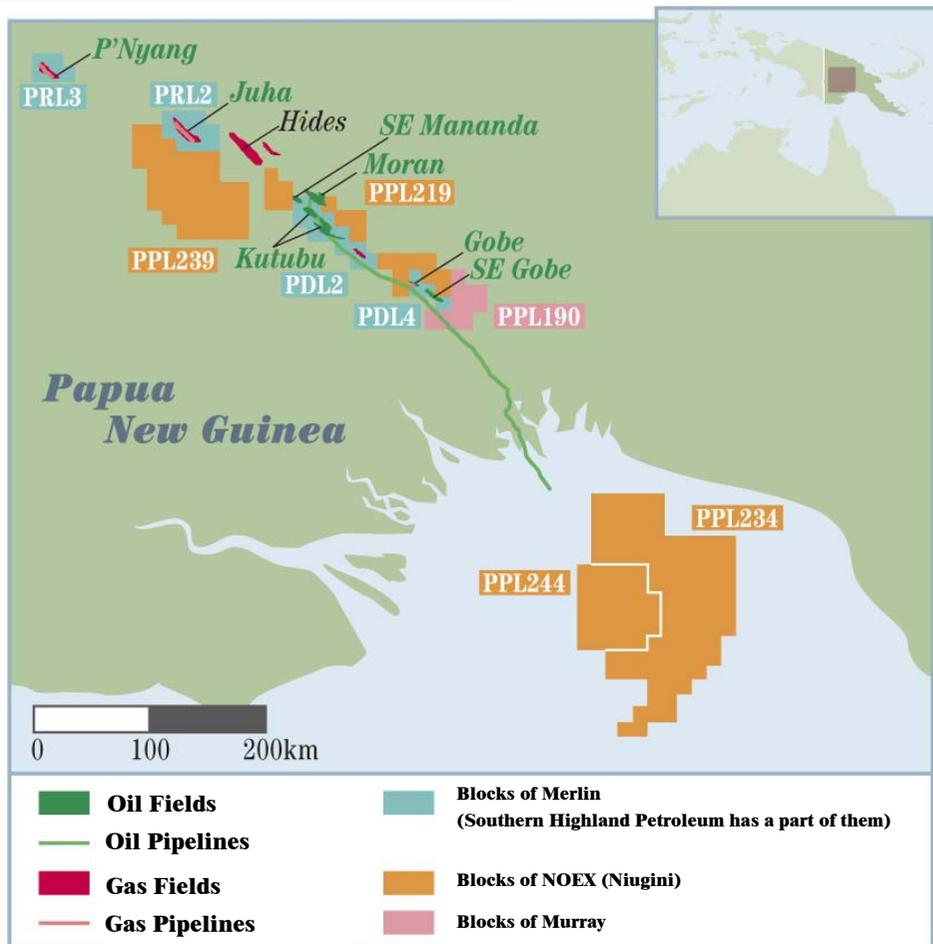
### Operator

BP

- From 1990, using three test wells natural gas was discovered in the area. Subsequently, the Vorwata Gas Field, Wiriagar Deep Gas Field, and other gas structures were discovered.
- From 2003, those with interests in the Berau, Wiriagar, and Muturi blocks agreed to become partners in unitizing the blocks and undertake development work cooperatively.
- Production commenced in June 2009, and the first cargo of LNG has lifted in July 2009.

# Principal Individual E&P Project Overview ⑨

## Papua New Guinea



### '10 Jan - Mar Sales Volume

6,800BOED  
(Oil : 6,800b/d)

### Project Company

Japan Papua New Guinea Petroleum Co., Ltd. (36.4%)  
Nippon Oil Exploration (PNG) Pty. Ltd. (100%)  
Southern Highland Petroleum Co. Ltd.(80%)  
(%) = JX Group Shareholding

### Range of Interests in Individual Fields

8.3 to 73.5%

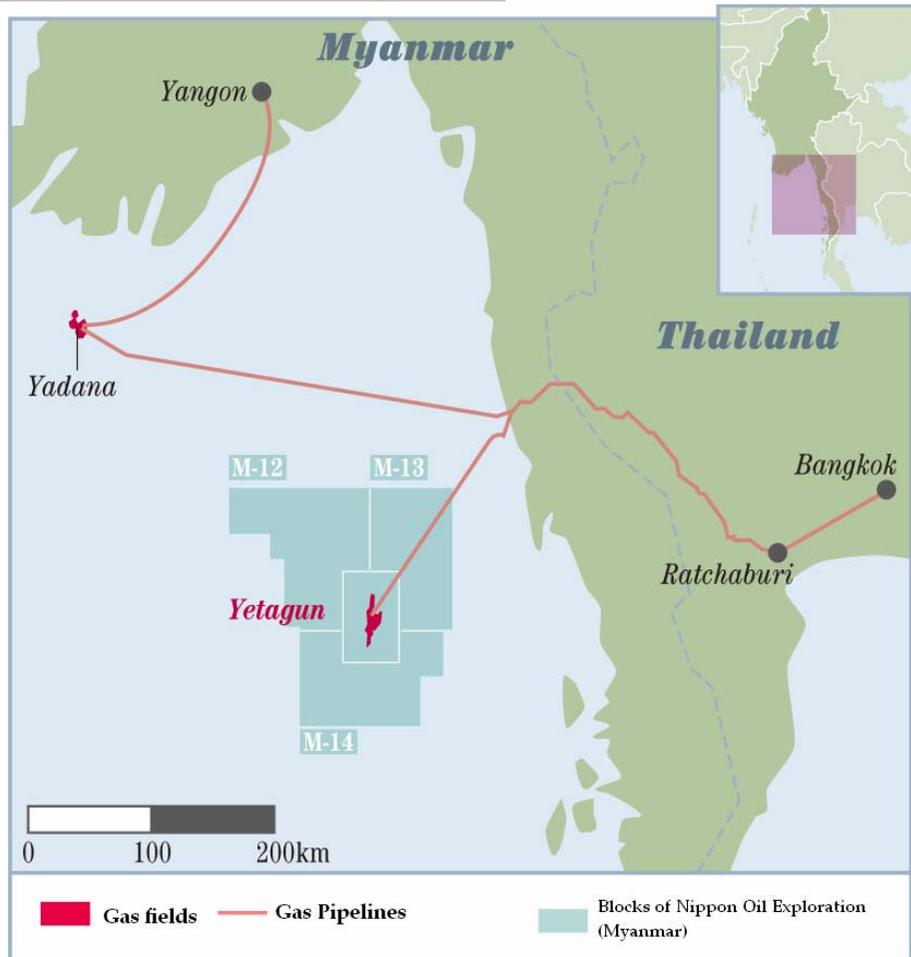
### Operator

Oil Search, Exxon Mobil, others

- In 1990, Japan Papua New Guinea Petroleum acquired exploration rights in Papua New Guinea from Merlin. And, acquired original exploration rights. Subsequently, exploration, development, and production activities have been undertaken in the Kutubu, Moran, Gobe, and SE Gobe oil fields.
- In December 2008, Merlin, Japan Papua New Guinea Petroleum's 100% subsidiary, acquired the PNG LNG Project equity and oil field equity that AGL Energy owned.
- In January 2009, Nippon Oil Exploration (Niugini) acquired the four exploration licenses (both onshore and offshore) from Oil Search Limited.
- In December 2009, PNG LNG Project was made a final decision to proceed with the development.

# Principal Individual E&P Project Overview ⑩

## Myanmar



### Project Company

Nippon Oil Exploration (Myanmar), Limited  
(NOEX Myanmar) (50%)  
(%) = JX Group Shareholding

### Interest in Individual Fields

19.3%

### Operator

PETRONAS Carigali

- In 1991, NOEX Myanmar acquired a working interest in blocks M-13/14 offshore Myanmar.
- The following year, it acquired a working interest in block M-12 and discovered the Yetagun Gas Field in that block.
- In 2000, production at the Yetagun Gas Field commenced, with the produced gas supplied to the Ratchaburi power plants in Thailand.

# Principal Individual E&P Project Overview ⑪

UAE, Qatar

## Project Company

United Petroleum Development Co., Ltd (45%)

(%) = JX Group Shareholding

## Interest in Individual Fields

97%

## Operator

Bunduq Co., Ltd

- In 1970, United petroleum Development acquired a working interest of El Bunduque Oil Field.
- In 1975, oil production commenced in El Bunduq oil field.
- In 1983, oil production was resumed by a secondary recovery scheme using water injection.
- In 2006, El Bunduque achieved a cumulative production volume of 200 million barrels.

## Project Company

Abu Dhabi Oil Co., Ltd (31.5%)

(%) = JX Group Shareholding

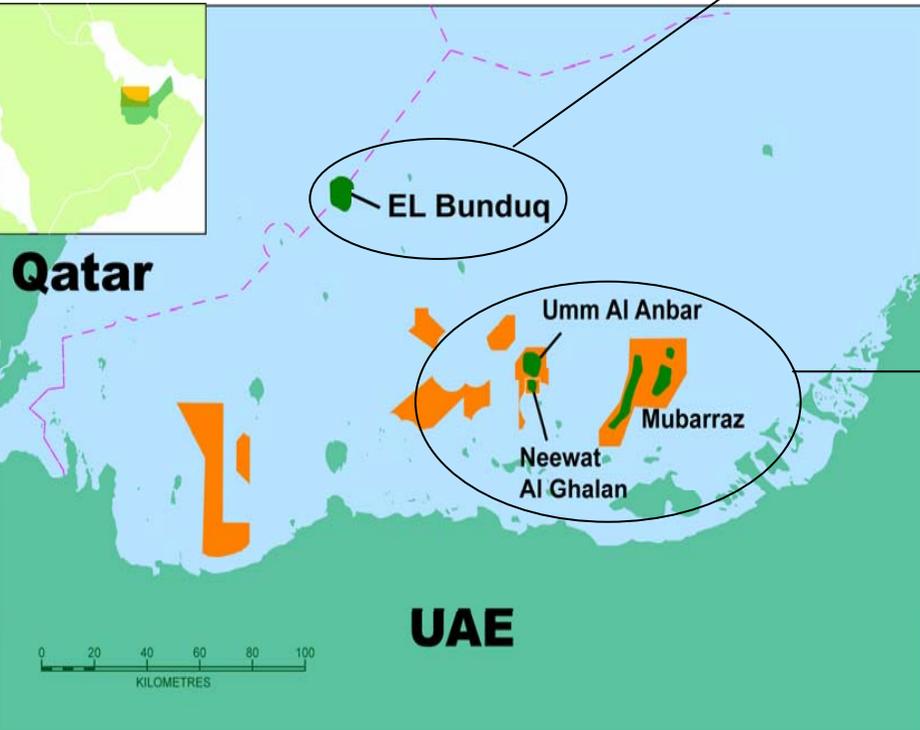
## Interest in Individual Fields

100%

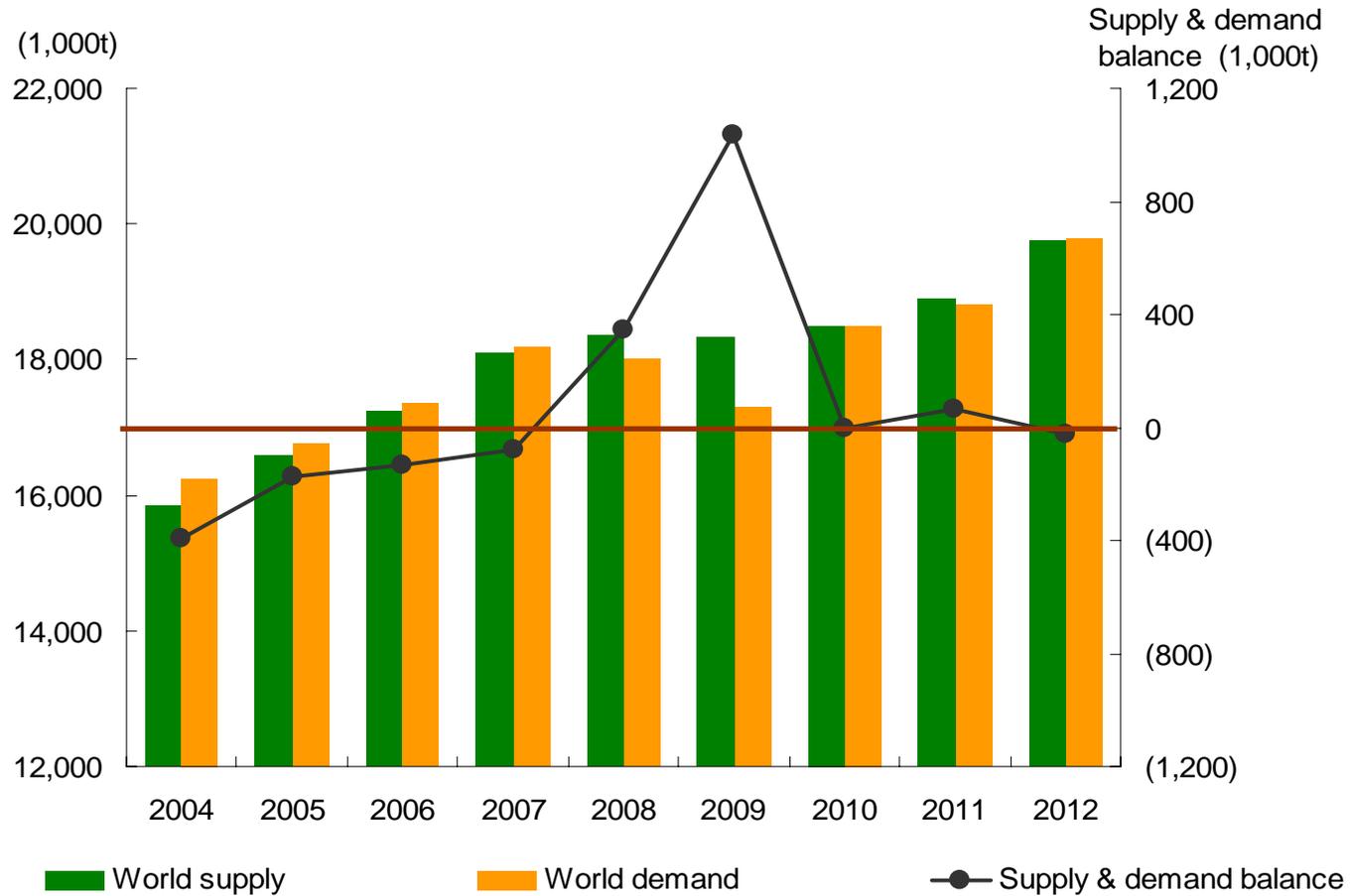
## Operator

Abu Dhabi Oil Co., Ltd

- In 1967, Nippon Mining (re-organized and renamed as Japan Energy), Maruzen Oil and Daikyo Oil (the latter two are merged and renamed Cosmo Oil) acquired working interest in block of Mubarraz.
- In 1973, oil production commenced in Mubarraz Oil Field.
- In 1989, oil production commenced in Umm Al Anbar Oil Field.
- In 1995, oil production commenced in Neewat Al Ghalan Oil Field.
- In 2009, 3 fields achieved cumulative production volume of 300 million barrels



# World Copper Cathodes Supply & Demand

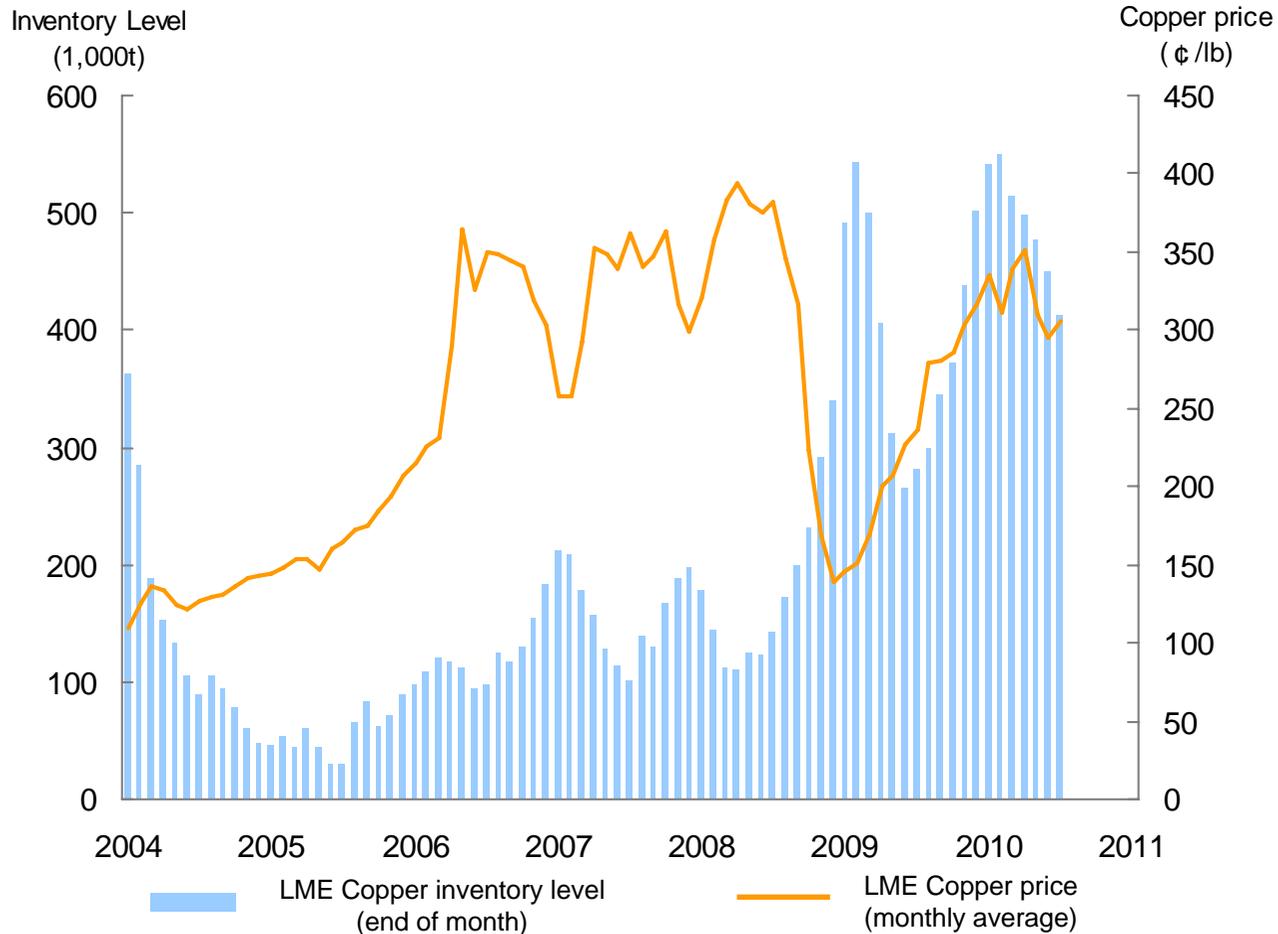


Source: Company Data

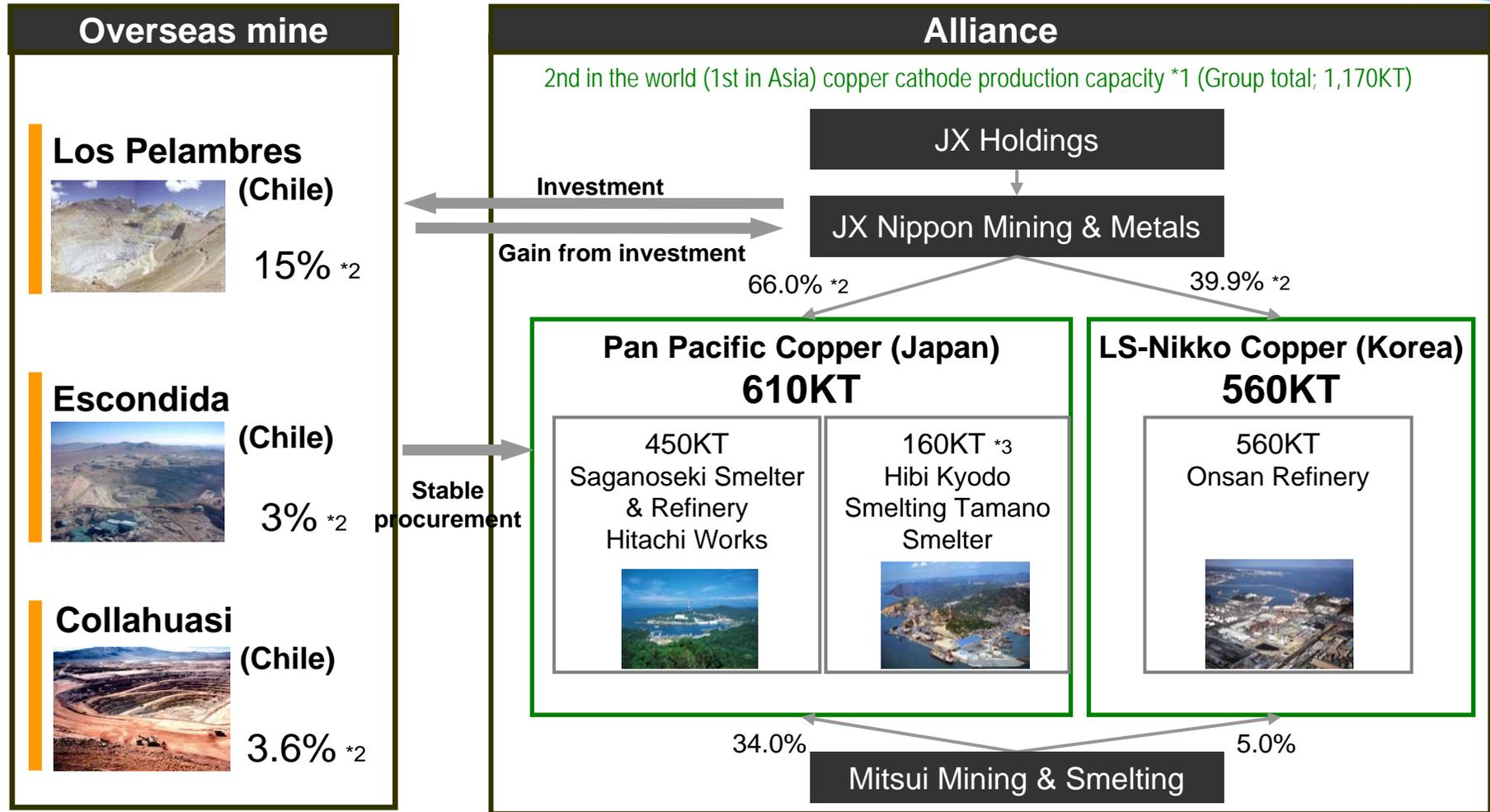


# Copper Price and Inventory Level

	( ¢ /lb)									
	FY04	FY05	FY06	FY07	FY08	FY09				FY10
						1 Q	2 Q	3 Q	4 Q	1 Q
Copper Price	136	186	316	344	266	212	266	302	328	319



# Copper Smelting & Refining



Notes: \*1 Source: Brook Hunt. \*2 Shares held by JX Nippon Mining & Metals  
\*3 Total Capacity is 260KT. PPC has 63.51% equity.

# Overseas Copper Mine Development

**Caserones Copper Mine (Chile)** Full-Fledged Development forward 2013



Acquisition date: May. 2006  
 Acquisition price: \$137 million  
 Mine life: From 2013 to 2040 (28 years)  
 SX-EW From Jan.2013  
 Copper Concentrate From Sep. 2013

**Production plan**

		Initial 5 years	28 years average	28 years total
Copper	Copper content in copper concentrate	150kt/y	110kt/y	3,140kt/y
	Refined copper produced thorough SXEW process	30kt/y	10kt/y	410kt/y
	Total	180kt/y	120kt/y	3,550kt/y
Molybdenum		3kt/y	3kt/y	87kt/y

Initial investment: \$ 2.00 billion (Estimated)  
 Ownership: Pan Pacific Copper (PPC)\*1 75%  
 Mitsui & Co., Ltd. 25%

**Quechua Copper Deposit (Peru)** Feasibility study stage Until Jan. 2011



Acquisition date: Mar. 2008  
 Acquisition price: \$40 million  
 Mine life: From 2014 to 2030 (17 years)

**Production plan**

Copper content in copper concentrate 76kt/y  
 Total production through mine life : 1.3 million tons

Initial investment: \$ 0.85 billion (Estimated)  
 Ownership: Pan Pacific Copper (PPC)\*1 100%

\*1 Jointly established by JX Nippon Mining & Metals (66%) and Mitsui Mining & Smelting (34%)

# Nikko-Chloride Process (N-Chlo Process)

## N-Chlo Process

The N-Chlo Process is a new hydro-metallurgical process that we have uniquely developed.

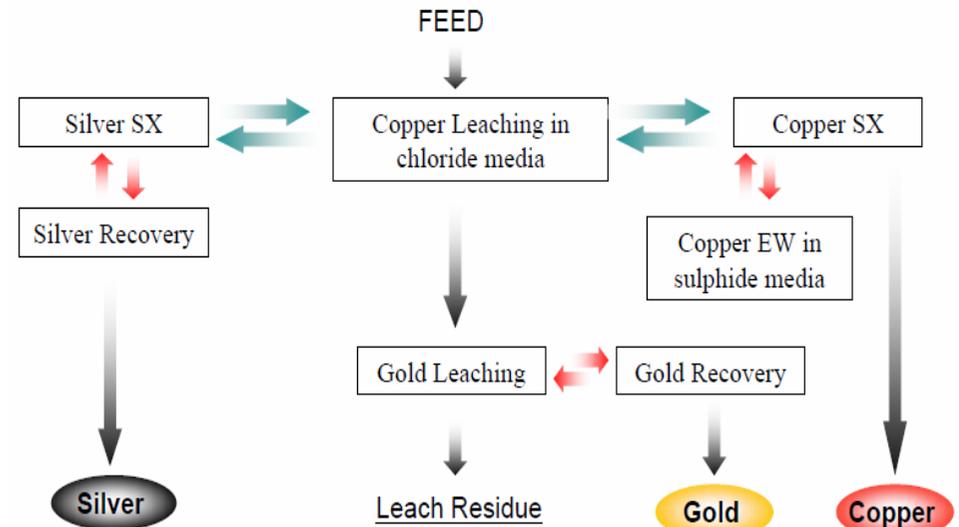
The process enables the effective recovery of not only copper from low-grade copper concentrate, but also such precious metals as gold and silver .

This process does not generate sulfur oxides (SOX), and it is possible to substantially reduce energy consumption and Co2 emissions, compared with pyro-metallurgical smelting which is the most commonly used method in the copper smelting industry .

We constructed a pilot plant in Australia and have been conducting demonstration test since latter half of 2009. (Copper Content : about 100 ton/year)

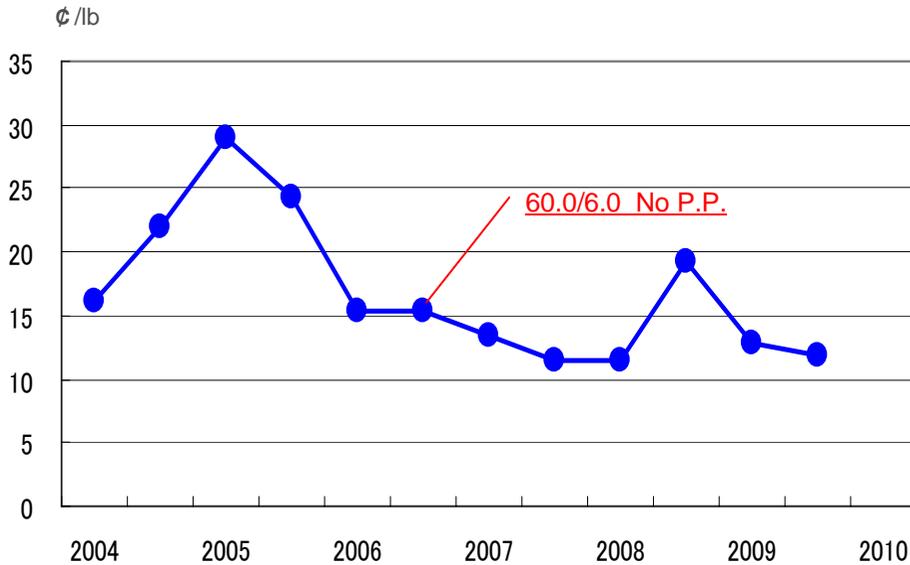


## Structure of N-Chlo Process

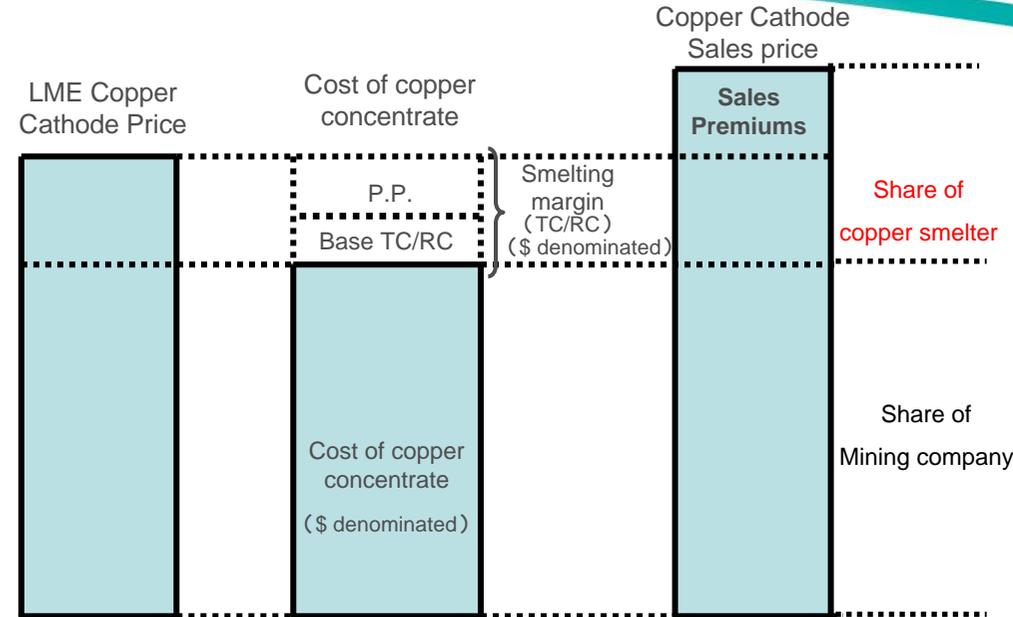




# Trends of TC/RC & Earnings Structure of Copper Smelter



\*Source : Company data



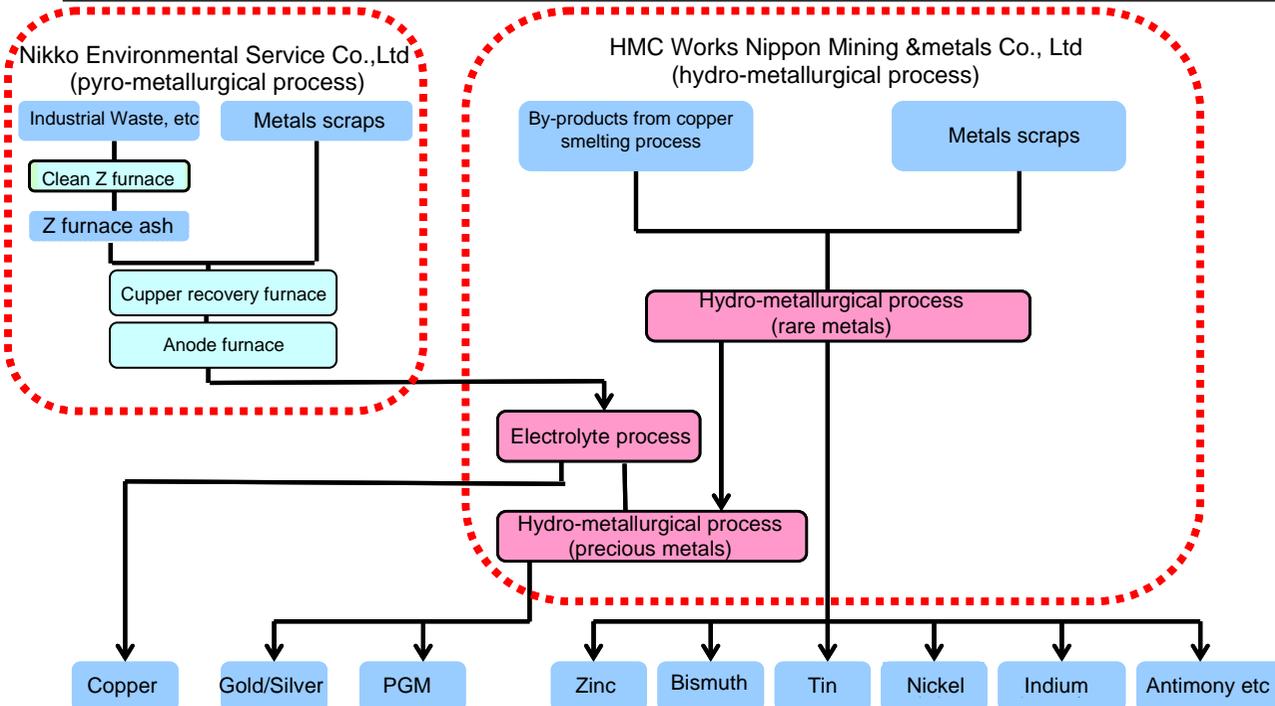
- Cost of copper concentrate :  
The price of copper concentrate, which custom smelters pay to mining companies, is LME copper cathode price less TC/RC, which is smelting margin.
- TC (Treatment charge) + RC (Refining charge) :  
Consisting of “Base TC/RC” and “P.P.”
- P.P. (Price participation) :  
The system under which mines and smelters share margins when LME copper price exceeds benchmark price
- Sales price :  
LME price plus sales premiums, which is established by reference to various factors including importation costs, import tariffs, and others

# Metal's Recycling



## Metal's Recycling Complex in Hitachi

- Recovering 16 kinds of metals efficiently by hydrometallurgical process
- An original zero emission process that combines with pyrometallurgical process of Nikko Environmental Services Co., Ltd at adjacent site.
- Favorable location adjacent to the metropolitan area – the biggest urban mine in Japan
- The role as a raw material (indium, nickel, etc) supplier to Electronic material business

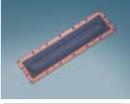
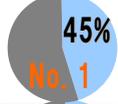
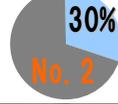


### Recovering Ability

Copper 6,000 t/y	Bismuth 500 t/y
Gold 500 kg/y	Tin 500 t/y
Silver 50 t/y	Nickel 500 t/y
Platinum 200 kg/y	Indium 12 t/y
Zinc 700 t/y	Antimony 150 t/y

## Electronic Materials



Main IT-related products	Global market share	Primary applications	End-use applications					
			PCs	Mobile phones	FPDs *1	Digital AVs	Telecom infra.	Auto mobiles
 Treated rolled copper foil	 75% No. 1	Flexible printed circuit boards	○	◎ <sup>*3</sup>	◎			
 Electro-deposited copper foil	 12% No. 3	Rigid printed circuit boards	◎	○		◎		○
 Semiconductor targets	 60% No. 1	CPUs, memory chips, etc.	◎	○	○	◎	○	○
 ITO targets for FPDs *1	 45% No. 1	Transparent electrodes	◎	○	◎	○		
 HD media targets	 30% No. 2	HDD (Hard disk drives), etc.	◎	○				
 Phosphor bronze	 19% <sup>*2</sup> No. 1	Connectors	◎	○		○		○
 Corson alloy (C7025)	 40% No. 1	Lead frames, Connectors	◎	○		○		○
 Titanium copper alloy	 60% No. 1	High-class connectors, etc.	○	◎	○	○		

Notes: \*1 Flat panel displays \*2 Share in Asia market \*3 ◎ means main end-use applications

# Polysilicon for Photovoltaic Power Generation

Supply high-quality, low-cost polysilicon for photovoltaic power generation

## Overview of the joint venture

**Company name:**

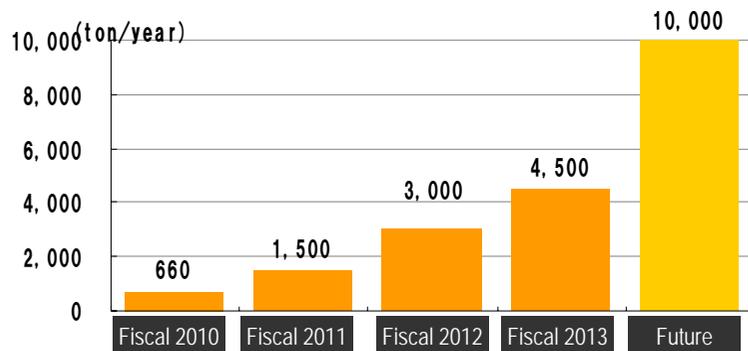
Japan Solar Silicon Co.,Ltd. (JSS)

**Ownership:**

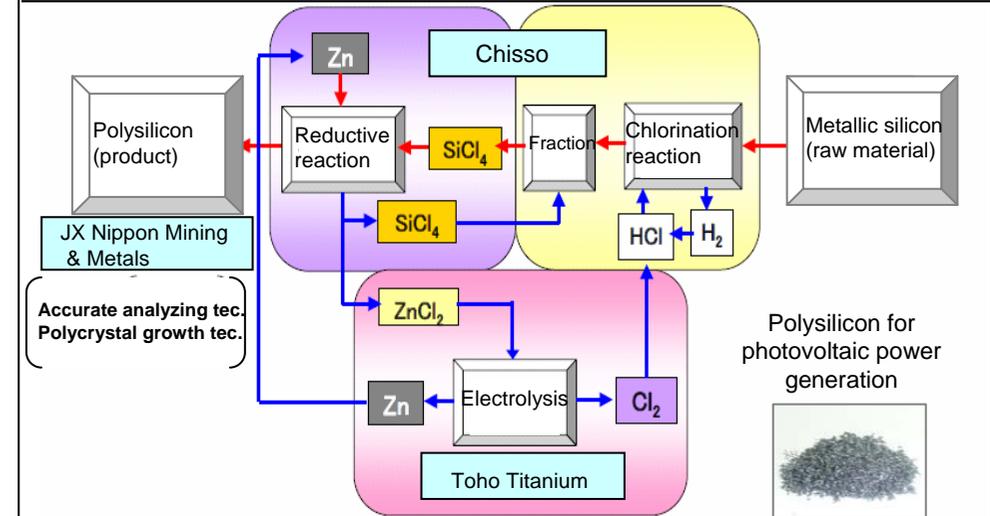
Chisso Corp.	50%
JX Group	50%
-JX Nippon Mining & Metals Co.	30%
-Toho Titanium Co., Ltd.	20%

**Investments:** ¥30 bn (4,500 ton/year basis)

**Capacity expansion schedule :**



## Characteristics of the zinc-reduction process (JSS method)



- Concentration of technology that Nikko Mining Co, Toho Titanium Co and Chisso Co.
- High response efficiency and low cost

	JSS Method	Siemens Method
Purity	8-9N	11N
Capex (1,000t-Si/y)	¥ 7-10 bn/	¥ 13-16 bn/
Electric power consumption for unit production	40KWh/kg-Si	110KWh/kg-Si

Source: Company data

# Cautionary Statement Regarding Forward-Looking Statements



This notice contains certain forward-looking statements. These forward-looking statements may be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Actual results may differ materially in the future from those reflected in forward-looking statements contained in this notice, due to various factors including but not limited to:

- (1) macroeconomic condition and general industry conditions such as the competitive environment for companies in energy, resources and materials industries;
- (2) regulatory and litigation matters and risks; (3) legislative developments; and
- (4) changes in tax and other laws and the effect of changes in general economic conditions.