

TRANSLATION OF JAPANESE LANGUAGE PRESS RELEASE

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Change to the amount of Directors' compensation and determination of Directors' compensation in the form of stock acquisition rights as stock options

Directors Board Meeting of Nippon Mining Holdings decided today to make the following proposal at the 4th annual shareholders meeting to be held on June 27, 2006.

(Reasons for the Proposal)

- 1 As a result of the implementation of the Corporate Law, the Company is no longer able to determine Directors' bonuses by way of the statement of appropriation of retained earnings. Accordingly the Company proposes that directors' bonuses be made payable within the limits of the total amount of Directors' compensation approved by the General Meeting of Shareholders, and therefore proposes the following changes for approval.
- 2 With regard to the compensation program for Directors and officers of the Company and core subsidiaries of the Nippon Mining Group, the Company has made revisions to its compensation program in 2005 including the abolishment of the retirement benefits scheme that offers fixed compensations, and adopted a new system whereby part of the amount equivalent to the retirement benefits has been replaced by the granting at no cost of stock acquisition rights as stock options linked to the Company's stock prices.

Under the newly implemented Corporate Law, stock acquisition rights as stock options issued to the Company's Directors are deemed to be part of directors' compensations. In addition, "Accounting Standard No.8, Accounting Standard for Stock Options" published on December 27, 2005 by the Accounting Standards Board of Japan established that the cost of stock options be recognized as an expense. In light of these, the Company also asks for an approval of a separate form of compensation not covered by the total amount of directors' compensations in the aforementioned paragraph 1, for the purpose of issuing stock acquisition rights as stock options to the Company's Directors.

Pursuant to the provisions set forth in the Corporate Law, issuance of stock

acquisition rights as stock options to persons other than the Company's Directors shall be resolved by the Company's Board of Directors.

(Particulars of the Proposed Amendments)

1 Currently, the maximum amount of total compensation payable to the Company's Directors is limited to ¥30 million per month, as approved at the time of the founding of the Company. The Company proposes to restate the maximum amount on annual basis and to set ¥600 million as the maximum amount of compensation payable to Directors annually so that Directors' bonuses can be paid within such limit approved by the General Meeting of Shareholders.

An aggregate annual amount of maximum ¥240 million, out of the aforementioned ¥600 million, may be payable as bonuses to the Directors who served during the relevant business year, where actual amount of payment will be determined based on the consolidated business results of the Group, and determinations as to payment/non-payment of bonuses, amount of bonuses to be paid to each Director and timing of payment will be made by the resolution of the Board of Directors.

2 Separate from the revised aggregated amount of directors' compensation in the preceding Paragraph, the Company recommends an approval of the issuance of the following stock acquisition rights as stock options to the Company's Directors in an aggregate annual amount of maximum ¥80 million:

(1) Number of units of stock acquisition rights

Maximum 300 units of stock acquisition rights may be issued each business year.

(2) Number of underlying shares

The maximum number of ordinary shares of the Company that the holders of stock acquisition rights can receive upon the exercise of the rights issued each business year shall be 150,000 shares of common stock.. The number of underlying shares available for a unit of stock acquisition right shall be 500.

In case it is deemed appropriate to change the number of shares by way of stock split (including allotment of shares at no cost), reverse stock split, and other means, the Company shall make necessary adjustments.

(3) Amount payable upon exercise of stock acquisition rights

The purchase price of shares of common stock acquired pursuant to the exercise of stock acquisition rights shall be paid in cash, and the amount of such payment shall be computed by taking the number of underlying shares and multiplying it by the exercise price of one yen (¥1.00) per share.

(4) Exercise period

Stock acquisition rights shall be exercisable within 20 years starting from

the day immediately following the day on which the stock acquisition rights are granted.

(5) **Restriction on transfer of stock acquisition rights**

Transfer of stock acquisition rights shall require an approval of the Board of Directors.

(6) **Terms and conditions for the exercise of stock acquisition rights**

Notwithstanding the provisions of item (4) above, a holder of stock acquisition right is entitled to exercise such right within three years starting from the day immediately following the date of termination of his/her service as either Director, Senior Officer or Statutory Auditor of the Company, or Director, Executive Officer, Associate Director or Statutory Auditor of Japan Energy Corporation, and Nippon Mining & Metals Co. Ltd., which are the Company's core subsidiaries, or of other subsidiaries designated by the Company's Board of Directors. Other terms and conditions for the exercise of stock acquisition right shall be determined at the Board of Directors which is convened to determine terms and conditions of the offering of the stock acquisition rights proposed herein.

(7) **Other matters**

Specifics of the aforementioned paragraphs (1) - (6) and matters not covered in paragraphs (1) - (6) shall be determined at the Board of Directors which is convened to determine terms and conditions of the offering of the stock acquisition rights proposed herein.

3 The Company shall have ten (10) Directors if Item 3 of the Agenda herein is duly approved.