

September 11, 2006

Nippon Mining Holdings, Inc.
Nippon Mining Procurement, Inc.

Start of Operation of the Nippon Mining Holdings Group's New Procurement System

1. Nippon Mining Procurement, Inc. (Head Office: 2, Toranomom, Minato-ku, Tokyo; President: Takeshi Inoue; hereafter the "Company"), a specialized procurement company in the Nippon Mining Holdings Group, today started operation of a new procurement system to further strengthen the Group's procurement function and raise efficiency. The system was jointly developed with Central Computer Services Co., Ltd. (Head Office: 6, Kameido, Koto-ku, Tokyo; President: Nobuo Abe; hereafter "CCS"), the Group's information systems company, and NEC Corporation (Head Office: 5, Shiba, Minato-ku, Tokyo; President: Kaoru Yano; hereafter "NEC").
2. Previously, the Group's procurement system was divided into approximately four parts operated by Japan Energy Corporation (hereafter "Japan Energy"), Nippon Mining & Metals Co., Ltd. (hereafter "Nippon Mining & Metals") and other group companies. Following the start of operation of the new system, they are now integrated into one system. The Company formed a project team consisting of members from system planning departments at Japan Energy and Nippon Mining & Metals, plus CCS and NEC to develop the new system. The members shared operational and system-related issues, and utilized NEC's resources in the system development process, such as an integrated development environment for system construction and a template for procurement operation. Through these measures, the team successfully completed development of an integrated system in just 15 months, which would otherwise take longer due to the relatively complex structure of the system.

3. The new procurement system has following characteristics:

(1) A centralized procurement system widely usable across the Group

The system establishes a network linking 11 plants and offices of the Group, including those in the Japan Energy Group (Mizushima Oil Refinery, Chita Oil Refinery, Toda Area, and Kashima Oil Refinery of Kashima Oil Co., Ltd.), the Nippon Mining & Metals Group (Hitachi Works, Kurami Works, Isohara Plant, Shirogane Plant, and Saganoseki Smelter and Refinery of Nikko Smelting & Refining Co., Ltd), Tatsuta Electric Wire and Cable Co., Ltd. and Toho Titanium Co., Ltd. Employees of these plants and offices can browse data on the system and make data entries using web browser.

(2) Use of cutting-edge technology to achieve efficient and speedy procurement

The system covers the entire procurement process, from data entry at the source of purchase to

completion of purchasing contracts, receipt and checking of incoming goods and inventory control. In addition, it facilitates standardization and greater efficiency in procurement activity by using cutting-edge WEB-EDI (electronic data interchange using the Internet) technology for transaction with suppliers.

(3) A system meeting the CSR requirements in procurement

The system supports the Company in ensuring compliance with the Subcontract Act and the Company's code of conduct for procurement, which is represented by the motto, "Transparency, Fairness, Compliance, Environmental protection, Mutual trust and Ethical behavior."

4. Currently, the Group makes over 180,000 purchases in the aggregate amount in excess of ¥100 billion annually. By making maximum use of the new system, the Company is aiming to achieve greater stability in the Group's procurement activity and efficiency in purchasing of materials (cost reduction target: at least ¥2 billion/year) and to further strengthen the Group's competitiveness.

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[Reference]

Corporate Data:

1. Nippon Mining Procurement, Inc.

- (1) Head office: 10-1, Toranomom 2-chome, Minato-ku, Tokyo
- (2) President: Takeshi Inoue
- (3) Capital: ¥100 million (A wholly-owned subsidiary of Nippon Mining Holdings, Inc.)
- (4) Number of employees: approximately 60
- (5) Established: May 27, 2005 (Operation started on July 1, 2005)

2. Central Computer Services Co., Ltd.

- (1) Head office: 41-10, Kameido 6-chome, Koto-ku, Tokyo
- (2) President: Nobuo Abe
- (3) Capital: ¥270 million (A wholly-owned subsidiary of Nippon Mining Holdings, Inc.)
- (4) Number of employee: approximately 660
- (5) Established: April 14, 1970