

TRANSLATION OF JAPANESE LANGUAGE PRESS RELEASE

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Nippon Mining Holdings Group
Nippon Mining & Metals Co., Ltd.

Expansion of Thin Film Materials Production Capacity at the Isohara Works

1. Nippon Mining & Metals Co., Ltd. (Head Office: Toranomon 2-Chome, Minato-ku, Tokyo; President: Masanori Okada; hereafter the “Company”) has decided to invest approximately ¥10.0 billion mainly in the Company’s Isohara Works (located in Kitaibaraki City, Ibaraki Prefecture) to expand production capacity for thin film materials (“target materials”) used in semiconductors, hard disk drives and flat panel displays (“FPDs”).
2. Presently, semiconductor applications are expanding for digital home electrical appliances and automobiles, in addition to personal computers and mobile phones, while hard disk applications are expanding for hard disk recorders and other non-PC applications in addition to personal computers. Also, FPD demand is sharply rising with the full-fledged diffusion of TVs with large-screen LCD and plasma flat panel displays.
3. The Company, through this production capacity expansion, aims to further increase its market share in the respective target markets that are in an expansionary phase, while at the same time fulfilling its responsibilities as the first vendor in maintaining a stable supply base.
4. The details of the planned production capacity expansion are as follows.
 - (1) Target Materials for Semiconductors

Investment	Capacity expansion to increase production of materials mainly for
Details	300mm-wafers, and Cu, Co, W and other target materials
	Construction of a new building
Transition	Gradual built-up from April 2007 onward (completion by March 2009)
Period	
Investment	Approximately ¥6.0 billion
Amount	
Investment	Expansion of 1.5x current production capacity, mainly for 300mm wafers
Impact	
Others	Investment of ¥300 million in U.S. Chandler Plant (Arizona State) to expand machine processing and inspection capacity by approximately 30%

(2) Target Materials for Magnetic Recording Media for Hard Disks

Investment	Expansion of production capacity for platinum magnetic targets
Details	Establishment of mass production capacity for advanced platinum magnetic targets for perpendicular recording media Construction of a new building
Transition Period	October 2007
Investment Amount	Approximately ¥1.7 billion
Investment Impact	Approximate 50% increase in production capacity for platinum magnetic targets Establishment of mass production capacity for advanced platinum magnetic targets for perpendicular recording media
Others	Construction of a new building in preparation for the next stage of capacity expansion

(3) Target Materials for FPDs

Investment	Production capacity increase for ITO targets for FPDs
Details	
Transition Period	Gradual built-up from November 2006 (completion by May 2007)
Investment Amount	Approximately ¥1.2 billion
Investment Impact	Approximate 25% increase in production capacity for all the way through the sintering process for ITO targets
Others	Investment of approximately ¥300 million in the Tao-Yuan Plant (Taiwan) and Pyeongtaek Plant (South Korea) to expand production capacity of the same target materials

【Inquiries】

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