



Mitsui's Participation in Coal, Railway & Port Business in Mozambique

September 30, 2016
Mitsui & Co., Ltd.

Core Highlights of the Project

- 1. Project Outline**
- 2. Moatize Mine: Participation in one of the most competitive operating coal mine in the world**
- 3. Nacala Infrastructure: Participation in railway and port with stable revenue**
- 4. Mitsui's contribution to maximize the project value**
- 5. Mitsui and Vale: Multi-tiered business development with Vale, Mitsui's strategic partner**



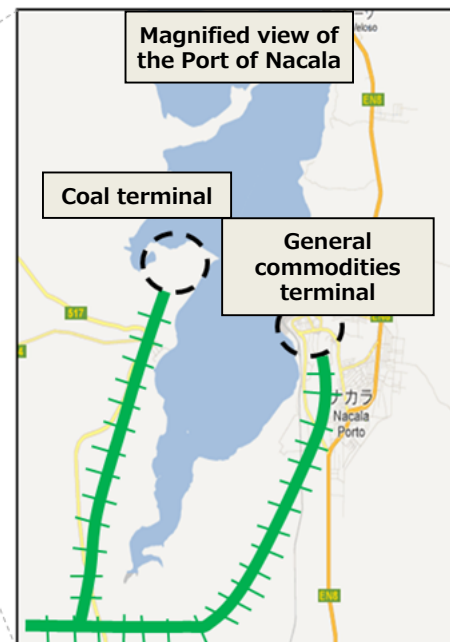
1. Project Outline

- Engagement in integrated project of coal mine and infrastructure operations
- Mitsui's participation is anticipated within the financial year ending in March 2017

	Mitsui Participation	Initial Investment and Loans	Others	Remarks
Moatize Coal Mine	approx. 15%	US\$255million	-	With price adjustment clause*1
Nacala Infrastructure	approx. 35%	US\$348million	US\$165million (Additional loan)	Project finance to be arranged*2

(*1) Additional price adjustment of up to US\$195million which takes into account the fulfillment of conditions such as future operation performance meeting certain standard

(*2) Anticipating arrangement of project finance (maximum US\$2.7billion)



2. Participation in one of the most competitive operating coal mines in the world ⁴

<Advantage of Moatize Mine and objective>

● Production and Operations (Brownfield Project)

- The Coal mine commenced production in 2011. Annual production in 2015 reached 5.0 million tons.
- Progress of expansion project is at 99% at the end of June 2016.

● Huge Coal Reserves

- Over 500 millions tons of metallurgical and thermal coal reserves, with a mine life of over 30 years (possibility of a greater reserves).

● Highly Competitive

- The mine's coal seams are located relatively near the surface, enabling a large-scale open-cut operation (cost-competitiveness).
- Metallurgical coal from this project is premium hard coking coal. Thermal coal possesses high calorific value classified as premium grade coal (price-competitiveness).

● Diversification of Supply Source

- As the market of premium hard coking coal is mostly dominated by Australian origin, Mozambican metallurgical coal will contribute to the diversification of supply source within the market.



3. Railway and port with stable revenue

<Advantage of Nacala Railway and Port and objective>

● Construction and Operations

- As of June 2016, construction is 99% complete. Shipment of Moatize Coal from Nacala commenced in December 2015. Currently ramping up to achieve full capacity.

● Stable Revenue

- Stable revenue is expected as the infrastructure project will handle Moatize coal based on a long-term “take or pay” contract.
- Other than coal, the railway is planned for transportation of general cargo and passengers. The operation of the Nacala general cargo port is also included in the scope of the project.
- Branch lines of Nacala Railway run across the granary area, which extend to Zambia and meet demand for transportation of crops, wood, fertilizers, fuel, etc. By 2030, the transport volume of the railway is expected to be more than 10 folds the current volume.

● Future expansion of transportation capacity of the railway and port

- Possible to expand the railway and port shipping capacities with flexibility to meet the future demand from the growth of the regional economies.
- Expected to contribute to the economic growth of Nacala Corridor area where high economic growth is anticipated, by solving the bottlenecks of railway and port transportation capacity in Sub-Saharan Africa.



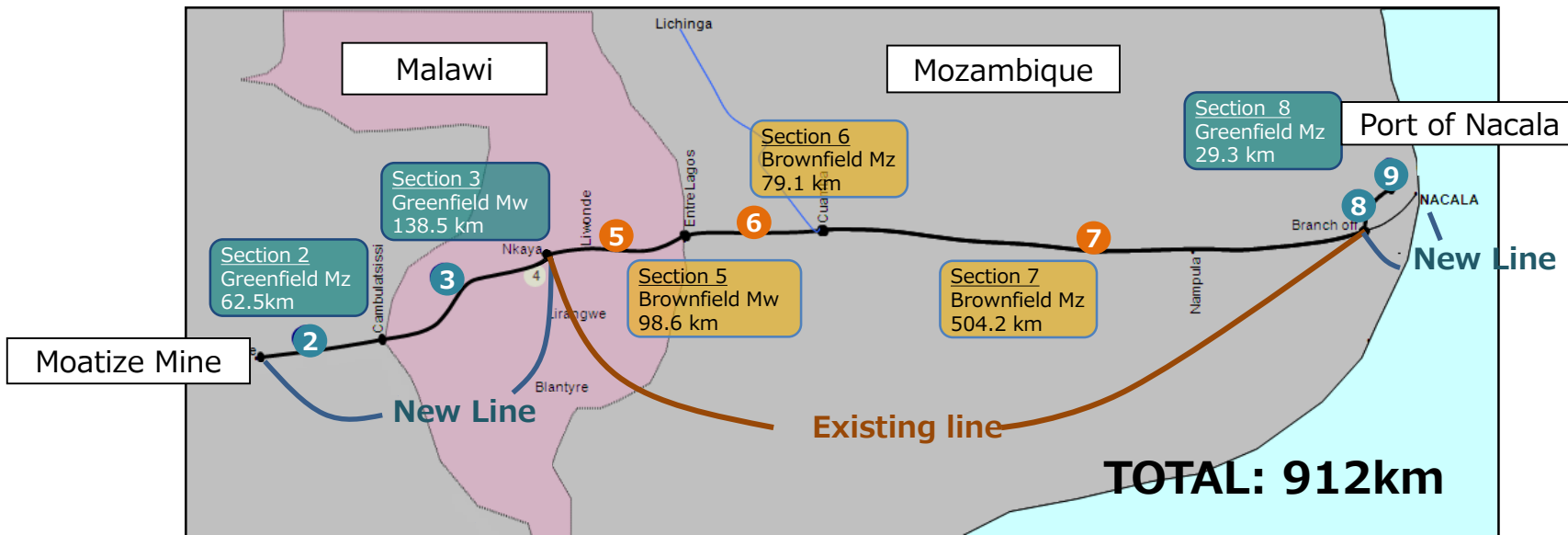
(Supplemental Information) Infrastructure and Map



【Nacala Railway】



【Port of Nacala】



【Nacala Corridor】



4. Mitsui's contribution to maximize the project value

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<Mitsui's integrated strength and other initiatives related to the project>

● Contribution to mine operation/Coal marketing

- Utilization of Mitsui's knowledge based on experience involved in coal industry over 50 years
- Cooperation with Vale's marketing team to sell Moatize hard coking coal and thermal coal in a global context (Mitsui's employee will be seconded)

● Concluding of project finance together with Vale

- Realization of a large-scale project in Africa through utilizing first-ever project finance in Mozambique and Malawi
- Contribution to establishing a project structure tying collaboration from the support of international institutions, export credit agencies and international banks from both public and private sectors

● Providing Mitsui's knowledge to Railway and Port business and other business development

- Providing Mitsui's knowledge and accumulated experience gained from other railway and port business (including secondment of Mitsui's employees)
- Other business development related to the project (cultivation of cargo owners of crops/mineral resources, development of power generation/water infrastructure, leasing business, etc.)



5. Multi-tiered business development with Vale, Mitsui's strategic partner

<Collaboration with Vale>

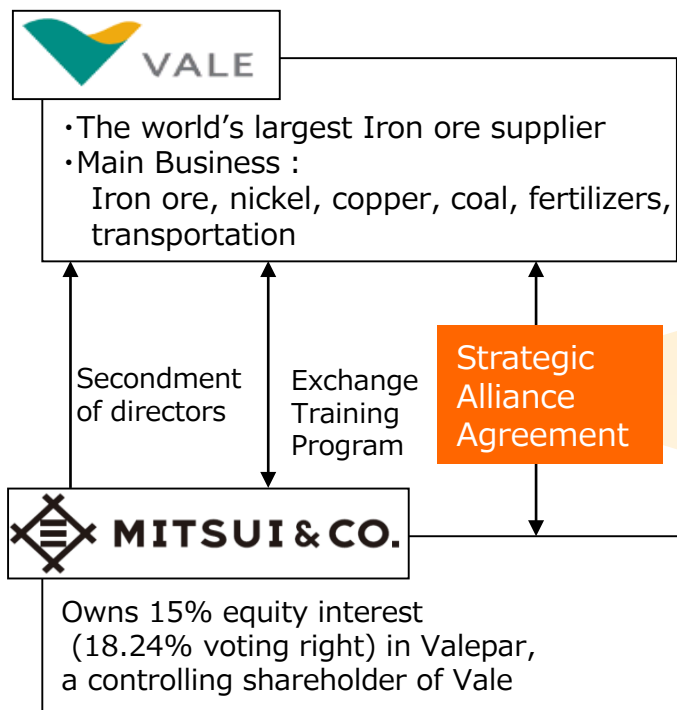
● Excellent Partner:

- The world's largest iron ore supplier and leading railway operator

● Conclusion of a strategic alliance agreement:

- Cooperating with Vale in various business areas, including iron ore, phosphate rock, general cargo transportation

- 11 of the 15 business units have business relationships with Vale (as of Sep, 2016)



Main Collaborative Businesses

Integrated Transportation System



General Cargo Transportation

Nutrition & Agriculture



Phosphate Rock Business

Integrated Transportation System



Bulk Carrier

Consumer Business



Off road tires for mining

360° business innovation.



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