



Mineral &  
Metal Resources

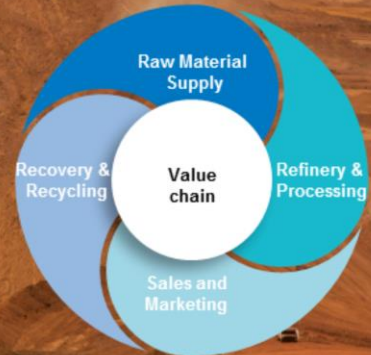
# Shinichiro Omachi

Mineral & Metal Resources Business Unit

Copyright © MITSUI & CO., LTD. ALL RIGHTS RESERVED.

## Basic Strategies

- 01** Secure competitive resources and contribute to stable supply
- 02** Establish trading and investment businesses to fulfill customer & partner needs
- 03** Pursue balanced business which contributes to sustainable economic growth, while preserving the environment



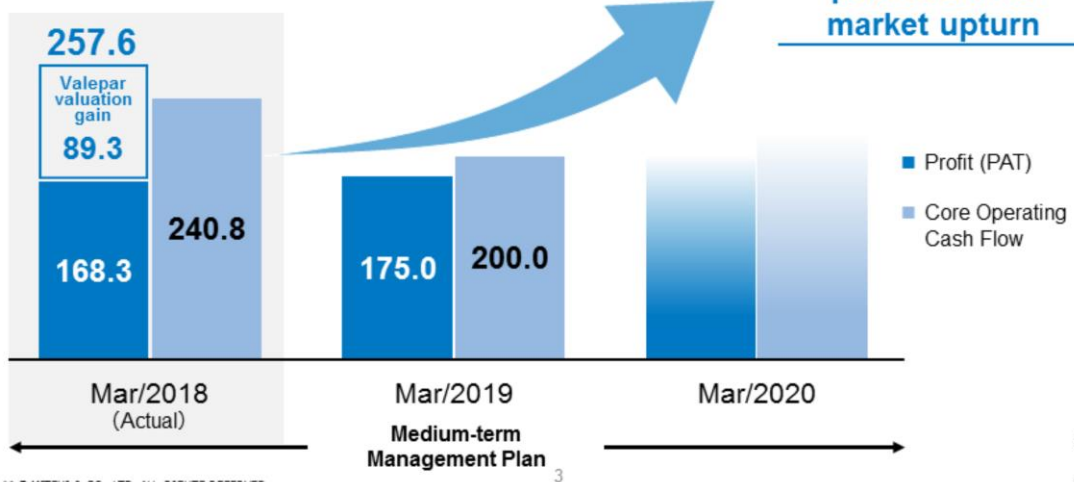
We aim to secure competitive resources and contribute to stable supply. As a result, even if growth in demand slackens, we aim to maintain a certain profit base while also seizing the upside potential on a market upturn.

We will also generate business to meet the needs of our customers and partners. Within the value chain Mitsui is involved in a broad range of businesses including raw material development and supply, processing, sales, and recovery and recycling, and while expanding our business we aim to contribute to the development of society.

At the same time, through pursuing efficient operations and recycling we aim to reduce the burden on the environment.

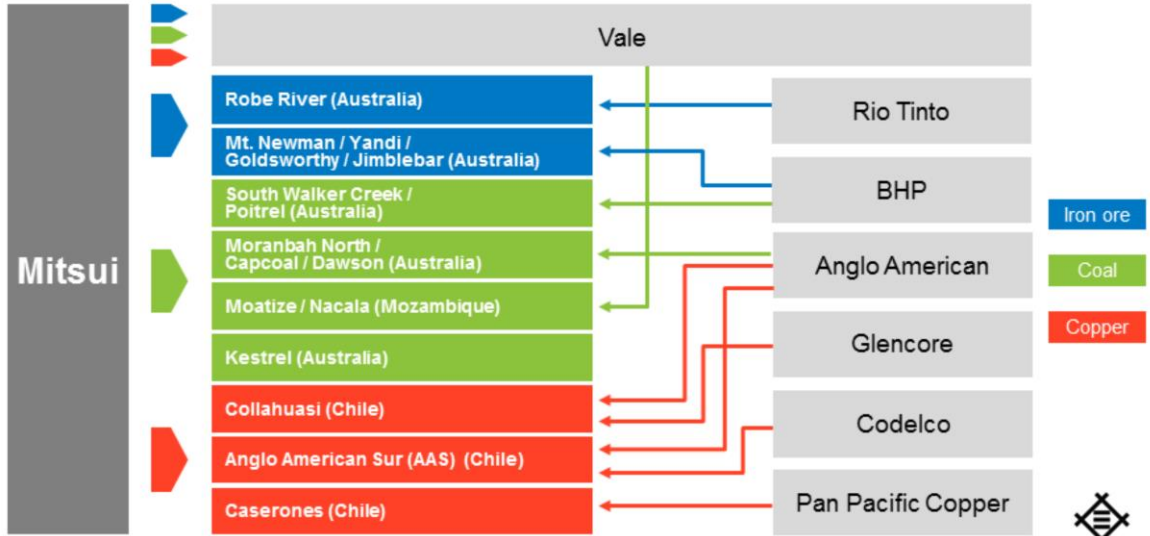
## Quantitative Targets Profit(PAT)/Core Operating Cash Flow

Unit : ¥bn



In the year to March 2018 there was a valuation gain due to reorganization at Valepar, and a write-down at Caserones, but even excluding these one-off factors we clearly exceeded our initial forecast of profits of 150 billion yen and core operating cash flow of 210 billion.

**Major Projects**



Copyright © MITSUI & CO., LTD. ALL RIGHTS RESERVED.



The slide shows the major projects in our three core minerals: iron ore, coal and copper. As you can see, we are developing our business with a range of partners, mainly in Australia, Brazil, Chile and Mozambique.

## Progress on Key Initiatives



### Further enhance competitiveness

- ◆ Increased equity share of production
- ◆ Increased quality assets through Valepar reorganization
- ◆ Automating Western Australian iron ore operations



### Extract returns from new projects, enhance portfolio

- ◆ Ramping-up Moatize coal mine / Nacala infrastructure operation
- ◆ Considering optimization of Australian asset portfolio



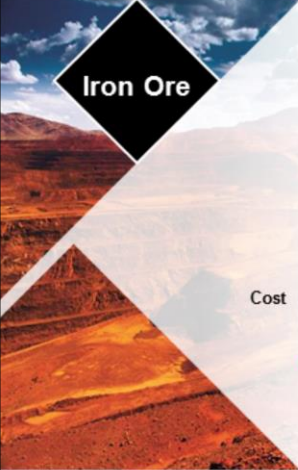
### Strengthen existing operations and quality assets

- ◆ Increased stake in Collahuasi
- ◆ Making operational improvements at AAS and Caserones

We have made steady progress on the action plan we presented last year in respect of iron ore, coal and copper.



**Competitive Advantages - 1** Three pillars of profit base: iron ore, coal, and copper

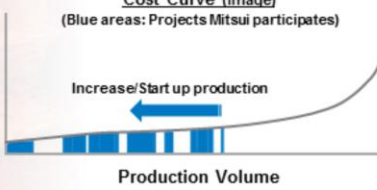


**Iron Ore**

**Cost Competitiveness**

- ◆ World-class cost competitiveness
- ◆ Further enhancing cost competitiveness
  - BHP Jimblebar production increase
  - Vale Carajas S11D ramp-up


Cost Curve (image)  
(Blue areas: Projects Mitsui participates)



**Equity Share of Production\***

- ◆ Robust production base
  - Vale Carajas S11D production increase
  - BHP South Flank development (Post-Yandi deposit; FID scheduled in mid-2018)

(Mt/year) **Equity Share of Production**




Period	Equity Share (%)
Mar/2016 Actual	56.8
Mar/2017 Actual	57.4
Mar/2018 Actual	60.9
Mar/2019 Plan	63
Mar/2020 Plan	64

**Long-term production backed by abundant reserves**

Copyright © MITSUI & CO., LTD. ALL RIGHTS RESERVED.

6 \*Includes Vale production share (5.0% for FY Mar/2016 Q1 and earlier, 5.5% for Q2 and after), others



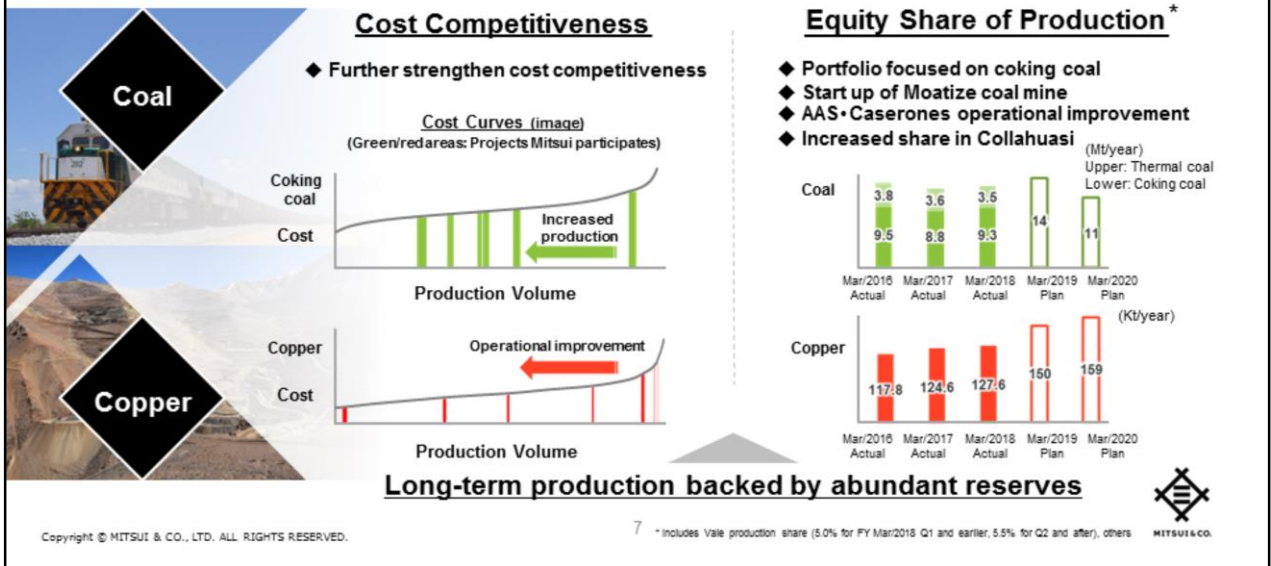
Mitsui’s iron ore business is already world class in cost competitiveness. Increased production at Jimblebar and Carajas S11D will further strengthen our competitiveness.

In terms of our equity share of production, in addition to Carajas S11D, we also expect to add production through the South Flank development in Australia (investment decision not yet made)\*.

Also, in terms of reserves, we have secured reserves that will allow production over the long term.

\*On 15<sup>th</sup> June, 2018, we announced that the investment decision has been made.

**Competitive Advantages - 1** Three pillars of profit base: iron ore, coal, and copper

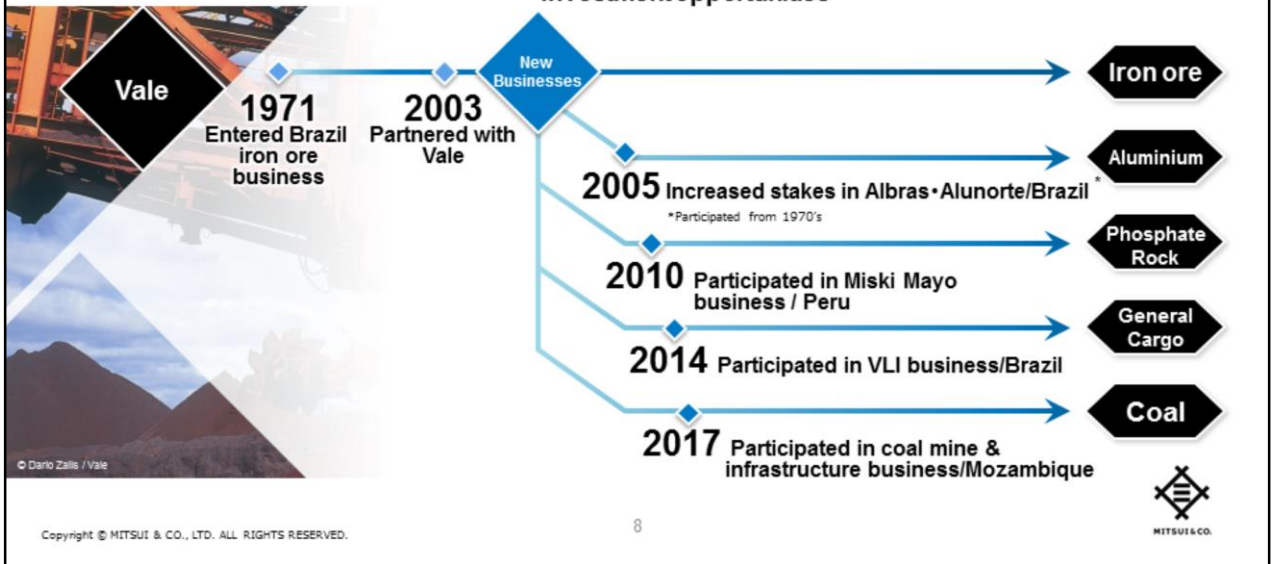


Regarding coal, we aim to strengthen cost competitiveness by optimizing our mining plans in Australia and by ramping up production at the Moatize mine.

For copper, a tightening of the supply demand balance is expected. By increasing our equity share of production, we will be able to meet the needs of society.

**Competitive Advantages - 2**

Using Mitsui's long experience and capabilities in mineral and metal resources—trust, network, distribution—to originate investment opportunities



Copyright © MITSUI & CO., LTD. ALL RIGHTS RESERVED.

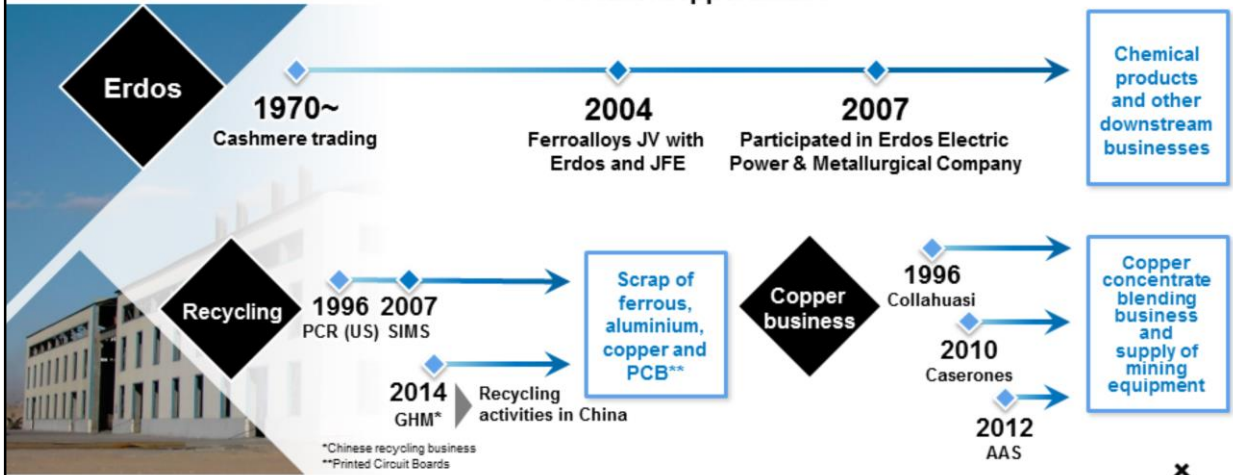
Since 1970, when Mitsui first participated in the iron ore business in Brazil, we have built deep relationships of trust over many years with a range of stakeholders. As a result, in 2003 we were able to partner with Vale.

Within that relationship with Vale, we have since then been able to collaborate with Vale in a wide range of areas in addition to iron ore, such as aluminium and coal, as well as phosphate rock and general cargo transportation. Our partnership has also grown to encompass business outside Brazil.



**Competitive Advantages - 2**

Using Mitsui's long experience and capabilities in mineral and metal resources—trust, network, distribution—to originate investment opportunities

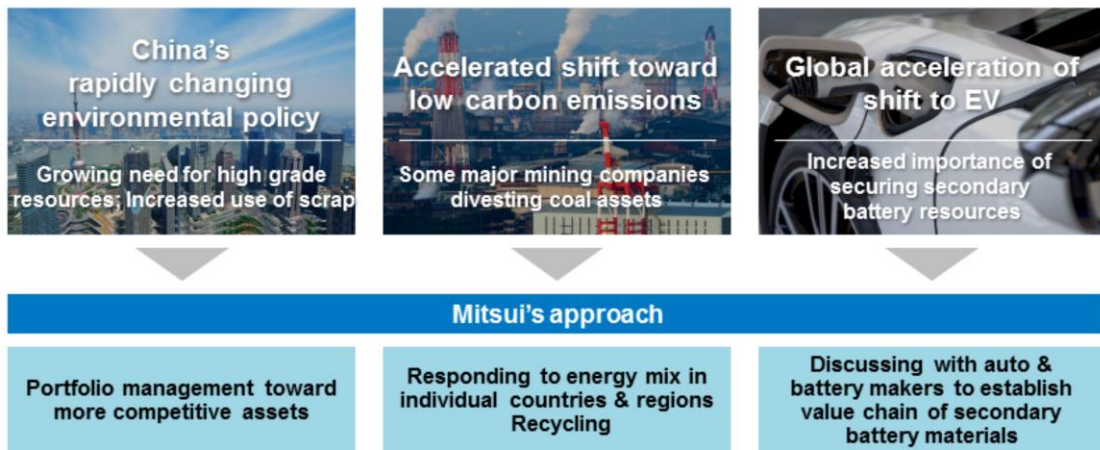


Our relationship with the Chinese company Erdos started in the 1970s in cashmere trading. Today, through developing a wide range of businesses in partnership, our relationship has diversified to include coal, power generation, metallurgy and chemical products.

And there are many other examples in addition to Erdos, including recycling business in the US and China, and copper and related trading and ancillary business in Chile.

In this way, through the relationships we have built with various partners in a range of countries and regions, across a range of products, Mitsui has built a platform through which we can generate new business opportunities.

## Changes in the business environment over 1 year: Mitsui's approach



In China we have seen a much greater shift than expected in environmental policy. Specifically, this includes eradication of illegal operations and moves to raise operational efficiency. As a result, the demand for high grade resources is growing, while the importance of using domestically generated scrap is increasing.

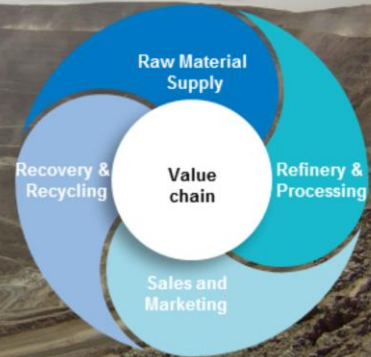
To capture this opportunity and meet these needs, Mitsui is carefully monitoring supply and demand, and rebalancing and enhancing its asset portfolio.

Globally, there is an accelerating shift to a low carbon society. At Mitsui we are carefully considering the optimal energy mix being pursued in different countries and regions, so that we can contribute to economic growth and environmental conservation.

In addition, expectations for an acceleration of the spread of electrical vehicles are mounting worldwide. As a result, the importance of securing such as nickel and cobalt is increasing. Under this circumstance, we are working with domestic and overseas automakers and battery makers to contribute to the establishment of a value chain in secondary battery resources including recycling.

## Basic Strategies

- 01** Secure competitive resources and contribute to stable supply
- 02** Establish trading and investment businesses to fulfill customer & partner needs
- 03** Pursue balanced business which contributes to sustainable economic growth, while preserving the environment



Although the resources supercycle that was supported by economic growth in China has run its course, demand for mineral and metal resources is growing, particularly in Asia.

The business of mineral and metal resources operates on long time frames and by steadily implementing our basic strategies we will aim to meet the expectations of all of our stakeholders.