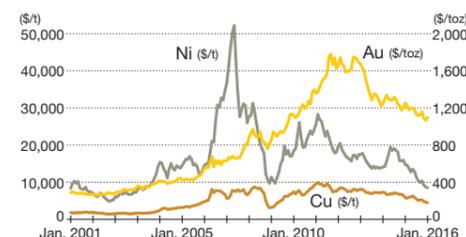


Review of FY2015 Results

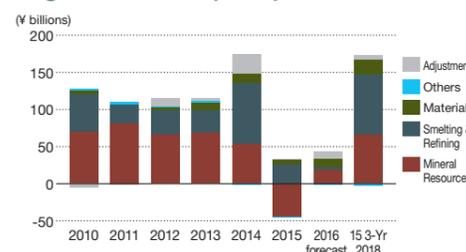
The global economy in FY2015 was highlighted by a deceleration of China's growth and economic deterioration in resource-producing countries. As for non-ferrous metal prices, copper and nickel prices fell sharply due to concerns over the economic slowdown in China and uncertainty in the economic outlook. The prices of copper and nickel hit considerably low levels compared to FY2014, declining 20% and 38%, respectively. In addition, while the yen continued weakening from FY2014 for a while, it strengthened rapidly toward the end of FY2015. In the industries related to our materials business, demand increased for automobile battery materials, and materials for smartphones maintained a generally robust sales environment. However, manufacturers of computers and tablet devices adjusted their inventories in response to sluggish demand.

With this background, FY2015 net sales declined 7% from FY2014 to ¥855.4 billion due to factors including lower metal prices. Operating income also declined 53% to ¥59.7 billion due to the fall in metal prices and the accompanying recording of inventory valuation losses. Recurring profit recorded a ¥12.8 billion loss due to the same causes, as well as the recording of an impairment loss on the Sierra Gorda Copper Mine and the occurrence of exchange rate losses resulting from the sudden appreciation

Metal Prices



Segment Profits (Loss)



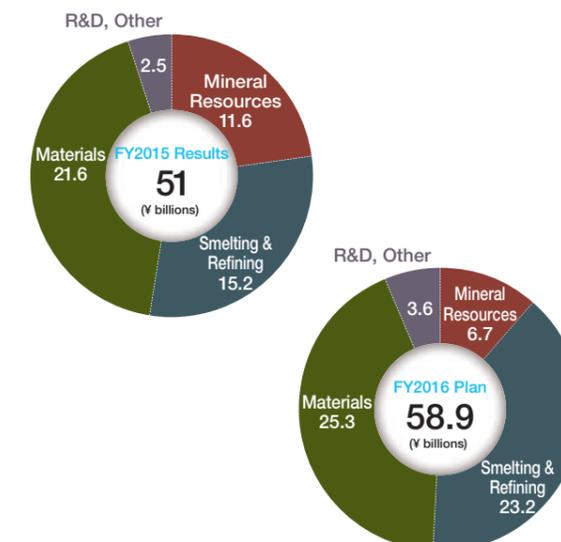
of the yen against the US dollar toward the end of the term. Net income attributable to owners of the parent company yielded a ¥0.3 billion loss, which was the first loss recorded in 13 years.

Fiscal 2016 Plan

Within the business environment surrounding our Group, supply and demand in the non-ferrous metals industry are forecast to remain nearly balanced for copper. However, producers of nickel are earnestly considering decreasing their production volumes in response to the sharp drop in prices, and supply shortages are expected to result. Restoration to normal price levels for non-ferrous metals is expected in the medium- to long-term as the supply and demand come into balance. However, with the 10-year supercycle driven by Chinese demand having come to an end, a significant increase is not foreseen. In industries related to our materials business, favorable conditions are expected to continue overall even if there is a temporary adjustment phase in the automotive and communications fields.

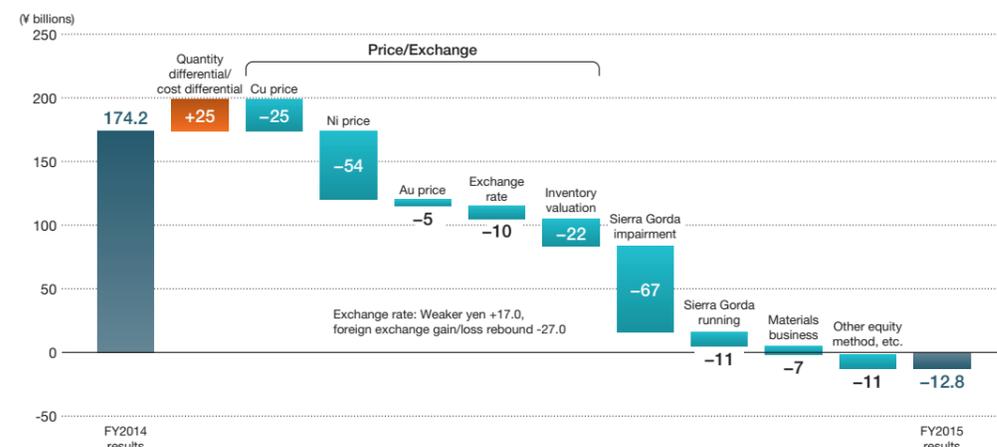
In the outlook for overall performance in FY2016, net sales are expected to decline from FY2015 despite increasing sales volumes, due to continued weakness in non-ferrous metal prices. Operating income is also expected to decline due to the same cause. We forecast a rise in recurring profit due to factors including an upturn in the mineral resources segment.

Capital Expenditure (FY2015 Results and FY2016 Plan)

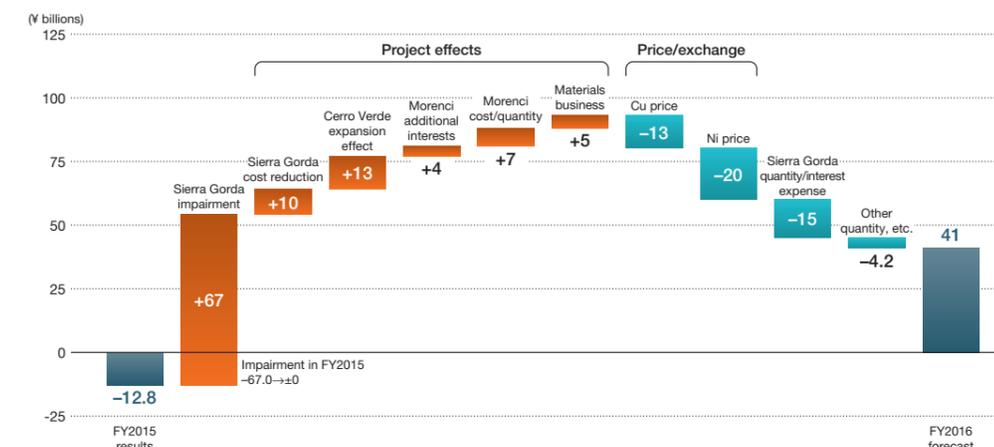


For FY2016, we plan capital expenditures of ¥58.9 billion, an increase from ¥51.0 billion in FY2015. We forecast ¥23.2 billion in the smelting and refining segment, and will develop peripheral HPAL technologies and strengthen the competitiveness of our copper smelting and refining business. In the materials segment, we forecast allocating ¥25.3 billion of our management resources to quickly reinforce our position in the industries of battery and crystal materials, areas in which particularly strong growth is expected.

Recurring Profit Analysis (FY2014 vs. FY2015)



Recurring Profit Analysis (FY2015 Results vs. FY2016 Forecast)



Mineral Resources Segment

While operations at the Hishikari Mine remained steady, production and sales volumes at the Pogo Gold Mine declined from the previous term due to a decline in the grade of gold ore. At the Morenci Copper Mine, production and sales volumes exceeded those of FY2014 due to the expansion. At the Sierra Gorda Copper Mine, we recognized a loss on investment under the equity method due to the application of impairment accounting. In addition, declines of copper and gold prices contributed to a loss in the segment.

Smelting & Refining Segment

Production and sales volumes of nickel increased from FY2014 under a 65-kt electrolytic nickel annual production structure. Operations at Coral Bay continued steadily. Water shortages had a temporary impact on operations at Taganito, but production and sales volumes exceeded those of FY2014. However, segment profit declined from FY2014 due to causes including the decline of nickel prices.

Materials Segment

While we increased sales of battery and crystal materials in response to the increase in demand, there was also the increase in expenses to construct an expanded production system to meet the demand. Moreover, inventory adjustments among our customers became prominent for other products and their sales declined. As a result, segment profit declined from FY2014.

Mineral Resources Segment

We forecast increased profits compared to the previous term, due to an upturn in investment gains under the equity method as a result of the contribution of investment on expansion and other factors, in addition to the effect of acquiring additional interests in overseas copper mines. With regard to gold, we will steadily move forward with development of lower ore bodies at the Hishikari Mine. At the Pogo Gold Mine, we will engage in exploration of surrounding areas and cost cutting to extend the life of the mine. In other overseas exploration and activities to acquire interests, we will gain footholds to achieve our Long-Term Vision, with gold as the target.

Smelting & Refining Segment

We forecast a decline in profits from the previous term due to the effects of the strong yen, as well as the weakness in nickel prices. With regard to copper, we have been able to secure a stable smelting and refining margin, and will strengthen competitiveness through cost reductions and the maintenance of operating rates. With regard to nickel, we will solidly reduce costs and secure profits through stable operations of the Taganito and Coral Bay HPAL plants. In addition, we will steadily move forward with both sales and production initiatives for the recovery of scandium from the HPAL plants.

Materials Segment

We forecast an increase in profits from the previous term due to increased income, especially in the automotive and communications fields. In the materials business, we will carefully watch changes in the external environment and promptly take any necessary countermeasures in order to accomplish our goals, while further promoting selection and concentration in order to establish this segment as a core business. With regard to battery and crystal materials in particular, we will launch large-scale investments as planned in order to respond to customers' demands, and will make the segment contribute to profits. Through cooperation with the Research & Development Division we also aim to bring new products to market that will support our future growth by making closer relationships with our customers.