

Nippon Mining & Metals

Annual Report 2000

Year ended 31st March, 2000

Profile

Nippon Mining & Metals Co., Ltd., established in April 1992, commenced operations in November 1992 after taking over the metals business (mining, smelting and refining, and metal fabrication) of Nippon Mining Co., Ltd. (currently Japan Energy Corporation) which had been engaged in the major business lines of metals and petroleum.

Following its establishment as an independent company, and amid drastic changes in the structure of Japanese industry, Nippon Mining & Metals set the management targets expressed in the catchphrases “from quantity to quality,” “a thorough technology-oriented approach,” and “becoming a truly international enterprise.” In pursuit of these goals, the Company worked vigorously to effect structural reform and thereby create a leaner and stronger corporation. These efforts bore fruit in the form of remarkable improvements in its business performance, adding strength to its major businesses of copper smelting and metal fabrication and building a firm foundation for continued growth as a corporation specializing in nonferrous metals.

Armed with innovative technologies and guided by global business strategies, Nippon Mining & Metals will continue to move ahead as a world leader in the nonferrous metals industry.

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Financial Highlights

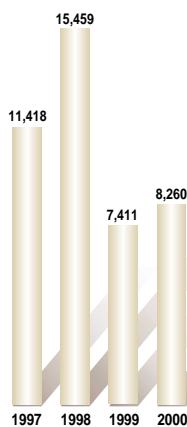
Years ended 31st March	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
For the Year			
Net sales	¥276,458	¥256,521	\$2,632,933
Net income	8,260	7,411	78,667
Net income per share (in yen and dollars)	36.27	34.24	0.35
At Year-End			
Total assets	311,691	289,527	2,968,486
Total shareholders' equity	86,456	79,313	823,390

Note: The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥105 = US\$1.

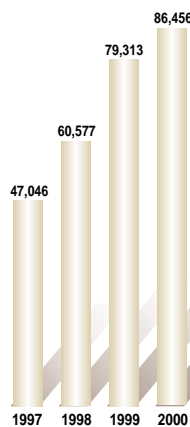
Net Sales
(Millions of Yen)



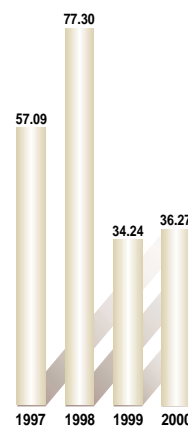
Net Income
(Millions of Yen)



Total Shareholder's Equity
(Millions of Yen)



Net Income Per Share
(Yen)



Laying the Foundations for Global Development

We are making bold moves to achieve further development based on a sound, long-term business strategy from a global perspective.

December 1998

Copper smelting and refining capacity in Japan boosted

We raised our copper smelting and refining capacity to 450,000 tons and 420,000 tons, respectively. At present, we are working to expand capacity mainly through technological innovation. We aim to raise copper smelting and refining capacity to 470,000 tons and 450,000 tons, respectively, by the term-end in March 2001.



September 1999

NM&M launches smelting and refining joint venture in South Korea with LG Group

A consortium led by Nippon Mining & Metals and LG Group established a joint venture, LG-Nikko Copper Inc., to carry out joint smelting and refining operations in South Korea. The consortium is the principal shareholder of the new venture, which commenced operations in September 1999.



August 1999

Nippon Mining Asia Co., Ltd. established in Taiwan to strengthen sales of metal products in the East Asian market

We established Nippon Mining Asia Co., Ltd. to meet the anticipated growth in demand for copper in the East Asian market. This company is responsible for the sale of metal products, principally refined copper, in the region.

September 1999

NM&M begins joint technical development of invar for shadow masks and its manufacturing process in Japan



Invar is an alloy of iron and nickel used in shadow masks for CRTs for PCs and televisions. NM&M has begun the joint development of invar with Japan Steel Works, a leader in steel manufacturing, casting and forging, with the aim of improving the quality of invar and raising the efficiency of its manufacturing process.

May 2000

NM&M enters into a business tie-up with Mitsui Mining & Smelting regarding copper smelting and refining operations

We have entered into a business tie-up with Mitsui Mining & Smelting to strengthen the international competitiveness of our copper smelting and refining operations.

We will continue to promote close cooperation with LG-Nikko Copper Inc., a venture in which Nippon Mining & Metals and Mitsui Mining & Smelting have jointly invested.



January 1999

Full-scale production started at the Collahuasi Mine in Chile

Collahuasi is a large-scale, world-class copper mine and ensures our long-term, reliable procurement of copper concentrate. At present, over 20,000 tons of copper concentrate are imported monthly, among which about 10,000 tons are shipped to the Saganoseki Smelter & Refinery.

January 2000

Full-scale production started at the Los Pelambres Mine in Chile



An annual yield of about 700,000 tons of copper concentrate is expected from the Los Pelambres Mine. The first shipment of copper concentrate from this mine arrived at Saganoseki Smelter & Refinery in February 2000.



Message from the Management



On the threshold of the new century, we are pleased to report that we began the current fiscal year from April 2000 under new management as former president Takashi Sakamoto became chairman of the Board and representative director and former executive vice president Tetsuichi Kagawa became president and representative director.

During the term under review, the Japanese economy showed some signs of improvement, reflecting a series of stimulus measures by the government and steady public sector and housing investment in the first half of the year. These factors, aided by growing investment in information technology, however, were still insufficient to offset the effects of the prolonged slump in consumer spending and private capital investment, as well as the yen's appreciation during the latter half of the year. The economy was therefore unable to effect a full, self-sustainable recovery.

Domestic demand for copper, our mainline business, remained low during the year, and the yen's appreciation contributed to the decline in copper prices in Japan. Meanwhile, demand for fabricated metal products generally improved, owing to growing demand in the mobile communications and PC industries.

Although a worsening business environment eroded profits in the metal production segment, favorable performance in other segments, led by metal fabrication, enabled the Nippon Mining & Metals group to attain income growth for the term.

To survive the increasingly severe international competition, the Group made significant achievements under its management strategies throughout the year under review. Highlights of the term were as follows.

The Los Pelambres Mine in Chile, a copper development project in which Nippon Mining & Metals invested, began full-scale operations in January 2000. This mine, combined with our investments in other mines already operational in Chile (Collahuasi and Escondida), provides us with 60% of the copper concentrate we require.

In the Company's mainline copper business, we achieved the world's top-class copper production in terms of capacity and quality in December 1998 when the annual copper smelting capacity of the Saganoseki Smelter & Refinery reached 450,000 tons and the combined copper refining capacity of the Saganoseki and Hitachi refineries reached 420,000 tons per annum. Subsequent improvements in

production processes will further expand their capacity to 470,000 tons in smelting and 450,000 tons in refining by the end of March 2001.

LG-Nikko Copper Inc., a joint venture between a consortium led by Nippon Mining & Metals, which is the joint venture's largest single stockholder, and the LG Group of South Korea, commenced operations in September 1999. As South Korea's only and East Asia's leading copper smelter/refinery, the venture produces a level of refined copper comparable to that of Nippon Mining & Metals. LG-Nikko Copper and the Nippon Mining & Metals group will seek to attain synergy effects in various aspects of our businesses, helping increase the efficiency of our respective operations.

In May 2000, the Company agreed with Mitsui Mining & Smelting Co., Ltd., to create a closer business alliance to combat the intensifying international competition in the copper smelting and refining industry. The two companies will accelerate their efforts to materialize cooperation, including the establishment of a joint marketing company for refined copper and related products, and will implement their agreed plans.

In the metal fabrication business, we continued to concentrate our efforts on the development and production of high-value-added products, and on improving operational efficiency and profitability. With the growing market demand for smaller electronic parts at reduced cost, we will continue efforts to reduce the thickness of metal foils and improve the profitability of our metal products to attain higher earnings.

To raise funds for investing in overseas projects and equipment, we issued ¥10 billion in yen-denominated convertible bonds due 30th September, 2003, in the Swiss market in July 1999, 33.4% of which had been converted into shares as of the end of March 2000.

Business Performance

Despite severe market conditions for our mainline copper business, we attained our initial earnings targets for the year, as a result of continuous efforts to improve production and marketing capabilities and raise the overall efficiency of operations.

On a consolidated basis, net sales increased 7.8% year-on-year to ¥276.5 billion. Income before special items rose 8.8% to ¥15.7 billion, and net income expanded 11.5% to ¥8.3 billion. Return on sales was 5.7%, up 0.1 percentage point year over year. Return on equity (ROE) declined 0.6

percentage point to 10.0%, reflecting an increase in shareholders' equity.

Future Outlook

The Company will endeavor to secure tangible results as early as possible from the strategic alliance with Mitsui Mining & Smelting and the partnership with LG-Nikko Copper in its copper smelting business.

While improving the efficiency of its conventional pyrometallurgical process techniques for copper smelting, the Company will also seek to develop next-generation smelting techniques particularly focusing on hydro-metallurgical processes.

The Company will continue to raise the efficiency of operations for the entire Group by sharing and consolidating group company capabilities. It will also promote the consolidation of branches and offices to strengthen ties between the group companies and enhance their overall strength.

Under the managerial motto of "innovation in the productive use of resources," the Company will continue efforts to ensure the most effective use of the Earth's finite metal resources and help construct social systems that eliminate the waste of resources. By quickly developing and steadily implementing strategies to meet current and future challenges, Nippon Mining & Metals will become an established leader of the nonferrous materials business in the international community. August 2000



Takashi Sakamoto,
Chairman and Representative Director



Tetsuichi Kagawa,
President and Representative Director

Review of Operations

Consolidated net sales rose 7.8% to ¥276,458 million (US\$ 2,632,933 thousand), while income from operations fell 2.4% to ¥18,632 million (US\$ 177,448 thousand). Income before special items increased 8.8% to ¥15,657 million (US\$ 149,114 thousand). As a result, net income rose 11.5% to ¥8,260 million (US\$ 78,667 thousand).

Our major products are copper, zinc, sulfuric acid, precious metals such as gold and silver, and rare metals such as indium.

Despite a rise in sales of copper, accompanying an expansion in copper smelting and refining capacity, net sales grew modestly, by 2.3%, to ¥181,977 million due to declining market prices.

Operating income fell 41.2% to ¥8,128 million, mainly due to the decline in the earnings of the Company's metals operations. This was in turn attributable to the severe operating environment, where purchasing terms for copper concentrate worsened, the yen appreciated, and sales margins shrank.

Metal Production

Major products in this segment are rolled copper products (strips of phosphor bronze, brass, and nickel-silver and copper foils), special steel products (strips of invar, mild steel, stainless steel and titanium) and electronics components.

Net sales rose 19.1% to ¥57,974 million, thanks to sales growth in phosphor bronze, invar, and electronics components, which reflected strong growth in demand for mobile communications and PC-related equipment. Our shift in strategy, from emphasis on general-purpose products to specialization in high-performance and high-value added products, as well as our NPM (Nippon Mining & Metals Total Productive Maintenance) activities, aimed at raising operational efficiency, contributed favorably to business performance. Furthermore, consolidated subsidiaries including Fuji Electronics and Nippon Precision Technology (Malaysia) improved their cost efficiency and registered an increase in sales. As a result, operating income more than doubled, by 125.2%, to ¥9,025 million.

Metal Fabrication

Major business lines in this segment include the detoxification and compacting of industrial waste, the recycling of valuable metals, and the collection of nonferrous metal scrap.

Net sales rose 50.8% to ¥4,716 million thanks to an increase in collections of industrial waste, as well as copper and precious metal scrap, and the accompanying rise in processing volume. Operating income rose 24.6% to ¥896 million.

Recycling & Environmental Services

We have established a new segment for engineering and consulting operations in recognition of the expansion of these business lines at our consolidated subsidiaries and affiliates including Nikko Polytech Service Co., Ltd. and Nikko Exploration and Development Co., Ltd.

Net sales in this segment came to ¥10,530 million, while operating income was ¥43 million.

Engineering & Consulting Operations

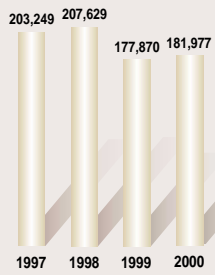
Other operations comprise the distribution operations of subsidiaries and affiliates including Nikko Logistics Partners Co., Ltd. and Nippon Marine Co., Ltd.

Net sales fell 14.5% to ¥21,261 million, and operating income rose 26.2% to ¥540 million due to the exclusion of engineering and consulting operations from this segment in the term.

Other Operations

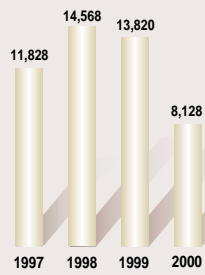
Net Sales

Millions of Yen



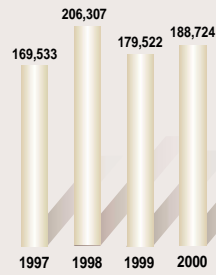
Operating Income

Millions of Yen



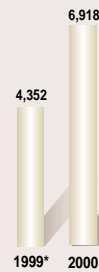
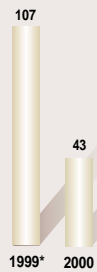
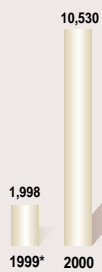
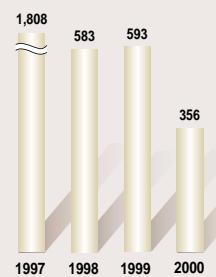
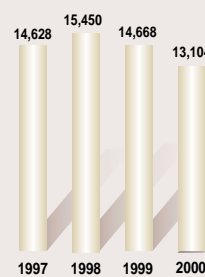
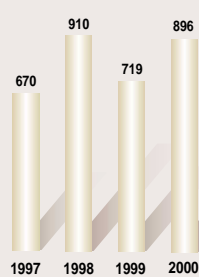
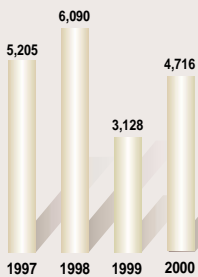
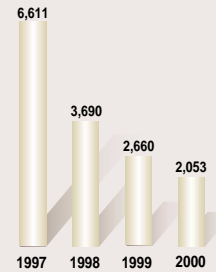
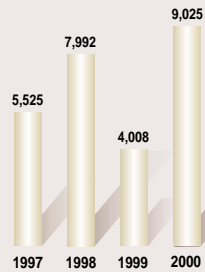
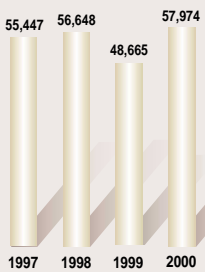
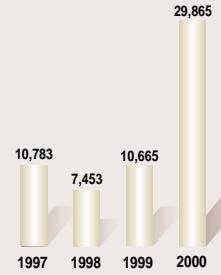
Assets

Millions of Yen

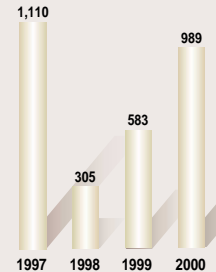
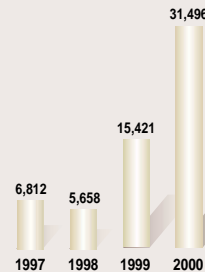
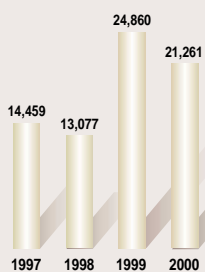


Capital Expenditure, Investment and Advance

Millions of Yen



* Figures were extracted from Other Operations in 1999 for comparison purposes.



Metal Production



Anode Furnace

World's top-class copper production in terms of capacity, quality and cost competitiveness

COPPER

In terms of capacity, quality and cost competitiveness, the world's top-class copper production is attained through Nippon Mining & Metals' two copper facilities in Japan – the Saganoseki Smelter & Refinery in Oita Prefecture and the Hitachi Works in Ibaraki Prefecture. Expansion work completed in December 1998 has enlarged their combined annual capacity to 450,000 tons in copper smelting and 420,000 tons in copper refining, with further increases planned to 470,000 and 450,000 tons, respectively, by the end of March 2001.

Tatsuta Electric Wire and Cable Co., Ltd. (30.95% equity), a major group company, sold 32,000 tons of electric wires and cables during the year, a decline of 6.7% year from the year before. Japan Copper Casting, Co., Ltd. (55% equity), sold 70,000 tons of copper cakes and billets, up 8.2% year-on-year.

Overseas projects also achieved good results. LG-Nikko Copper Inc., a joint venture in South Korea, has been fully operational since September 1999. LG-Nikko produced 153,000 tons of refined copper during the 4-month period from September to December 1999. The Gresik Smelter & Refinery, in Indonesia, in which we have a 5% stake, commenced

During the term under review, the Company sold 428,000 tons of refined copper, an increase of 9.2% year-on-year. Exports accounted for 30.2%, or 130,000 tons, of the sales volume, thanks to vigorous sales promotion campaigns in the East Asian market.



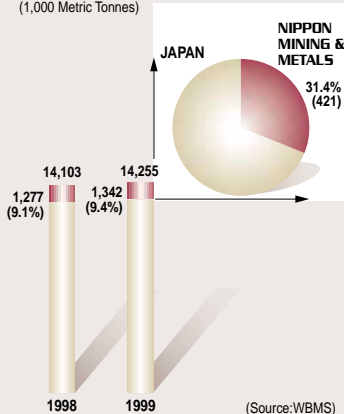
Flash-furnace Control Center

Copper Production and Sales Volume by NM&M

Terms ended 31st March,	Thousands Tons per Year				
	1996	1997	1998	1999	2000
Production	330	345	362	376	421
Sales Volume:					
Japan	278	308	317	263	298
Exports	90	71	80	129	130
Total	368	379	397	392	428

Global Production of Refined Copper

(1,000 Metric Tonnes)



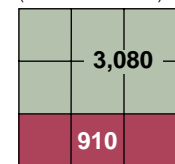
Converter, LG-Nikko Copper

operations in January 1999. At the wire rod plant of Changzhou Jinyuan Copper Co., Ltd. in Changzhou, China, in which the Company participates with Tatsuta Electric Wire and Cable (18% group equity), operations proceeded as planned, and the company sold 69,000 tons of copper wire rods in the term, up 46.9% from the previous term.

Copper Production in East Asia by NM&M and LG-Nikko Copper

East Asia (100%)

(Thousands of Tons)



NM&M and LG-Nikko Copper (30%)

Ranking of Refined Copper Producers

Company	Thousands of Tons
1 Codelco (Chile)	1,424
2 Phelps Dodge + Cyprus (U.S.A.)	1,108
3 Asarco + Grupo Mexico (Mexico)	913
4 NM&M + LG-Nikko Copper	908
5 NA + Kayser (Germany)	548
6 KGHM (Poland)	475

(Source: BH Copper Metal Service 1st Quarter 2000)



Metal Production



Hydro-metallurgical Plant

ZINC

The Company's zinc production is carried out on a toll basis by Akita Zinc Co., Ltd. (24% equity), and Hachinohe Smelting Co., Ltd. (27.81% equity). In the year under review, the Company sold 108,000 tons of zinc, down 1.6% from the previous term.



Hot dip Galvanizing



Gold Ingot and Shot

PRECIOUS AND RARE METALS

In March 2000, the Company enlarged the recovery facilities for precious and rare metals at the Saganoseki Smelter & Refinery to accommodate expected increases in these metals to be recovered. The Company sold 30 tons of gold during the term, up 19.1% year over year, and 281 tons of silver, down 5.5%.

The Company is the world's second-largest producer of indium, and sold 35,000 tons for a year-on-year increase of 30.4% during the term.



Rare Metals (Indium, Selenium, Bismuth, Tellurium)

SULFURIC ACID

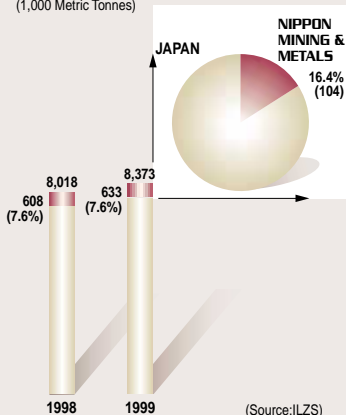
The Company sold 1,863,000 tons of sulfuric acid in fiscal 1999, down 7.4% from the previous term. The Company exported 350,000 tons of sulfuric acid, equivalent to 18.8% of its total sales volume.

TITANIUM AND OTHER MATERIALS

Toho Titanium Co., Ltd. (38.9% equity), a major group company, manufactures and sells titanium metals (titanium sponge, titanium ingots, etc.), catalysts for propylene polymerization, electronic ceramics materials (high-purity titanium oxides, fine powdered nickel). Sales of titanium metals came to 11,000 tons, up 0.7% from the previous term.

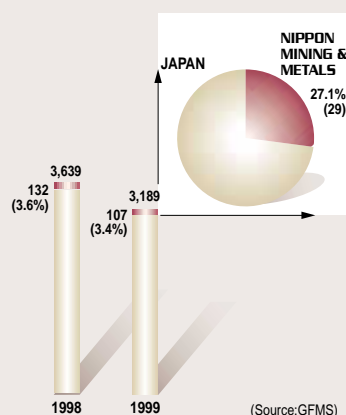
Global Production of Refined Zinc

(1,000 Metric Tonnes)



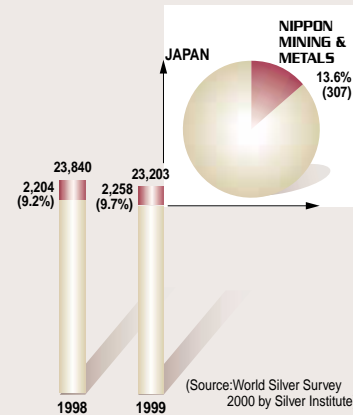
Global Production of Gold

(Tonnes)



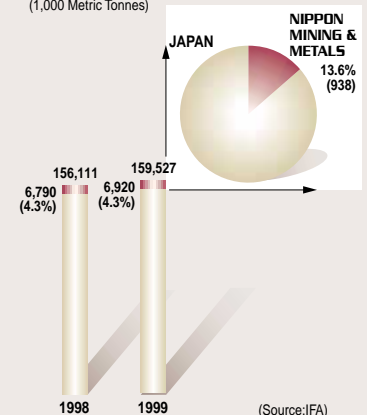
Global Production of Silver

(Tonnes)



Global Production of Sulfuric Acid

(1,000 Metric Tonnes)





Domestic Mines



Foreign Investment



Ensuring the long-term stable procurement of raw materials

COPPER

Recognizing the importance of ensuring a stable, long-term source of copper concentrate to maintain a competitive edge in the world copper market, Nippon Mining & Metals has been actively involved in promising copper mine development projects throughout the world. One of these projects, the Los Pelambres Mine in Chile, commenced full-scale operations in January 2000. In the following month, its first shipment of copper concentrate reached the Company's Saganoseki Smelter & Refinery in Oita Prefecture. We can now procure as much as 60% of the copper concentrate we need from this new mine and the other two mines in which we already have investments – the Collahuasi Mine (3.6% equity) and the Escondida Mine (2% equity), both in Chile.

Securing greater return on investments

The Company always seeks greater returns on investments by selectively participating in the most promising exploration projects throughout the world.

ZINC, LEAD AND GOLD-BEARING SILICA

The Company obtains the majority of its zinc and lead concentrate from the Toyoha Mine in Hokkaido (100% equity) and the McArthur River Mine in Australia (15% group equity). The Toyoha Mine produced 74,000 tons of zinc concentrate and 10,000 tons of lead concentrate in the term. All the zinc concentrate is shipped to Akita Zinc Co., Ltd. for refining, while the lead concentrate is refined on a toll basis by other companies. The McArthur River Mine produced 347,000 tons of zinc/lead bulk concentrate during the term. Combined, the two mines supply concentrate equivalent to 51,000 tons of zinc to the Company's toll refining operations annually. Kagoshima-based Kasuga Mines Co., Ltd. (100% equity) supplied 123,000 tons of gold-bearing silica ore during the term.



Escondida Mine (Chile)



McArthur River Mine (Australia)



Los Pelambres Mine (Chile)



Metal Fabrication

High-performance, high-quality products support the growth of IT industries

FABRICATED METAL PRODUCTS

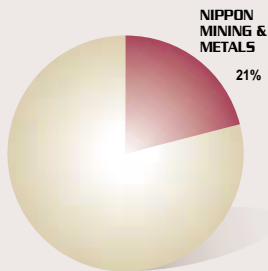
The Nippon Mining & Metals group has achieved higher profitability in the metal fabrication business by concentrating its efforts on strategic products with high added value and high margins. With untiring resolve to enhance its technologies, the Company's Kurami Works in Kanagawa Prefecture has produced sheets and strips made from copper; copper alloys, including tin-plated copper; and special steels. These high-quality, high-performance products have anticipated the market needs of leading-edge industries and earned high customer confidence. In the term under review, the Company's sales of fabricated metal products jumped 15% from the previous term to 65,000 tons, thanks to

the growing information technology market.

Overseas, the Nippon Mining & Metals group also has many customers in the rapidly growing markets of South Korea, Taiwan, and Southeast Asia, as well as other countries. The Company's wholly owned Nippon Mining Singapore Pte. Ltd. and

90%-owned Nippon Mining Taiwan Co., Ltd. play an important role as strategic bases for metal fabrication and marketing for overseas customers.

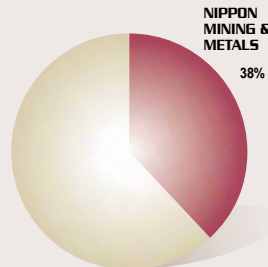
Phosphor Bronze Production in Asia



1999

Source: Estimated by the Company

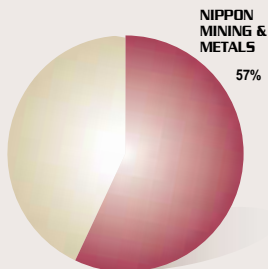
Worldwide Production Of Invar Alloy For High Resolution Masks (CDT)



1999

Source: Estimated by the Company

Wrought Copper Foil Production in Japan



1999

Source: Estimated by the Company



Finishing Rolling Mill



Continuous Bright Annealing Line



Slitter



Metal Fabrication

SURFACE TREATMENT

The Company produces plated products, including high-quality, high-precision gold-plated strips, for the electronics industry at the Hitachi Works. We sold 29 million meters of gold-plated products, an increase of 44.3% year-on-year, reflecting strong demand in the mobile communications and PC industries.



Nippon Precision Technology (Malaysia) Sdn. Bhd.



Fuji Electronics Co., Ltd. (Ibaraki, Japan)








Woojin Precision Industry Co., Ltd. (South Korea)

PRECISION ELECTRONIC COMPONENTS

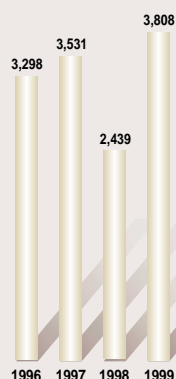
The Nippon Mining & Metals group produces and markets precision electronic parts, such as electron gun parts for CRTs (cathode-ray tubes), through its subsidiary companies Fuji Electronics Co., Ltd. (Ibaraki, Japan, 91.93% equity), Woojin Precision Industry Co., Ltd. (South Korea, 86.7% group equity), and Nippon Precision Technology (Malaysia) SDN. BHD. (80.5% group equity). These companies performed favorably during the term.

The Company enjoys the top share of the Japanese market for the following items:

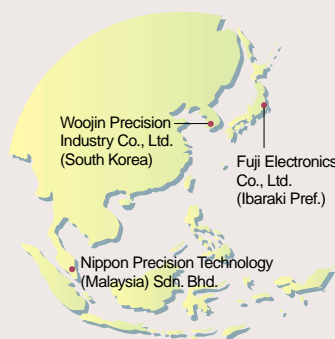
	Item	Reporting Term Sales (% year-on-year increase)	Market Share	Major Applications
	Phosphor Bronze strip	20,664 t (35.3%)	31%	Terminals and connectors for mobile communications and PC-related equipment
	Wrought Copper Foil	2,165 t (13.9%)	57%	FPC (flexible printed circuits)
	Invar Alloy for High Resolution Mask (CDT)	6,081 t (32.4%)	40%	Shadow mask for PC display
	Stainless Gun Parts	6,252 t (12.6%)	64%	Electron gun parts for PC display
	Gold-plated strips	14 million meters (17.3%)	50%	Connectors and electric terminals for PC peripherals

Surface Treatment Sales

(Millions of Yen)



The Precision Products Division's Operating Bases





Recycling & Environmental Services

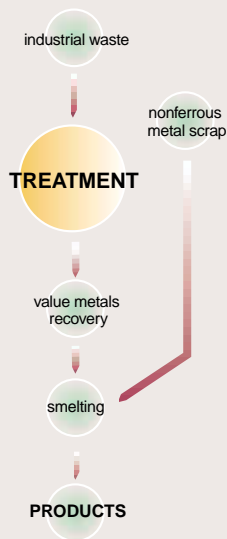
Committed to the protection of the global environment by promoting resource recycling

The Nippon Mining & Metals group has long been involved in extensive efforts to recycle resources and protect the global environment, using the technical expertise and experience accumulated in the course of its mining and smelting operations. Ongoing efforts include treatment of industrial waste-detoxification and volume reduction-and-recovery of valuable metals.

These operations are carried out at the Hitachi Works, the Saganoseki Smelter & Refinery,

Tomakomai Chemical Co., Ltd. (Hokkaido, 100% equity), Nikko Tsuruga Recycle Co., Ltd. (Fukui, 100% equity), and Nikko Mikkaichi Recycle Co., Ltd. (Toyama, 100% equity). The Nippon Mining & Metals group will continue to provide optimal solutions to various environmental issues to benefit local communities and the global environment.

Treatment System



Treatment Facilities



Nationwide network

Combining the aforementioned five treatment facilities with its sales offices and used material collection points in Tokyo, Osaka, Nagoya and Kyushu, the Nippon Mining & Metals group forms a network to efficiently operate its resource recycling throughout the nation. This extensive network is

complemented by both technical and marketing staffs, which respectively engage in technological development and solutions and prompt collection of market information to enhance the quality and range of our industrial waste treatment and recycling operations.

Gasification melting & reduction facilities

At the end of 2000, Nikko Mikkaichi Recycle will install gasification melting and reduction facilities that detoxify industrial waste through an incineration process, while the heat produced in the process is simultaneously used to recover

valuable metals, such as copper, from scrap metal. This will be the first such attempt in the world and the industry's most effective and advanced solution to ensure the safe disposal of industrial waste.



Nikko Tsuruga Recycle Co., Ltd.
(Fukui, Japan)



Nikko Mikkaichi Recycle Co., Ltd.
(Toyama, Japan)



Tomakomai Chemical Co., Ltd.
(Hokkaido, Japan)



Innovation in the productive use of resources

Under the motto of “innovation in the productive use of resources,” and armed with the technical excellence based on our accumulated experience in the industry, the Nippon Mining

& Metals group will continue to maximize yields and recovery, as well as to minimize repetitive processes in manufacturing metals and metal products. In doing so, we aim to ensure the

most effective use of the Earth’s finite metal resources and to help construct social systems that eliminate the waste of resources.

Enhancing overall group strength

To prevail in the international nonferrous metal market, the Nippon Mining & Metals group is making strenuous efforts to improve its managerial efficiency on a group basis. As many businesses began adopting consolidated accounting in the term ended 31st March, 2000, we further increased our efforts to enhance the overall strength of the group.

In April 1999, the Group Management Committee was set up as an advisory panel to the Company’s Board of Directors to help the Board members develop management plans for the entire group.

Also in April 1999, Tatsuta Electric Wire and Cable and Toho Titanium acquired capital stakes in Nikko Polytech Co., Ltd., which resulted in the following equity ratios: 70% for Nippon Mining & Metals, 20% for Tatsuta Electric Wire and Cable, and 10% for Toho Titanium.

To streamline office work throughout the group, the administrative support and accounting functions at the group headquarters were transferred in April 2000 to Nikko Kinzoku Finance Co., Ltd., a Tokyo-based and 100%-owned subsidiary that had mainly been

handling asset management for the group. The subsidiary was thereupon renamed Nikko Corporate Services Center Co., Ltd.

The Company’s sections in charge of legal affairs were transferred to Nikko Techno Service Co., Ltd. in April 2000.

The Nippon Mining & Metals group will continue to consolidate its branches and offices to maximize its overall strength and strengthen ties between group companies.



“Cypria,” a dual-purpose carrier that ships sulfuric acid and copper concentrate

Technology Development Center

Promoting the development of innovative products and technologies

With an eye to the future, the Nippon Mining & Metals group has been making constant efforts to develop innovative products and technologies. During the term, we were specifically involved in technological improvements to raise the yield in the copper smelting and refining processes and the efficiency of recovering value metals.

In the field of metal fabrication, we developed highly flexible wrought copper foil and high-performance copper alloys for connectors. We also worked on plating technologies to achieve lead-free plating.

In the field of recycling and environmental services, we worked to develop technologies to efficiently treat industrial waste in powder form and boost oxygen to raise the efficiency of recycling furnaces. We also developed processes for separating metals from other substances and treating and recovering them using our mining technologies.



Glow Discharge Mass Spectrometer



Transmission Electron Microscope

A Base for R&D

Innovation in production technologies and the development of high-value-added products are vital to the growth of the Nippon Mining & Metals group. These tasks are tackled by the Technology Development Center in close cooperation with the technology development divisions of the Company's plants nationwide.

The Technology Development Center develops innovative processes and new products, as well as conducting fundamental research in line with the Company's management policies

and divisional goals. The Technology Development Center is working on a project team basis toward the common goal of achieving innovation in the productive use of resources. One

such project involves the development of hydro-metallurgical process technologies and other next-generation smelting technologies.



Electron Backscattering Pattern

Global Network

Every aspect of Nippon Mining & Metals' businesses is globally oriented, from resources development through production to marketing. Our current overseas activities are focused on South America, North America, and Australia – areas rich in mineral resources – as well as East Asia, where the economy is growing rapidly.

Going global in search of resources and markets, Nippon Mining & Metals' strategies are putting it on the fast track to become one of the world's leading producers of nonferrous metals in the 21st century.



Hitachi Works (Ibaraki Pref.)



Saganoseki Smelter & Refinery (Oita Pref.)



Kurami Works (Kanagawa Pref.)



Escondida Mine (Chile)



McArthur River Mine (Australia)



Woojin Precision Industry Co., Ltd. (South Korea)



LG-Nikko Copper Inc. (South Korea)

Financial Section

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Financial Review

Consolidated

Operating Results

Net sales rose ¥19,937 million, or 7.8%, to ¥276,458 million (US\$2,633 million). Cost of sales rose ¥21,029 million, or 9.8%, to ¥236,288 million (US\$2,250 million). The ratio of cost of sales to net sales rose 1.6 percentage points to 85.5%. Selling, general, and administrative expenses fell ¥642 million to ¥21,538 million (US\$205 million). The ratio of SG&A expenses to net sales fell 0.8 percentage point. Income from operations fell ¥450 million, or 2.4%, to ¥18,632 million (US\$177 million). Due to the reduction in finance charges, and a decline in losses generated by equity-method subsidiaries, income before special items rose ¥1,260 million, or 8.8%, to ¥15,657 million (US\$149 million).

Consequently, net income rose ¥849 million, or 11.5%, to ¥8,260 million (US\$79 million), while return on equity stood at 10.0%. Net income per share rose ¥2.03 to ¥36.27 (US\$0.35).

Financial Position

Total assets rose ¥22,164 million, or 7.7%, to ¥311,691 million (US\$2,968 million). Current assets rose ¥425 million, or 0.4%, to ¥119,257 million (US\$1,136 million).

Investments and advances increased ¥23,862 million, or 50.6% to ¥71,034 million (US\$677 million). Property, plant, and equipment fell ¥3,608 million, or 3.4%, to ¥103,432 million (US\$985 million).

Current liabilities increased ¥3,168 million, or 2.3%, to ¥142,372 million (US\$1,356 million). Long-term debt increased ¥5,386 million, or 8.2%, to ¥70,707 million (US\$673 million).

Shareholders' equity rose ¥7,143 million, or 9.0%, to ¥86,456 million (US\$823 million), while the equity ratio rose 0.3 percentage point to 27.7%.

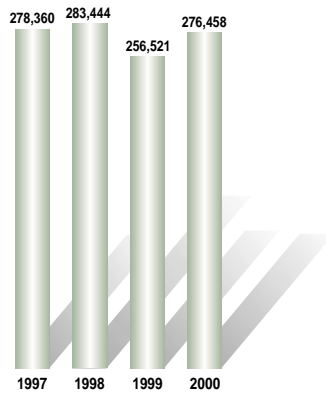
Cash Flows

Net cash provided by operating activities came to ¥18,908 million (US\$180 million), as a result of a cash inflow of ¥18,632 million (US\$177 million) from consolidated operating income. Net cash used in investing activities was ¥31,679 million (US\$302 million), due to the investment and advance of ¥23,524 million to LG-Nikko Copper Inc., as well as a cash outflow of ¥7,189 million arising from the purchase of plant, property and equipment, as well as investment in intangible assets. Net cash provided by financing activities came to ¥8,255 million (US\$79 million), due to the issuance of convertible bonds in the amount of ¥10,000 million, which more than offset dividend payments of ¥2,265 million.

As a result, the term-end balance of cash on hand and in banks, including translation adjustments, fell ¥4,919 million to ¥5,455 million (US\$52 million).

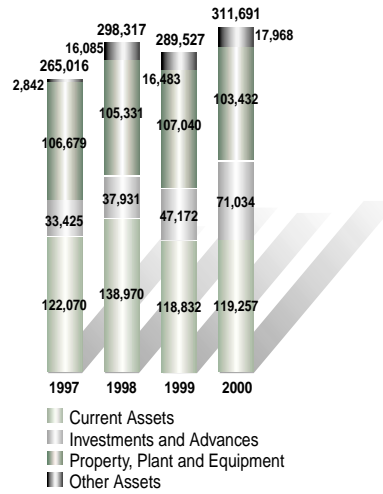
Net Sales

(Millions of Yen)



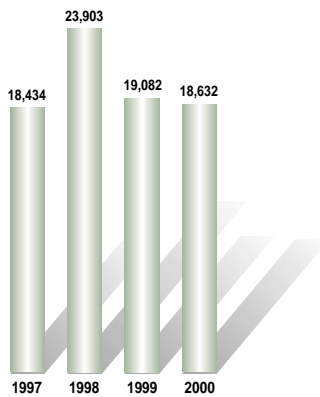
Total Assets

(Millions of Yen)



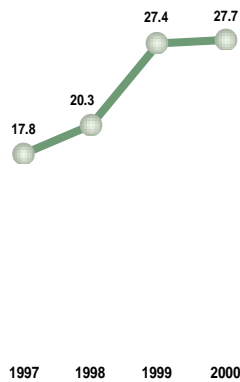
Income from Operations

(Millions of Yen)



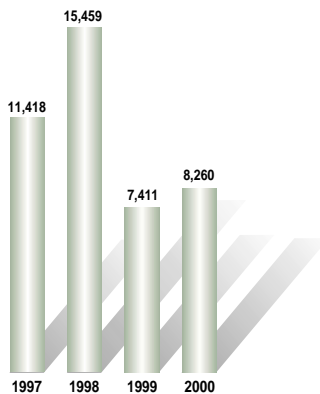
Shareholders' Equity Ratio

(%)



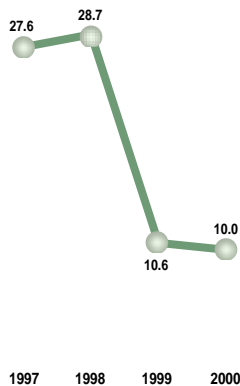
Net Income

(Millions of Yen)



Return on Equity

(%)



Consolidated Balance Sheets

As at 31st March, 2000 and 1999

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Current Assets:			
Cash on hand and in banks (Notes 3 and 6)	¥ 5,455	¥ 9,117	\$ 51,952
Marketable securities (Note 4)	12	620	114
Notes and accounts receivable	44,911	38,342	427,724
Less: allowance for doubtful accounts	(308)	(299)	(2,933)
	<u>44,603</u>	<u>38,043</u>	<u>424,791</u>
Inventories	62,451	64,311	594,771
Deferred income taxes (Note 7)	557	—	5,305
Other current assets	6,179	6,741	58,848
	<u>119,257</u>	<u>118,832</u>	<u>1,135,781</u>
Investments and Advances:			
Investments in securities (Notes 5 and 6)	49,764	33,416	473,943
Long-term loans	16,530	8,456	157,429
Other investments (Note 6)	4,740	5,300	45,142
	<u>71,034</u>	<u>47,172</u>	<u>676,514</u>
Property, Plant and Equipment (Note 6):			
At cost	179,526	174,655	1,709,771
Less: accumulated depreciation	(76,094)	(67,615)	(724,704)
	<u>103,432</u>	<u>107,040</u>	<u>985,067</u>
Intangibles and Deferred Charges			
Mining rights	11,172	12,603	106,400
Deferred income taxes (Note 7)	173	—	1,648
Other	2,931	2,534	27,914
	<u>14,276</u>	<u>15,137</u>	<u>135,962</u>
Translation Adjustment	3,692	1,346	35,162
	<u>¥311,691</u>	<u>¥289,527</u>	<u>\$2,968,486</u>

The accompanying notes are an integral part of the statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Current Liabilities:			
Short-term debt (Note 6)	¥105,379	¥104,331	\$1,003,610
Commercial paper	—	2,000	—
Notes and accounts payable	24,396	22,609	232,343
Accrued income taxes (Note 7)	4,211	2,098	40,105
Other current liabilities	8,386	8,166	79,866
	<u>142,372</u>	<u>139,204</u>	<u>1,355,924</u>
Long-Term Debt (Note 6)	70,707	65,321	673,400
Deferred Income Taxes (Note 7)	3,012	—	28,686
Accrued Retirement Benefits	3,554	3,390	33,848
Other Long-Term Liabilities	1,938	1,329	18,457
Minority Interest in Consolidated Subsidiaries	3,652	970	34,781
Shareholders' Equity (Note 10):			
Common stock, par value ¥50 per share:			
Authorized: 800,000,000 shares			
at 31st March, 2000 and 1999			
Issued: 229,544,206 shares at 31st March, 2000 and			
225,000,000 shares at 31st March, 1999	34,997	33,325	333,305
Additional paid-in capital	9,405	7,737	89,571
Retained earnings (Note 12)	42,054	38,251	400,514
	<u>86,456</u>	<u>79,313</u>	<u>823,390</u>
Less: treasury stock	(0)	—	(0)
	<u>86,456</u>	<u>79,313</u>	<u>823,390</u>
	<u>¥311,691</u>	<u>¥289,527</u>	<u>\$2,968,486</u>

Consolidated Statements of Income

For the years ended 31st March, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Net Sales	¥276,458	¥256,521	\$2,632,933
Cost of Sales	236,288	215,259	2,250,362
Gross profit	40,170	41,262	382,571
Selling, General and Administrative Expenses	21,538	22,180	205,123
Income from operations	18,632	19,082	177,448
Other Income (Expenses):			
Interest and dividends income	951	516	9,057
Interest expenses	(2,673)	(3,117)	(25,457)
Exchange loss	—	(203)	—
Equity in earnings of unconsolidated subsidiaries and affiliates	(507)	(1,090)	(4,829)
Other — net	(746)	(791)	(7,105)
Income before special items	15,657	14,397	149,114
Special Profit (Loss):			
Loss on sales and disposals of property, plant and equipment	(526)	(286)	(5,010)
Loss on write-down of investments in securities	(87)	(469)	(829)
Loss on sale of investments in securities	19	(15)	181
Compensation of moving of facilities	234	—	2,229
Loss on liquidation of affiliates	(564)	—	(5,371)
Loss on write-off of investments in securities	—	(72)	—
Listing expenses	—	(101)	—
Income before income taxes and minority interest	14,733	13,454	140,314
Income Taxes (Note 7):			
Current	6,836	5,940	65,104
Deferred	(519)	—	(4,943)
	6,317	5,940	60,161
Minority Interests in Earnings of Consolidated Subsidiaries	156	103	1,486
Net income	¥ 8,260	¥ 7,411	\$ 78,667
		Yen	U.S. Dollars (Note 2)
Per Share (Note 1 (14)):			
Net income			
Basic	¥36.27	¥34.24	\$0.35
Diluted	¥35.30	—	\$0.34
Cash dividends			
Common shares	¥ 8.00	¥10.00	\$0.08

The accompanying notes are an integral part of the statements.

Consolidated Statements of Shareholders' Equity

For the years ended 31st March, 2000 and 1999

	Number of shares of common stock	Millions of Yen			
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at 31st March, 1998	200,000,000	¥28,000	¥ —	¥32,577	¥ —
Net income for the year	—	—	—	7,411	—
Cash dividends paid	—	—	—	(1,700)	—
Bonuses to directors	—	—	—	(60)	—
Increase due to inclusion in consolidation of additional Subsidiaries	—	—	—	150	—
Decrease due to inclusion in consolidation of additional Subsidiaries	—	—	—	(127)	—
New shares issue in public offering	25,000,000	5,325	7,737	—	—
Balance at 31st March, 1999	225,000,000	33,325	7,737	38,251	—
Cumulative effect of change in adoption of deferred tax Accounting	—	—	—	(2,156)	—
Net income for the year	—	—	—	8,260	—
Cash dividends paid	—	—	—	(2,265)	—
Bonuses to directors	—	—	—	(54)	—
Increase due to inclusion in consolidation of additional Subsidiaries	—	—	—	32	—
Increase due to application of equity method to additional Subsidiaries and affiliates	—	—	—	7	—
Decrease due to application of equity method to additional Subsidiaries and affiliates	—	—	—	(21)	—
Conversion of convertible notes to common stock	4,544,206	1,672	1,668	—	—
Purchase of treasury stock	—	—	—	—	(0)
Balance at 31st March, 2000	229,544,206	¥34,997	¥9,405	¥42,054	¥(0)

	Number of shares of common stock	Thousands of U.S. Dollars (Note 2)			
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at 31st March, 1999	225,000,000	\$317,381	\$73,685	\$364,294	\$ —
Cumulative effect of change in adoption of deferred tax Accounting	—	—	—	(20,253)	—
Net income for the year	—	—	—	78,667	—
Cash dividends paid	—	—	—	(21,571)	—
Bonuses to directors	—	—	—	(514)	—
Increase due to inclusion in consolidation of additional Subsidiaries	—	—	—	305	—
Increase due to application of equity method to additional Subsidiaries and affiliates	—	—	—	66	—
Decrease due to application of equity method to additional Subsidiaries and affiliates	—	—	—	(200)	—
Conversion of convertible notes to common stock	4,544,206	15,924	15,886	—	—
Purchase of treasury stock	—	—	—	—	(0)
Balance at 31st March, 2000	229,544,206	\$333,305	\$89,571	\$400,514	\$(0)

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

For the years ended 31st March, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Cash Flows from Operating Activities:			
Net income before taxes and minority interest	¥14,733	¥13,454	\$140,314
Adjustments for:			
Depreciation and amortization	9,770	9,602	93,048
Provision of retirement benefits	233	975	2,219
Provision of allowance for doubtful accounts.....	(193)	3	(1,838)
Interest and dividend income.....	(951)	(516)	(9,057)
Interest expenses	2,673	3,117	25,457
Equity in earnings of unconsolidated subsidiaries and affiliates ...	507	1,090	4,829
Profit on sales of property, plant and equipment	(161)	(214)	(1,533)
Loss on disposals of property, plant and equipment	627	500	5,971
Decrease (increase) in notes and accounts receivables.....	(6,627)	8,268	(63,114)
Decrease (increase) in inventories	1,987	(550)	18,924
Increase (decrease) in notes and accounts payable.....	1,645	(3,852)	15,667
Other	844	(6,660)	8,037
Sub total.....	25,087	25,217	238,924
Interest and dividends income received.....	1,688	1,378	16,076
Interest expenses paid	(3,144)	(3,141)	(29,943)
Income taxes paid	(4,723)	(10,222)	(44,981)
Net cash provided by operating activities	18,908	13,232	180,076
Cash Flows from Investing Activities:			
Payments for purchase of property, plant and equipment.....	(6,589)	(10,604)	(62,752)
Proceeds from sale of property, plant and equipment.....	263	124	2,505
Payments for purchase of intangible assets.....	(600)	(670)	(5,714)
Payments for purchase of investments in securities	(15,196)	(3,689)	(144,724)
Proceeds from sales of investments in securities	348	206	3,314
Increase in long-term loans receivable	(10,348)	(3,136)	(98,552)
Other	443	(164)	4,218
Net cash used in investing activities.....	(31,679)	(17,933)	(301,705)
Cash Flows from Financing Activities:			
Decrease in short-term debt (net)	(4,048)	(2,282)	(38,552)
Increase (decrease) in commercial paper (net)	(2,000)	2,000	(19,048)
Proceeds from long-term debt	21,279	15,287	202,657
Repayment of long-term debt.....	(16,149)	(22,736)	(153,800)
Proceeds from issuance of common stock.....	—	13,062	—
Proceeds from issuance of convertible notes	10,000	—	95,238
Cash dividends paid.....	(2,265)	(1,700)	(21,571)
Cash dividends paid to minorities	(37)	(42)	(352)
Proceeds from issuance of common stock by minority shareholders.....	1,800	—	17,143
Other	(325)	—	(3,096)
Net cash provided by financing activities.....	8,255	3,589	78,619
Effect of Exchange Rate Changes on Cash and Cash Equivalents ...	(403)	7	(3,838)
Net Decrease in Cash and Cash Equivalents.....	(4,919)	(1,105)	(46,848)
Cash and Cash Equivalents at Beginning of Year	9,725	10,530	92,619
Adjustments of New Consolidated Subsidiaries on Cash and Cash Equivalents	649	300	6,181
Cash and Cash Equivalents at End of Year.....	¥ 5,455	¥ 9,725	\$ 51,952

The accompanying notes are an integral part of the statements.

Notes to the Consolidated Financial Statements

For the years ended 31st March, 2000 and 1999

1. Summary of Significant Accounting Policies

(1) Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by NIPPON MINING & METALS COMPANY, LIMITED (the "Company") and its consolidated subsidiaries (the "Companies") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Consolidated statements of cash flows have been required to be prepared with effect for the year ended 31st March, 2000, in accordance with a new accounting standard. This new standard specifies a format which differs from that used in earlier years, under the previous accounting practice, accordingly the comparative period's consolidated statements of cash flows have been reformatted.

The Company is a majority-owned subsidiary of Japan Energy Corporation ("JEC"), a public-owned company in Japan.

The company's transactions /account balances of material nature with JEC are summarized as follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Transaction:			
Sales of products	<u>¥6,438</u>	<u>¥6,210</u>	<u>\$61,314</u>
Purchase of raw materials	<u>¥ 875</u>	<u>¥ 920</u>	<u>\$ 8,333</u>
Account balance:			
Accounts receivable	<u>¥ 598</u>	<u>¥ 883</u>	<u>\$ 5,695</u>
Accounts payable	<u>¥ 79</u>	<u>¥ 91</u>	<u>\$ 752</u>

Any other transactions of the Company with JEC are not significant.

(2) Principles of Consolidation

As at 31st March, 2000, the consolidated financial statements include the accounts of the Company and its 27 significant subsidiaries (21 domestic subsidiaries and 6 overseas subsidiaries). All significant intercompany accounts and transactions and unrealized profit among the Companies, if any, have been eliminated in consolidation.

The unconsolidated subsidiaries would have no material effect on the Consolidated Financial Statement of the Companies and therefore, excluded consolidation.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

The investments in 1 unconsolidated subsidiary and 15 major affiliates (influencing companies) are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost or less, due to their insignificant effect on the Consolidated Financial Statements of the Companies.

(4) Remeasurement of Assets and Liabilities of the Subsidiaries

Full portion of the assets and liabilities of the subsidiaries is marked to fair value as of the acquisition of the control.

(5) Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into yen at the historical rate of exchange.

In translating the financial statements of subsidiaries or affiliates stated in foreign currencies into yen, for purposes of consolidation with the Company or for application of equity method, all assets and liabilities are translated at the current exchange rates, while capital stock and the balance of retained earnings are translated at historical rates. All revenue and expense items for the year are translated at the current rates.

The difference arising from translation of the foreign currency financial statements is shown as "Translation Adjustment" in the accompanying consolidated balance sheets.

(6) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(7) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided in an amount equivalent to the maximum limit allowed deduction under the Japanese income tax law, plus the amount of possible losses from uncollectible receivables based on the management's estimate.

(8) Inventories

Inventories are valued at cost as determined by the following methods:

Copper ore and related products	Mainly, last-in, first-out method
Gold and silver	Mainly, first-in, first-out method
Other inventories	Mainly, last-in, first-out method

(9) Marketable Securities and Investments in Securities

Marketable securities (current) and investments in securities (non-current) with market quotation on the stock exchanges are valued at the lower of moving-average cost or market method.

Securities in current and non-current portfolio without market quotations on stock exchanges are valued at the moving average cost.

(10) Property, Plant and Equipment

Approximately 93 per cent. of property, plant and equipment are depreciated using the straight-line method, and approximately 7 per cent. are depreciated using the declining-balance method at 31st March, 2000.

Normal repairs and maintenance including minor renewals and improvements are charged to income as incurred.

(11) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

In the year ended 31st March, 2000, the Company and its subsidiaries adopted the deferred tax accounting method in accordance with the amended regulations for preparation of consolidated financial statements. Income taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements. The cumulative effect of adopting deferred tax accounting at 1st April, 1999 was charged to retained earnings.

In the year ended 31st March, 1999, income taxes of the Company and its domestic subsidiaries were provided for at an amount currently payable based on tax returns filed with tax authorities.

As a result of the change, "Net income" for the year ended 31st March, 2000, was increased by ¥519 million (\$4,943 thousand) and "Retained earnings" was decreased by ¥1,637 million (\$15,400 thousand), when compared with the previous basis.

(12) Retirement Plan

(a) Retirement Benefits to Employees

The employees of the Company and subsidiaries (excluding Directors and Corporate Auditors) are generally covered by retirement benefit plan under which the retiring employees are entitled to a lump-sum payments determined by reference to the current rate of pay, length of service, and conditions under which the terminations occur.

The balance of accrued employees' retirement benefits in the accompanying consolidated balance sheets represent the amount mainly equivalent to 40 per cent. of such retirement payments the Company and subsidiaries would have been required to pay, if all eligible employees had retired at the year-end date (as allowed deduction for tax purpose).

In addition to the unfunded lump-sum severance payments described above, eligible employees of the company is covered by non-contributory trusted pension plan. Eligible employees of 1 consolidated subsidiary are covered by contributory trusted pension plan.

(b) Retirement Benefits to Directors and Corporate Auditors

The Company and subsidiaries have provided for accrued cost for retirement benefits to Directors and Corporate Auditors in an amount equivalent to 100 per cent. of such benefits the Company and subsidiaries would be required to pay, had all eligible Directors and Corporate Auditors retired at the year-end date.

The balance of "Accrued Retirement Benefits" account in the accompanying consolidated balance sheets include the accrual for retirement benefits to Directors and Corporate Auditors, which amounted to ¥1,026 million (\$9,771 thousand), ¥1,095 million at 31st March, 2000 and 1999, respectively.

(13) Accounting for Finance Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method similar to that used as applicable to ordinary operating leases.

On the contrary, all finance leases of overseas consolidated subsidiary are recognized as sales/purchases of assets on installments payments.

(14) Earnings Per Share

The computation of basic net income per common stock is based on the weighted average number of shares of common stock outstanding. The average number of shares used in the computation was 227,732,735 and 216,438,356 for the years ended March 31, 2000 and 1999, respectively.

The diluted net income per share assumes full conversion of outstanding convertible note at the beginning of the year (or at the time of issuance, if after beginning of the year) with an applicable adjustment for related net-of-tax interest expense, and full exercise of outstanding warrants at the end of the year. The average number of shares used in the computation was 233,995,948 for the year ended March 31, 2000.

Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

2. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥105=U.S. \$1, the rate of exchange prevailing at 31st March, 2000 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

3. Cash and Cash Equivalents

Cash and Cash Equivalents consisted of:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Cash and bank deposits	¥5,455	¥9,117	\$51,952
Short-term investments	—	608	—
Cash and Cash Equivalents	<u>¥5,455</u>	<u>¥9,725</u>	<u>\$51,952</u>

4. Marketable Securities

Marketable securities as at 31st March, 2000 and 1999 were as follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Listed equity securities*	¥—	¥ 11	\$ —
Bonds and others	12	609	114
	<u>¥12</u>	<u>¥620</u>	<u>\$114</u>
*Market value of listed equity securities	<u>¥—</u>	<u>¥ 14</u>	<u>\$ —</u>

5. Investments in Securities

Investments in securities as at 31st March, 2000 and 1999 were as follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Listed equity securities and bonds*	¥21,174	¥20,500	\$201,657
Unlisted equity securities	28,590	12,916	272,286
	<u>¥49,764</u>	<u>¥33,416</u>	<u>\$473,943</u>
*Market value of listed equity securities and bonds	<u>¥21,698</u>	<u>¥22,775</u>	<u>\$206,648</u>
Investments in unconsolidated subsidiaries and affiliates	¥40,740	¥24,027	\$388,000
Other	9,024	9,389	85,943
	<u>¥49,764</u>	<u>¥33,416</u>	<u>\$473,943</u>

6. Short-term Debt and Long-term Debt

Short-term debt consists principally of bank overdraft, bearing interest at annual rates ranging from 0.6 per cent. to 11.5 per cent. and from 0.6 per cent. to 7.9 per cent. as at 31st March, 2000 and 1999, respectively.

Short-term debt as at 31st March, 2000 and 1999 was as follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Bank:			
Collateralized	¥ 121	¥ 186	\$ 1,152
Unsecured	84,541	88,051	805,153
Current portion of long-term debt	20,717	16,094	197,305
	<u>¥105,379</u>	<u>¥104,331</u>	<u>\$1,003,610</u>

Long-term debt as at 31st March, 2000 and 1999 was follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Payable to domestic banks, insurance companies and others, with interest rates shown below (*1)			
Collateralized	¥69,992	¥61,238	\$666,590
Unsecured	14,772	20,177	140,686
	<u>84,764</u>	<u>81,415</u>	<u>807,276</u>
Zero coupon unsecured convertible notes due 2003 with provision shown below (*2)	6,660	—	63,429
Less: Amounts due within one year	(20,717)	(16,094)	(197,305)
	<u>¥70,707</u>	<u>¥65,321</u>	<u>\$673,400</u>

For the year ended 31st March, 2000 1999

(*1) Interest rates 0.6 per cent. to 6.4 per cent. 0.1 per cent. to 10.0 per cent.

(*2) Conversion into shares of common stock through 16th September, 2003 at the current conversion price per share of ¥735 (\$7.0) (subject to adjustment in certain circumstances)

Annual maturities of long-term bank loans are as follows:

Year ending on 31st March,	Millions of Yen	Thousands of U.S. Dollars
2001	¥20,717	\$197,305
2002	8,826	84,057
2003	14,730	140,286
2004	12,664	120,610
2005 and thereafter	27,827	265,018
	<u>¥84,764</u>	<u>\$807,276</u>

Assets pledged as collateral for short-term debt, long-term debt and guarantee as at 31st March, 2000 and 1999 were as follows:

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Cash in banks	¥ 25	¥ 42	\$ 238
Investments in securities	12,246	12,240	116,629
Property, plant and equipment (at net book value)	66,480	70,293	633,143
Other investments	151	—	1,438
	<u>¥78,902</u>	<u>¥82,575</u>	<u>\$751,448</u>

7. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 42.0% and 48.0% for the years ended 31st March, 2000 and 1999, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

At 31st March 2000, significant components of deferred tax assets and liabilities were as follows:

31st March, 2000	Millions of Yen	Thousands of U.S. Dollars
Deferred tax assets:		
Accrued enterprise tax	¥ 361	\$ 3,438
Accrued bonuses to employees	267	2,543
Accrued retirement benefits to directors and corporate auditors	425	4,048
Accrued retirement benefits to employees	265	2,524
Other	997	9,495
Total gross deferred tax assets	2,315	22,048
Less valuation allowance	(434)	(4,133)
Net deferred tax assets	1,881	17,915
Deferred tax liabilities:		
Reserve for tax purpose	(3,655)	(34,809)
Other	(508)	(4,839)
Total gross deferred tax liabilities	(4,163)	(39,648)
Net deferred tax liabilities	<u>¥(2,282)</u>	<u>\$(21,733)</u>

In assessing the realizability of deferred tax assets, management of the Company considers whether it is more likely than not that some portion will not be realized. The ultimate realization of deferred tax assets is entirely dependent on the generation of future taxable income in specific tax jurisdictions during the periods in which those temporary differences become deductible. Although realization is not assured, management considered the projected future taxable income in making this assessment. Based on these factors, management believes it is more likely than not the Company will realize the benefit of these deductible differences, net of the existing valuation allowances as of 31st March 2000.

At 31st March 2000, the difference between the effective rate and the statutory tax rate was insignificant.

8. Leases

The Companies lease certain machinery and equipment and other. Total leases payments under leases were ¥231 million (\$2,200 thousand) and ¥212 million for the years ended 31st March, 2000 and 1999, respectively.

Pro forma information of leased property such as acquisition costs, accumulated depreciation, future minimum lease payments under finance lease that do not transfer ownership of the leased property to lessee on an "as if capitalized" basis for the years ended 31st March, 2000 and 1999 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	Acquisition Cost	Accumulated Depreciation	Balance as of 31st March, 2000	Balance as of 31st March, 2000
2000				
Machinery and equipment	¥ 752	¥315	¥437	\$4,162
Other	612	400	212	2,019
	<u>¥1,364</u>	<u>¥715</u>	<u>¥649</u>	<u>\$6,181</u>

	Millions of Yen		
	Acquisition Cost	Accumulated Depreciation	Balance as of 31st March, 1999
1999			
Machinery and equipment	¥611	¥237	¥374
Other	568	310	258
	<u>¥1,179</u>	<u>¥547</u>	<u>¥632</u>

31st March,	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000

The scheduled maturities of future lease rental payments, which included the portion of interest thereon, on such lease contracts as of 31st March, 2000, are as follows:

Due within one year	¥199	¥200	\$1,895
Due over one year	450	432	4,286
	<u>¥649</u>	<u>¥632</u>	<u>\$6,181</u>
Lease rental expenses for the year	<u>¥231</u>	<u>¥212</u>	<u>\$2,200</u>

The amount of acquisition costs and future minimum lease payments under finance leases included the imputed interest expense portion.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method, was ¥231 million (\$2,200 thousand) and ¥212 million for the years ended 31st March, 2000 and 1999, respectively.

9. Derivative and Hedging Activities

The Companies deal with forward currency exchange transactions to hedge exchange rate risk of monetary receivables and payables denominated in foreign currencies. Interest rate swap transactions and interest rate cap transactions are made in order to minimize the risk of interest rate on borrowings changing upward. The Companies deal with commodity futures transactions to hedge exchange the price of inventories.

The Companies have established a control environment which includes policies and procedures for risk assessments and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Companies do not hold or issue derivative financial instruments for trading purpose.

The Companies are exposed to certain market risks arising from its forward exchange contracts and swap agreements. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest; however, the Companies do not anticipate nonperformance by any of these counterparties all of whom are financial institutions with high bond ratings.

At 31st March, 2000, the forward exchange contracts outstanding were as follows:

For the year ended 31st March, 2000	Millions of Yen		
	Notional amount	Market value	Unrealized gain (loss)
Forward exchange contracts			
to sell U.S. dollars	¥23,098	¥22,933	¥165
to buy U.S. dollars	¥ 5,125	¥ 5,083	¥(42)
to buy other foreign currencies	¥ 24	¥ 23	¥ (0)

For the year ended 31st March, 2000	Thousands of U.S. Dollars		
	Notional amount	Market value	Unrealized gain (loss)
Forward exchange contracts			
to sell U.S. dollars	\$219,981	\$218,409	\$1,571
to buy U.S. dollars	\$ 48,810	\$ 48,410	\$ (400)
to buy other foreign currencies	\$ 229	\$ 219	\$ (10)

At 31st March, 2000, the interest rate swap agreements outstanding were as follows:

For the year ended 31st March, 2000	Millions of Yen	
	Notional amounts	Unrealized gain
Interest-rate swap agreements:		
Valuable-rate into fixed-rate Obligations	¥2,000	¥87

For the year ended 31st March, 2000	Thousands of U.S. Dollars	
	Notional amounts	Unrealized gain
Interest-rate swap agreements:		
Valuable-rate into fixed-rate Obligations	\$19,048	\$829

At 31st March, 2000, the interest rate caps agreements outstanding were as follows:

For the year ended 31st March, 2000	Millions of Yen	
	Notional amounts	Unrealized loss
Interest-rate caps agreements	¥10,000	¥5

For the year ended 31st March, 2000	Thousands of U.S. Dollars	
	Notional amounts	Unrealized loss
Interest-rate caps agreements	\$95,238	\$48

At 31st March, 2000, the commodity futures agreements outstanding were as follows:

For the year ended 31st March, 2000	Millions of Yen		
	Notional amount	Market value	Unrealized gain (loss)
Commodity futures agreements:			
to sell Metals	¥24,123	¥23,849	¥ 274
to buy Metals	¥19,471	¥18,860	¥(610)

For the year ended 31st March, 2000	Thousands of U.S. Dollars		
	Notional amount	Market value	Unrealized gain (loss)
Commodity futures agreements:			
to sell Metals	\$229,743	\$227,133	\$ 2,610
to buy Metals	\$185,438	\$179,619	\$(5,819)

10. Shareholders' Equity

Under the Commercial Code of Japan, at least 50% of the issue price of new shares, with a minimum of par value thereof, is required to be designed as stated capital. The Company issued 4,544,206 shares in connection with the conversion of notes for the year ended 31st March, 2000. The portion, which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds, in excess of the amounts designated as stated capital, have been credited to additional paid-in capital.

11. Contingent Liabilities

As at 31st March, 2000, the Companies are contingently liable for guarantee as follows:

	Millions of Yen		Thousands of U.S. Dollars
Guarantees of loans from banks	¥ 9,808		\$ 93,410
Guarantees of project finance for development of mine	15,062		143,448
Others	75		714

12. Subsequent Event

The appropriation of retained earnings of the Company, including cash dividends applicable to the year ended 31st March, 2000, which was proposed by the Board of Directors and approved at the shareholders' meeting held on 27th June, 2000, was for the purpose of paying cash dividends to shareholders on records at 31st March, 2000, in the aggregate amount of ¥918 million (\$8,743 thousand) (¥4 per share) and bonuses to directors in the aggregate amount of ¥40 million (\$381 thousand).

13. Segment Information

(1) Industry Segment Information

The operation of the Company and its consolidated subsidiaries for the years ended 31st March, 2000 and 1999 were summarized by product group as follows:

For the year ended 31st March, 2000	Millions of Yen						Consolidated Total
	Metal Production	Metal Fabrication	Recycling and Environmental Services	Engineering and Consulting	Other	Elimination or Common Assets*	
Sales							
Sales to outside customers	¥181,977	¥57,974	¥ 4,716	¥10,530	¥21,261	¥ —	¥276,458
Inter-segment sales	8,250	303	22,983	11,093	11,557	(54,186)	—
Total	190,227	58,277	27,699	21,623	32,818	(54,186)	276,458
Operating costs and expenses	182,099	49,252	26,803	21,580	32,278	(54,186)	257,826
Operating income	¥ 8,128	¥ 9,025	¥ 896	¥ 43	¥ 540	¥ —	¥ 18,632
Assets	¥188,724	¥70,220	¥13,104	¥ 6,918	¥31,496	¥ 1,229	¥311,691
Depreciation	¥ 5,239	¥ 2,814	¥ 580	¥ 65	¥ 1,072	¥ —	¥ 9,770
Capital expenditure	¥ 4,061	¥ 2,017	¥ 356	¥ 38	¥ 717	¥ —	¥ 7,189

For the year ended 31st March, 1999	Millions of Yen						Consolidated Total
	Metal Production	Metal Fabrication	Recycling and Environmental Services	Engineering and Consulting	Other	Elimination or Common Assets*	
Sales							
Sales to outside customers	¥177,870	¥48,665	¥ 3,128	¥1,998	¥24,860	¥ —	¥256,521
Inter-segment sales	7,920	253	23,426	4,052	4,969	(40,620)	—
Total	185,790	48,918	26,554	6,050	29,829	(40,620)	256,521
Operating costs and expenses	171,970	44,910	25,835	5,943	29,401	(40,620)	237,439
Operating income	¥ 13,820	¥ 4,008	¥ 719	¥ 107	¥ 428	¥ —	¥ 19,082
Assets	¥179,522	¥74,218	¥14,668	¥4,352	¥15,421	¥ 1,346	¥289,527
Depreciation	¥ 5,174	¥ 3,243	¥ 596	¥ 66	¥ 160	¥ —	¥ 9,239
Capital expenditure	¥ 5,940	¥ 2,435	¥ 593	¥ 49	¥ 514	¥ —	¥ 9,531

For the year ended 31st March, 2000	Thousands of U.S. Dollars						Consolidated Total
	Metal Production	Metal Fabrication	Recycling and Environmental Services	Engineering and Consulting	Other	Elimination or Common Assets*	
Sales							
Sales to outside customers	\$1,733,114	\$552,133	\$ 44,914	\$100,286	\$202,486	\$ —	\$2,632,933
Inter-segment sales	78,572	2,886	218,886	105,647	110,067	(516,058)	—
Total	1,811,686	555,019	263,800	205,933	312,553	(516,058)	2,632,933
Operating costs and expenses	1,734,276	469,067	252,267	205,523	307,410	(516,058)	2,455,485
Operating income	\$ 77,410	\$ 85,952	\$ 8,533	\$ 410	\$ 5,143	\$ —	\$ 177,448
Assets	\$1,797,371	\$668,762	\$124,800	\$ 65,886	\$299,962	\$ 11,705	\$2,968,486
Depreciation	\$ 49,895	\$ 26,800	\$ 5,524	\$ 619	\$ 10,210	\$ —	\$ 93,048
Capital expenditure	\$ 38,676	\$ 19,210	\$ 3,390	\$ 362	\$ 6,828	\$ —	\$ 68,466

* Amounts shown in column "Elimination or common assets" in the above table for the years ended 31st March, 2000 and 1999 of ¥3,692 million (\$35,162 thousand) and ¥1,346 million, respectively are represented by "Translation Adjustment".

(2) Geographic Segment information

Segment information classified by geographic area* was omitted due to insignificance.

(3) Export sales and sales by overseas subsidiaries

Millions of Yen							
For the year ended 31st March, 2000	Asia	North America	Europe	Oceania	South America	Africa	Total
Overseas sales	¥61,133	¥1,743	¥1,677	¥51	¥91	¥45	¥ 64,748
Consolidated sales.....	—	—	—	—	—	—	¥276,458
Ratio	22.1%	0.6%	0.6%	0.0%	0.0%	0.0%	23.4%

Millions of Yen							
For the year ended 31st March, 1999	Asia	North America	Europe	Oceania	South America	Africa	Total
Overseas sales	¥46,407	¥2,344	¥3,911	¥302	¥223	¥—	¥53,187
Consolidated sales.....	—	—	—	—	—	—	¥256,521
Ratio	18.1%	0.9%	1.5%	0.1%	0.1%	—	20.7%

Thousands of U.S. Dollars							
For the year ended 31st March, 2000	North America	Europe	South America	Oceania	Africa	Total	
Overseas sales	\$582,219	\$16,600	\$15,971	\$486	\$943	\$429	\$ 616,648
Consolidated sales.....	—	—	—	—	—	—	\$2,632,933

* Asia China, Korea, Singapore, Taiwan, Indonesia
 North America U.S.A.
 Europe France
 Oceania Australia
 South America Chile
 Africa Namibia

14. Related Party Transactions

Material transactions of the Company with its related companies and individuals, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements and other than those disclosed elsewhere in these financial statements, for the years ended 31st March, 2000 and 1999 was as follows:

Name of related company	Paid-in capital	Principal business	Equity ownership percentage by the Company	Description of the Company's transactions	Transactions		Resulting Accounting Balance		
					For the year ended 31st March,		Account	At 31st March,	
					2000	1999		2000	1999
ANT Minerals pty. ltd. (Australia)	A\$19,200 thousands	Investments in McArther River Mine	50%	Loans made	¥ — (\$ —)	¥ —	Long-term loans	¥6,705 (\$63,857)	¥4,470
Compania Minera Los Pelambres (Chile)	\$348 millions	Mining of copper	25%	Guarantees of project finance for development of mine	¥15,062 (\$143,448)	¥10,240	—	—	—

The term and conditions on the above transactions are the same as those of the arm's-length transactions.

Report of Independent Certified Public Accountants

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS 

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

The Board of Directors
NIPPON MINING & METALS COMPANY, LIMITED

We have audited the accompanying consolidated balance sheets of NIPPON MINING & METALS COMPANY, LIMITED and its consolidated subsidiaries as of 31st March, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of NIPPON MINING & METALS COMPANY, LIMITED and its consolidated subsidiaries as of 31st March, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1 (1)) applied on a consistent basis.

As described in Notes 1 (1) and (11), effective for the year ended 31st March, 2000, NIPPON MINING & METALS COMPANY, LIMITED and its consolidated subsidiaries have adopted new Japanese accounting standards for preparation of consolidated financial statements and income taxes.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 2 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

Tokyo, Japan
27th June, 2000

Group of Companies

METAL PRODUCTION

■ LG-NIKKO COPPER INC.

Line of Business: Smelting and refining of copper

Equity Ownership: Japan Korea Joint Smelting Co., Ltd. (Nippon Mining & Metals has 80% ownership) 46%
Capital: US\$240 million

◆ JAPAN KOREA JOINT SMELTING CO., LTD.

Line of Business: Investment in and financing of joint venture copper smelting operations in South Korea
Equity Ownership: 80%
Capital: ¥12 billion

■ TATSUTA ELECTRIC WIRE AND CABLE CO., LTD.

Line of Business: Manufacture and marketing of coated electric wire and cable
Equity Ownership: 30.9%
Capital: ¥6,676 million

■ TOHO TITANIUM CO., LTD.

Line of Business: Manufacture of titanium sponge and ingots
Equity Ownership: 39.82%
Capital: ¥4,812 million

■ HACHINOHE SMELTING CO., LTD.

Line of Business: Production of zinc
Equity Ownership: 27.81%
Capital: ¥4,795 million

■ AKITA ZINC CO., LTD.

Line of Business: Production of zinc
Equity Ownership: 24%
Capital: ¥5,000 million

◆ JAPAN COPPER CASTING CO., LTD.

Line of Business: Production of copper cakes and billets
Equity Ownership: 55%
Capital: ¥200 million

◆ NIKKO SHOJI CO., LTD.

Line of Business: Trading and marketing of metal products and fabricated metal products
Equity Ownership: 82.86%
Capital: ¥268 million

■ CHANGZHOU JINYUAN COPPER CO., LTD.

Line of Business: Manufacturing and marketing of copper wire rods
Equity Ownership: 15%
Capital: 100 million RMB

◆ NIPPON MINING ASIA CO., LTD. (TAIWAN)

Line of Business: Marketing of refined copper and metal products
Equity Ownership: 100%
Capital: NT\$20 million

■ HITACHI WIRE ROD CO., LTD.

Line of Business: Manufacture and marketing of copper wire rods
Equity Ownership: 49%
Capital: ¥490 million

RESOURCES DEVELOPMENT

◆ TOYOHA MINES CO., LTD.

Line of Business: Mining of lead, zinc and silver
Equity Ownership: 100%
Capital: ¥200 million

◆ KASUGA MINES CO., LTD.

Line of Business: Mining of gold-bearing silica ore
Equity Ownership: 100%
Capital: ¥10 million

◆ NIPPON MINING OF THE NETHERLANDS B.V. (NETHERLANDS)

Line of Business: Investment in companies that invest in the Collahuasi Mine and the Los Pelambres Mine
Equity Ownership: 100%
Capital: NLG22,295 thousand

■ ANT MINERALS PTY. LTD. (AUSTRALIA)

Line of Business: Investment in the McArthur River Mine
Equity Ownership: 33.3%
Capital: A\$19.2 million

■ JECO CORPORATION

Line of Business: Investment in the Escondida Mine
Equity Ownership: 20%
Capital: ¥10 million

■ SFC CO., LTD.

Line of Business: Extending business loans to the Escondida Mine
Equity Ownership: 31.3%
Capital: ¥100 million

METAL FABRICATION

◆ FUJI ELECTRONICS CO., LTD.

Line of Business: Manufacture and marketing of electronic parts
Equity Ownership: 91.93%
Capital: ¥300 million

◆ WOJIN PRECISION INDUSTRY CO., LTD. (SOUTH KOREA)

Line of Business: Manufacture and marketing of electronic parts
Equity Ownership: 40%
Capital: W6,000 million

◆ NIPPON PRECISION TECHNOLOGY (MALAYSIA) SDN. BHD. (MALAYSIA)

Line of Business: Manufacture and marketing of fabricated precision parts
Equity Ownership: 50%
Capital: RM14 million

◆ NIKKO COIL CENTER CO., LTD.

Line of Business: Fabrication and marketing of phosphor bronze and stainless steel
Equity Ownership: 100%
Capital: ¥10 million

◆ NIKKO LOGITEC CO., LTD.

Line of Business: Fabrication of metal products
Equity Ownership: 100%
Capital: ¥10 million

◆ NIPPON MINING TAIWAN CO., LTD. (TAIWAN)

Line of Business: Fabrication and marketing of metal products
Equity Ownership: 90%
Capital: NT\$50 million

◆ NIPPON MINING SINGAPORE PTE. LTD. (SINGAPORE)

Line of Business: Fabrication and marketing of metal products
Equity Ownership: 100%
Capital: S\$2 million

■ UNION TITANIUM SPONGE CORPORATION (U.S.A.)

Line of Business: Investment in Timet (U.S.A.) and marketing of titanium sponge
Equity Ownership: 20%
Capital: US\$18.75 million

RECYCLING AND ENVIRONMENTAL SERVICES

◆ TOMAKOMAI CHEMICAL CO., LTD.

Line of Business: Processing of industrial waste and valuable nonferrous metal scrap

Equity Ownership: 100%

Capital: ¥100 million

◆ NIKKO TSURUGA RECYCLE CO., LTD.

Line of Business: Processing of industrial waste and valuable nonferrous metal scrap

Equity Ownership: 100%

Capital: ¥50 million

■ NIKKO MIKKAICHI RECYCLE CO., LTD.

Line of Business: Processing of industrial waste and valuable nonferrous metal scrap

Equity Ownership: 100%

Capital: ¥200 million

ENGINEERING & CONSULTING

◆ NIKKO EXPLORATION AND DEVELOPMENT CO., LTD.

Line of Business: Consulting for surveys and exploration of nonferrous metals, geological surveys

Equity Ownership: 100%

Capital: ¥90 million

◆ NIKKO POLYTECH CO., LTD.

Line of Business: Design, construction supervision, procurement of materials and equipment for construction of facilities

Equity Ownership: 70%

Capital: ¥100 million

◆ NIKKO TECHNO SERVICE CO., LTD.

Line of Business: Survey, research, and consulting services relating to nonferrous metals

Equity Ownership: 83.33%

Capital: ¥36 million

◆ NIKKO CORPORATE SERVICES CENTER CO., LTD.

Line of Business: Financing, accounting and other services

Equity Ownership: 100%

Capital: ¥50 million

■ NIKKO CONSULTING AND ENGINEERING CO., LTD.

Line of Business: Engineering, planning, surveying and consulting

Equity Ownership: 20%

Capital: ¥130 million

OTHER OPERATIONS

◆ NIPPON MARINE CO., LTD.

Line of Business: Marine transportation

Equity Ownership: 98.83%

Capital: ¥300 million

◆ CIRCUM PACIFIC NAVIGATION CO., LTD.

Line of Business: Marine transportation (Charter of dual purpose copper concentrate/sulfuric acid carriers)

Equity Ownership: 70%

Capital: ¥10 million

◆ NISSHO KOU-UN CO., LTD.

Line of Business: Harbor stevedoring

Equity Ownership: 70%

Capital: ¥20 million

◆ NIKKO LOGISTICS PARTNERS CO., LTD.

Line of Business: Distribution management

Equity Ownership: 75%

Capital: ¥100 million

◆ NIKKO ART & CRAFT CO., LTD.

Line of Business: Marketing of jewelry, precious metals, arts and crafts

Equity Ownership: 100%

Capital: ¥20 million

◆ KUROBE NIKKO GALVA CO., LTD.

Line of Business: Galvanizing

Equity Ownership: 83%

Capital: ¥230 million

◆ Consolidated Subsidiaries

■ Unconsolidated Subsidiaries and Affiliates Accounted by the Equity Method

Board of Directors & Corporate Auditors



*(Sitting, from left) Kazuo Oki, Tetsuichi Kagawa, Takashi Sakamoto, Saburo Miyazawa
(Standing, from left) Toru Kihara, Ichiro Endo, Kazuharu Nogami, Takeshi Kurushima*

Chairman of the Board & Representative Director

TAKASHI SAKAMOTO

President & Representative Director

TETSUICHI KAGAWA

Managing Directors

SABURO MIYAZAWA
KAZUO OKI

Directors

KAZUHARU NOGAMI
ICHIRO ENDO
TAKESHI KURUSHIMA
TORU KIHARA
YASUYUKI SHIMIZU (*President, Toho Titanium*)
KEIICHI SATO (*Vice-president, LG-Nikko Copper*)

Corporate Auditors

SOTA KOBAYASHI
ITARU IKEDA
KENJI UEDA
MITSUNORI TAKAHAGI

(As of 27th June, 2000)

Corporate Data

FOUNDED 26th December, 1905

CAPITAL ¥34,997 million (As of 31st March, 2000)

NUMBER OF EMPLOYEES 1,631 (As of 31st March, 2000)

MAIN BUSINESS Resources Development, Smelting, Refining and Recycling of Nonferrous Metals, Nonferrous Metal and Special Alloy Fabrication and Environmental Services

HEAD OFFICE 10-1, Toranomom 2-chome, Minato-ku, Tokyo 105-0001
Tel 03 (5573) 7200

TECHNOLOGY DEVELOPMENT CENTER 1-1-2, Shirogane-cho, Hitachi-shi, Ibaraki 317-0056
Tel 0294 (23) 7282

DOMESTIC OFFICES

Osaka Office
Aqua Dojima Bldg. 12F, 4-4, Dojima Hama 1-chome, Kita-ku, Osaka-shi, Osaka 530-0004
Tel 06 (6345) 6131

Nagoya Office
Toyota Bldg. 5F, 7-23, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi 450-0002
Tel 052 (586) 2421

Kyushu Sales Office
KMM Bldg. 6F, 14-1, Asano 2-chome, Kokurakita-ku, Kitakyushu-shi, Fukuoka 802-0001
Tel 093 (521) 5856

DOMESTIC OPERATING UNITS

Hitachi Works
3453, Miyata-cho, Hitachi-shi, Ibaraki 317-0055
Tel 0294 (23) 7130

Saganoseki Smelter & Refinery
3-3382, Seki, Saganoseki-cho, Kitaamabe-gun, Oita 879-2201
Tel 097 (575) 3310

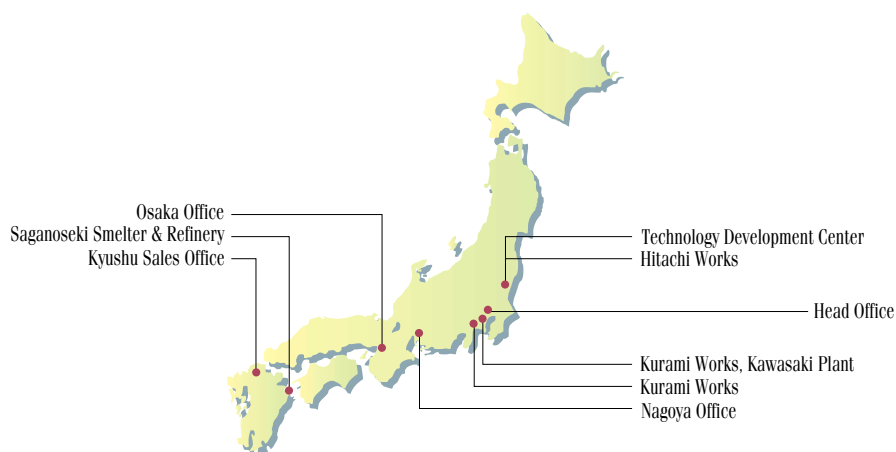
Kurami Works
3, Kurami, Samukawa-cho, Koza-gun, Kanagawa 253-0101
Tel 0467 (75) 0611

Kurami Works, Kawasaki Plant
301, Tsukagoshi 4-chome, Saiwai-ku, Kawasaki-shi, Kanagawa 210-0924
Tel 044 (511) 2441

OVERSEAS OFFICES

Australia Office
34A Bishop St., Stuart Park, N.T. 0820, Australia
Tel 618 (8943) 2819

Chile Office
San Sebastián 2807 Of. 313, Las Condes, Santiago, Republic of Chile
Tel 562 (234) 1842



NIPPON MINING & METALS CO.,LTD.

10-1, Toranomom 2-chome, Minato-ku, Tokyo 105-0001 Tel. 03 (5573) 7200

<http://www.nikko-metal.co.jp/>