
■ JX Holdings (5020) analysts' meeting Q&A for Fiscal 2012 2Q

1. Date & time: Friday, November 5, 2012, 16:00–17:10
 2. Attendees: 155
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. What are the margin assumptions for the Petroleum Refining and Marketing business?

- A. Recent conditions have been incorporated up until October. For the outlook for November and onward, there has been no change from the projections made in August. Although margins were somewhat low during October, considering that inventory levels are not very high and operations at some refineries were suspended due to regular repairs and other reasons, these low margins are not expected to persist in the future.

Q. Checks were conducted after problems at the Mizushima B Refinery. What were the results of these checks?

- A. Checks of all refineries and factories nationwide were conducted in August and September. While these checks confirmed that there were no other cases of false declarations as at the Mizushima B Refinery, cases of notification omissions about plant maintenance were discovered at some business locations. In response, reports were made by these business locations to the relevant government authorities and the guidance of these authorities will be complied with as appropriate.

Q. As a result of the improvement of second-quarter product margins in the Petroleum Refining and Marketing business, first-half ordinary income excluding inventory valuation is 13 to 14 billion yen higher than that announced in August. Yet, the full-year forecast has been lowered. Could you explain the reasoning behind this?

- A. For the full-year outlook, we have incorporated a deterioration in fuel economy and the occurrence of time lags for some products due to an increase in the assumed crude oil price, as well as the impact of the suspension of operations of the Mizushima B Refinery which was not incorporated previously. In addition, conditions during October have been incorporated for the margin assumptions, and these conditions will have a negative impact.

Q. How is the progress of the Caserones Copper Mine that is under development? Have there been any changes in views towards how it will contribute to earnings?

- A. Development of the Caserones Copper Mine is progressing steadily, with a progress rate of over 70%. Of the initial planned investment of USD 3 billion, an investment of USD 2 billion has already been made. As planned, we expect to begin using the SX-EW (solvent

extraction-electrowinning) process to produce electrolytic copper from the beginning of 2013 and production of copper concentrate from early autumn 2013. Based on the recent copper price of approximately 360 cents per pound, we expect this business to make a \$ 400 to 500 million contribution to earnings, and we don't anticipate any change to this particular contribution.

Q. Muroran Refinery is to be transformed into a petrochemical plant. Specifically what types of changes will be made?

A. The main types of equipment that will be suspended are atmospheric distillation equipment and decompression and desulfurization equipment. Secondary equipment (catalytic cracking equipment, hydrocracking equipment, etc.) will be used as is or partially modified for the production of petrochemicals including paraxylene materials and cumene, a raw material for resins.

This document contains forward-looking statements. Actual results may differ materially from those expressed or implied by forward-looking statements due to various factors, including but not limited to the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources, or materials industries;
- (2) revision of laws and tightening of regulations;
- (3) risk of lawsuits and other legal risks.