

July 30, 2008

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## **Nippon Mining Holdings to Issue Stock Options (Equity Warrants) as Stock-Based Compensation in 2008**

Nippon Mining Holdings Inc. (the “Company”), in June 2005, discontinued the retirement benefits of directors and relevant officers (the “Directors and Officers”) of the Company and core business entities of the Nippon Mining Holdings Group, and instead began granting stock-based compensation in the form of equity warrants equivalent in value to the discontinued retirement benefits. This move is aimed at raising the motivation and enthusiasm with which the Directors and Officers pursue improvements in consolidated results and share prices.

Accordingly, to implement stock-based compensation for 2008, the Company’s Board of Directors, at a meeting held today, resolved to offer equity warrants for subscription by: Directors and Senior Officers of the Company; and Directors, Executive Officers, and Associate Directors of Japan Energy Corporation and Nippon Mining and Metals Co. Ltd., the Company’s subsidiaries. Details appear below.

### 1. Name of equity warrants

2008 Nippon Mining Holdings, Inc., Equity Warrants (stock options as stock based-compensation)

### 2. Total units of equity warrants offered

679 units

The number above is the upper limit for allotment, and if the total number of units to be issued decreases due to under-subscription or any other reason, the total number of units to be offered shall equal the number of units of equity warrants subscribed.

### 3. Type and number of underlying shares

A total of 339,500 of the Company’s common shares will be designated as the underlying shares subject to the equity warrants. The number of underlying shares available for a unit (the “Number of Shares to be Granted”) of equity warrants shall be 500.

### 4. Method of payment for and exercise price of equity warrants

Payment upon exercise of equity warrants shall be made in cash. The exercise price shall be ¥1.00 per underlying share and the amount payable on the exercise of equity warrants will be calculated as the Number of Shares to be Granted multiplied by the exercise price per underlying share.

## 5. Exercise period

From August 15, 2008, to June 30, 2028

## 6. Matters concerning increase in paid-in capital and capital reserve as a result of issuing shares upon exercise of equity warrants

- (1) The increase in paid-in capital as a result of the issuance of shares upon the exercise of equity warrants shall be half of the maximum limit on increases in paid-in capital and other items as calculated in accordance with Article 40, Paragraph 1 of the *Corporate Accounting Regulations* (Ordinance of the Ministry of Justice No.13 of 2006). Any fraction less than ¥1.00 resulting from the calculation is rounded up to the nearest yen.
- (2) The increase in capital reserves as a result of the issuance of shares upon the exercise of equity warrants shall be equal to the maximum limit on increases in paid-in capital and other items, as specified in (1) above, minus the value of the increase in paid-in capital, as specified in (1) above.

## 7. Restriction on acquisition of equity warrants via transfer

Any acquisition of equity warrants via the transfer shall be subject to approval by the Company's Board of Directors.

## 8. Option to call the equity warrants

The Company asserts no option to call the equity warrants offered.

## 9. Policy concerning the treatment of equity warrants in the event of a business combination and issuance of equity warrants by an acquiring company

In the event of merger (limited to the case where the Company is the merged entity), spin-off, divestiture, or exchange of stock or stock transfer (collectively, "Reorganization"), the holders of equity warrants that remain at the time such a Reorganization takes effect ("Remaining Equity Warrants") shall be granted, in accordance with the conditions set out below, equity warrants on stock in the stock corporation (the "Surviving Company") that conform to Article 236, Paragraph 1 (a)–(e) of the Corporate Law. In such cases, the Remaining Equity Warrants will be terminated and the Surviving Company will instead issue new equity warrants. However, this will only occur if the issuance of equity warrants by the Surviving Company is provided for in the relevant merger and acquisition agreement, merger agreement, spin-off agreement, divestiture agreement, stock exchange agreement, or stock transfer agreement.

### (i) Total number of units of equity warrants to be issued by the Surviving Company

The number of units of equity warrants the Surviving Company issues to each holder shall be the same as the number of units of Remaining Equity Warrants held by each holder.

### (ii) Type of underlying shares of Surviving Company subject to the equity warrants

Common shares of the Surviving Company

### (iii) Number of shares of Surviving Company subject to the equity warrants

The number of shares shall be determined in consideration of conditions of the Reorganization and other factors and in accordance with item 3 above.

### (iv) Amount payable on exercise of equity warrants

The payment to be made upon the exercise of the new equity warrants shall be the amount obtained by multiplying the amount of payment after the Reorganization, as set forth below, by the number of shares of the Surviving Company subject to the equity warrant, as specified in (iii) above. The exercise price after the Reorganization shall be ¥1.00 per underlying share of the Surviving Company.

(v) Exercise period

Equity warrants are exercisable from the later of the following two dates: the date on which the exercise period for the equity warrants to be offered begins, as specified in item 5 above; and the date the Reorganization comes into effect. They are exercisable through the final date of the exercise period for the equity warrants, as specified in item 5 above.

(vi) Matters concerning increase in paid-in capital and capital reserve as a result of issuing shares upon exercise of equity warrants

To be determined in accordance with item 6 above.

(vii) Restriction on acquisition of equity warrants via transfer

Any acquisition of equity warrants via transfer shall be subject to approval by the Board of Directors of the Surviving Company.

(viii) Option to call the equity warrants

To be determined in accordance with item 8 above.

(ix) Other conditions on the exercise of equity warrants

To be determined in accordance with item 11 below.

10. Fractional shares constituting less than one share resulting from the exercise of equity warrants

If the exercise of equity warrants results in a fraction that constitutes less than one share in addition to any whole number of shares to be allotted to the exerciser of those warrants, that fraction shall be rounded off (discarded).

11. Other conditions on the exercise of equity warrants

(1) Regardless of item 5 above, a holder of an equity warrant is entitled to exercise such right within three years starting from the day immediately following the date of termination of his/her service as Director, Senior Officer, or Statutory Auditor of the Company; or as Director, Executive Officer, Associate Director, or Statutory Auditor of Japan Energy Corporation, Nippon Mining & Metals Co. Ltd.—the Company’s subsidiaries—or other subsidiaries designated by the Company’s Board of Directors (the “First Day of the Exercise Period”).

(2) Regardless of (1) above, in case (i) or (ii) below (case (i) excludes situations where equity warrants of the Surviving Company are issued to holders of Remaining Equity Warrants in accordance with item 9 above), the holder of an equity warrant may exercise that right only during the period stipulated in (i) and (ii), respectively:

(i) If, for any holder of an equity warrant, the First Day of the Exercise Period does not arrive by June 30, 2025, such holder shall be entitled to exercise the right during the period from July 1, 2025, to June 30, 2028.

(ii) If any merger agreement that will result in the Company ceasing to exist after the merger is

approved by a general meeting of shareholders or if any exchange of stock or stock transfer agreement that transforms the Company into a wholly owned subsidiary of another company is approved by a general meeting of shareholders (or if any such agreement is approved by the Company's Board of Directors when a resolution by a general meeting of shareholders is not required), holders of equity warrants shall be entitled to exercise those rights during the 15-day period starting from the date immediately after the date of such approval.

(3) No partial exercise of a unit of equity warrants is allowed.

(4) If a person granted equity warrants abandons those rights subscribed, he/she will not be able to exercise those equity warrants.

#### 12. Amount of payment in exchange for the equity warrants offered

The amount of payment in exchange for the equity warrants offered shall be the fair value calculated using the Black-Scholes model based on conditions as of August 14, 2008.

Part of the remuneration of those to whom equity warrants are allotted shall be offset by their obligation to pay for their allotment of the equity warrants.

#### 13. Date of allotment of the equity warrants

August 14, 2008

#### 14. Date of payment of consideration in exchange of the equity warrants

August 14, 2008

#### 15. Persons eligible for allotment, numbers of such persons, and numbers of equity warrants to be allotted (upper limit)

A total of 202 equity warrants are to be allotted among ten Directors and three Senior Officers of the Company.

A total of 477 equity warrants are to be allotted among two Directors, 30 Executive Officers, and three Associate Directors of the Company's subsidiaries.

(In total, 679 equity warrants are to be allotted among 48 individuals.)