March 15, 2012
Sojitz Corporation

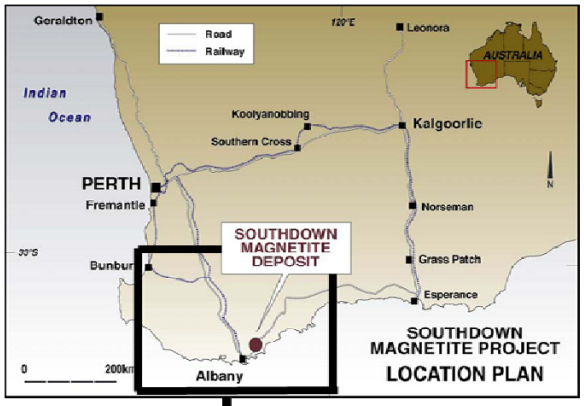
Sojitz Reaches Agreement with Kobelco on Joint Development of Southdown Magnetite Project in Australia

Sojitz Corporation has reached agreement with Kobe Steel, Ltd. (Kobelco) on joint development and implementation of the Southdown Magnetite Project ("Southdown") in Australia. Kobelco acquires 33% shares of Sojitz Resources & Technology Pty Ltd (SRT), a wholly-owned Sojitz subsidiary that holds a 30% interest of the Southdown, a new iron ore mine. Following the share transfer, Sojitz and Kobelco will indirectly own 20.1% and 9.9% of Southdown project interest respectively through SRT.

The Southdown is developed with Grange Resources Limited as an unincorporated joint venture partner, 70% interest holder of the Southdown. With the participation of Kobelco, an iron ore user, in the project, the business foundations for development of the Southdown to produce magnetite pellet feed have been solidified. The Southdown mine is located about 90 km northeast of Albany in Australia's southeast. Annual production of 10 million tons of high-grade magnetite pellet feed with an iron content of about 69% is planned, with shipments to start in 2015. The exploration financing program of the Japan Oil, Gas and Metals National Corporation (JOGMEC) is being used to support the project.

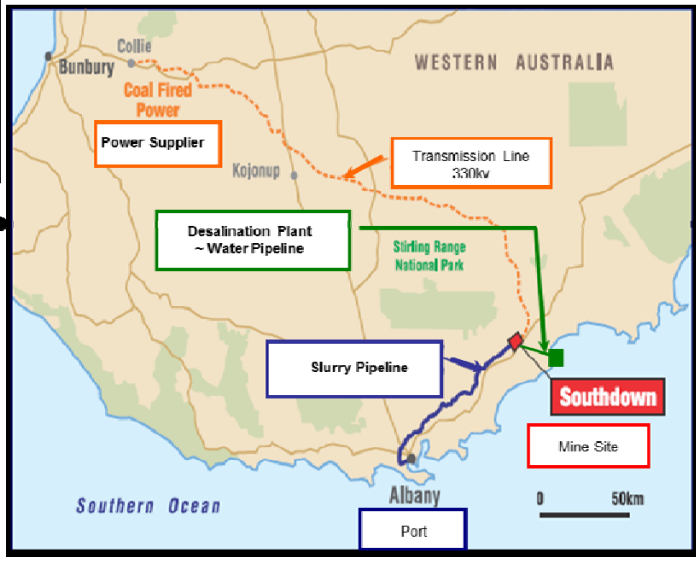
The mine is located in a geographically advantageous location, which will help keep costs low, and operating costs are expected to be at competitive levels. It is still expected that a pellet plant will be constructed and operated in Malaysia to process the pellet feed materials of the Southdown, but initially priority will be placed on mine development in Australia. Sojitz projects that total development cost of the mining project in Australia including related infrastructure development will be approximately 250 billion yen.

Project Outline



Location of Southdown Mine

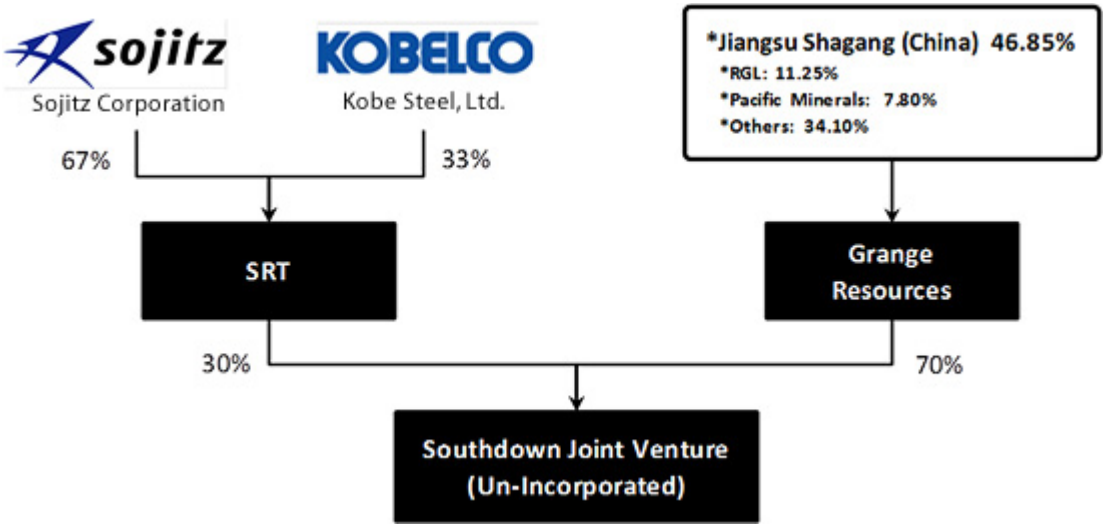
- approx. 400km south-east from Perth, WA
- approx. 90km north-east from Albany



Southdown Magnetite Project:

- Grange:SRT=70%:30%
- 10Mtpa / Production from 2015
- Mining, Grinding, Concentration
- Slurry Pipeline from mine site to port (100km)
- Shipped from Albany port (dredged and expanded)
- Water: Seawater Desalination Plant located in sea coast; approx. 20km from mine site
- Power: Transmission Line; approx. 300km

Project Structure



Reference

＜SRT＞

Company Name:	Sojitz Resources & Technology Pty Ltd (*to be changed after KSL joining)
Shareholders:	100% owned by Sojitz (after KSL joining, Sojitz 67% and KSL 33%)
Location:	Perth, Western Australia
Managing Director:	Miki Akai
Main Business:	30% interest holding of SDJV

＜Grange＞

Company Name:	Grange Resources Limited
Shareholders:	ASX listed company (major shareholder: Jiangsu Shagang (China) 46.85%)
Location:	Perth, Western Australia
Managing Director:	Russell Clark
Main Business:	70% interest holding of SDJV Mining operation of Savage River and pellet production in Tasmania (100% owned)

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