

July 12, 2006

Sojitz Corporation
Sojitz Chemical Corporation

Sojitz Chemical to be First Japanese Company to Invest in Chinese Dolomite Mining Company

Enabling a steady supply of quality dolomite through its participation

Sojitz Chemical Corporation (Head office: Minato-ku, Tokyo; President: Michifumi Watanabe), a Sojitz Group chemical operating company, will take part in the management of a dolomite mining business through its investment in Anhui Hong Ri Mining Co., Ltd. (Head office: Anhui Province, China). Anhui Hong Ri Mining undertakes the manufacture and sale of nonferrous metal mineral products such as dolomite, which is used as an auxiliary material in the manufacture of iron and steel.

The subject investment, of an existing mine under development, is through a joint acquisition with CTB XINHAI Co., Ltd. (Head office: Beijing, China), which is Sojitz Chemical's dolomite business partner in China. Sojitz Chemical has acquired 35 percent of the shares, with an approximate value of US\$285,000 (approximately ¥33 million).

The dolomite mine, owned by Anhui Hong Ri Mining, has proven reserves of 4.4 million tons of dolomite. The current annual production volume is about 200,000 tons, with a maximum scale of production of 300,000 tons.

No large additional investments will be required, since the mine is already under development. Further, the dolomite to be produced has the feature of being rich in magnesium oxide (MgO) and low in iron trioxide (Fe₂O₃), thus enabling the provision of stable quality. Sales of dolomite for a broader range of applications are expected, compared with those of other mineral products.

For more than ten years, Sojitz Chemical has been importing dolomite from China for metallurgical use and selling it to multiple iron and steel manufacturing companies in

Japan. Owning the mine will enable the company to provide a consistent service; from operation of the mine, to the transport and sales of dolomite.

In addition, Sojitz Chemical will not only realize a steady supply of dolomite on a long-term basis, with which it aims to increase its market share in Japan, but will also strive to develop new markets for dolomite for applications such as glass and fertilizer production, in addition to the markets that currently exist for its application to iron and steel production.

Dolomite is mainly used as an auxiliary material in the production of iron, steel and glass. For domestic iron and steel production, the dolomite used is imported mainly from China, the Philippines and Thailand. Supplies of quality dolomite are required as a result of the expansion of crude steel production in Japan. With the additional of the dolomite produced from the Anhui Hong Ri Mining mine, Sojitz Chemical will expand its supply capacity from the current level of approximately 300,000 tons to about 600,000 tons in three years time.

Demand for dolomite is also increasing in China, due to its expansion of crude steel production. Sojitz Chemical aims to post sales of ¥1,500 million in three years time by also focusing its efforts on sales to iron and steel manufacturing companies and glass manufacturers in China.

Outline of Anhui Hong Ri Mining Co., Ltd.

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| Representative: | Jiang Jiadai |
| Established: | July 2004 |
| Capital: | US\$497,000 |
| Shareholders: | Wider Faith International Investment Co., Ltd. – 42.67% Sojitz Chemical Corporation – 35% CTB XINHAI Co., Ltd. – 22.33% |
| Business description: | Production and sales of nonferrous metal mineral products, such as dolomite, calcite and limestone |

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