

December 19, 2024
Sojitz Corporation

Sojitz Signs Agreement to Join Kami Iron Ore Project in Canada - Reducing CO₂ Emissions through Direct Reduction Quality Iron Ore Production Essential for the Electric Arc Furnace Method -

Sojitz Corporation (“Sojitz”) has reached a basic agreement together with iron ore producer Champion Iron Limited (“Champion”) and Nippon Steel Corporation (“Nippon Steel”) to participate in the Kamistatusset Project (“Kami Project”), a new direct reduction (“DR”) quality iron ore mine project under development in Canada’s province of Newfoundland and Labrador by Champion. The Kami Project is anticipated to produce DR quality iron ore that is indispensable for steel production, which can drastically reduce CO₂ emissions through processing with the electric arc furnace method. Sojitz, Champion, and Nippon Steel will establish a partnership to conduct feasibility study for development of a DR quality iron ore supply.

The steel industry aims to achieve carbon neutrality by 2050 through low-carbon and decarbonization initiatives. For example, CO₂ emissions can be reduced to one-fourth current levels by transitioning from a coking coal-based blast furnace method to a recycling-based electric arc furnace method that uses iron scraps as raw materials. To produce high-grade steel with the electric arc furnace method, in addition to requiring high-quality iron scraps, it is necessary to use reduced iron that lowers the level of impurities. It is therefore expected that securing high-grade iron ore will be indispensable in the production of reduced iron.

There are a limited number of countries in the world with high-grade iron ore reserves, and high-grade iron ore is a scarce resource. The iron ore to be produced through the Kami Project is expected to satisfy the requirements needed for DR quality iron ore such as high iron content and low levels of impurities. Through development of the Kami Project, Sojitz and its partners will secure and provide a stable supply of DR quality iron ore over the medium- to long-term period which is also expected to aid the transition to a blast furnace method that uses hydrogen for iron production from the 2040s.

In 2016, Champion acquired Bloom Lake Mine in Quebec, which is located approximately 20km from the Kami Project site. Champion manages and operates Bloom Lake through its fully owned subsidiary, Quebec Iron Ore Inc.. Champion became the owner of Bloom Lake in 2016 at which point Sojitz had been conducting distribution of its iron ore to the Japanese market for seven years starting in 2011. Sojitz has secured offtake rights for its share of the DR quality iron ore produced from the Kami Project and will support selected consumer sales.

In the metals and mineral resource fields, Sojitz's basic policy is to build a stable supply chain that takes into account societal changes and consumer needs such as the move towards a carbon neutral society, growth in emerging countries, and advances in digital technologies. Sojitz will focus on distinctive and rare resources to increase competitiveness and take on the challenge of new value creation. Sojitz announced its Sustainability Challenge*, the company's long-term sustainability vision for 2050. As part of Sojitz's ongoing sustainability initiatives to realize a decarbonized society, the company will work to achieve its net-zero targets and continue to reduce its CO₂ emissions in its supply chains through asset replacement to maintain a high-quality asset portfolio.

Moving forward, Sojitz strives to provide solutions to society that are suited to technological innovation in the green transformation (GX) field and to the assessed rate of change in the sustainability industry.

* [Sustainability Challenge: Sojitz's Long-Term Sustainability Vision for 2050](#)

Sojitz Group has established this long-term sustainability vision in order to continue to "create value and prosperity" as set forth in our corporate statement, and we believe that it is our responsibility to realize a decarbonized society and respect human rights in our supply chains in order to address global environmental issues based on the Paris Agreement and sustainable development goals (SDGS). To realize this vision, Sojitz will expand its businesses aimed at achieving a low-carbon and recycling-based society, grow infrastructure-based businesses and services that will be essential during the transition period, and ensure respect for human rights.

[Related Information]

[Main Conditions for Newly Established Partnership]

Acquired Interest Ratio	19% interest in the Kami Project
Working Interest	Champion – 51% Nippon Steel – 30% Sojitz Corporation – 19%
Partnership domicile	Ontario, Canada

[Overview – Kami Project]

Location	Newfoundland and Labrador, Canada
Construction Period	48-months following final investment decision
Production Volume	9 million wet metric tons/year (planned)

[Company Overview – Champion Iron Limited]

Representative Director	David Cataford, CEO
Established	2013
Corporate Domicile	New South Wales, Australia
Head office	1155 René-Lévesque Blvd. West Suite 3300 Montréal QC H3B 3X7
Stock Exchange Listings	(TSX: CIA) (ASX: CIA) (OTCQX: CIAFF)

[Company Overview – Nippon Steel Corporation]

Representative Director	Tadashi Imai, COO
Established	1950
Head Office	2-6-1 Marunouchi, Chiyoda-ku, Tokyo

[Project Location]

