

July 13, 2012
Sojitz Corporation

Sojitz Invests in One of World's Largest Barite Mines in Mexico Demand Rising for Use in Oil and Gas Drilling Fluid

Sojitz Corporation will invest in CPC Minería, S. De R.L. De C.V.(CPC Minería), a holder of barite interests in Mexico, acquiring a 49% stake from Chemical Products Corporation (CPC) in the U.S., and plans to manufacture and sell high-purity barite. Operation is scheduled to begin in the summer of 2013, with integrated ore extraction and refining to take place on site. In addition to the exportation of Chinese barite, Sojitz will be able to alternatively provide supply to North America from this stable source in Mexico. This project will also contribute to the diversification of the sources of supply .



Barite Crushing Plant

Barite is a mineral composed of crystalline barium sulphate. Because of barite's extremely high specific gravity, it is used as a weighting agent for drilling fluid in oil and gas excavation.

Drilling fluid is used to prevent blowouts of oil and natural gas caused by collapse of the drilling well wall and to carry drill cuttings from the well bottom to the surface. In addition to conventional oil and gas drilling, drilling fluid is also being used for shale gas and shale oil excavation, which has been increasing worldwide in recent years. As drilling technologies have advanced, oil and gas excavation wells have become longer and deeper, and demand for drilling fluid and the barite used in drilling fluid is increasing accordingly. Consumption is expected to increase from approximately 6.9 million tons in 2010 to 9.3 million tons in 2016 (according to a British private research company).

China accounts for a majority of global barite supply, and concerns are rising because of restriction on mining and depletion of mines. Even the United States, which is the largest consumer of barite, using approximately 2.8 million tons annually, imports more than 70% of annual consumption. The majority comes from a single country—China—so diversifying sources is an urgent issue.

Sojitz is responding to the dramatic increase in demand for barite caused by new applications including shale gas and shale oil extraction by developing diverse sources outside China, contributing to the use of new energy sources and expanding its business for rare resources.

CPC is a privately held company founded in 1933 and is headquartered in Cartersville, Georgia, USA. CPC will continue to be the majority stakeholder in CPC Minería. CPC produces Barium Salts and Sulfur products from its basic position on raw material barite.

CPC's ownership has had a basic position in barite from locally mined barite ore in Cartersville, Georgia, since 1905. The investment from Sojitz and the beneficiation project of the Sonoran barite will ensure the continuation of CPC's strong basic position on barite raw material for its Barium Carbonate, Barium Chloride, and other Barium derivatives business.

CPC also has a significant participation in Mexico in the largest first quality celestite reserves in the world.

Other applications for barite include high-performance electronic material in multilayer ceramic capacitors, glass material, paints, X-ray contrast agent, and automobile brake pads. Sojitz will provide stable supplies to users in Japan and the United States through acquisition of barite, a source for these materials, and production of secondary materials.

Overview of CPC Minería

Company name: CPC Minería, S. De R.L. De C.V.

Location: Mexico City (head office), Sonora (mine), Republic of Mexico

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