

June 15, 2010

**Press Release**

**New Spin-off Company to be Established  
To Take Over Operations in the Manufacture of Crude Zinc Oxide**

Sumitomo Metal Mining Co., Ltd. (SMM) reached a policy decision today at its Board of Directors Meeting to establish a new company to take over operations in the manufacture of crude zinc oxide currently performed by SMM's Shisaka Plant located in Shisakajima, Miyakubo-cho, Imabari-shi, Ehime. The transfer of operations will occur in the form of a spin-off effective October 1, 2010. An outline is presented below.

1 . Objectives

SMM is currently performing operations in the manufacture of crude zinc oxide at its Shisaka Plant by recovering zinc from steelmaking dust produced by electric furnace manufacturers. However, sluggish growth in the volume of steelmaking dust collected is resulting in reduced production ratios and severe operating environment for Shisaka Plant.

In order to address this situation, SMM will establish a new company dedicated to the manufacture of crude zinc oxide in the form of a spin-off, to forge a structure to respond with swiftness and mobility to severe changes in the operating environment.

Through this reorganization, the company will collaborate more directly with MS Zinc Co., Ltd. (MSZ), the consignee for the collection of steelmaking dust, for the fortification of raw material procurement capabilities.

With more than 100 years of operation on Shisaka Islands, where Shisaka Plant is located, SMM also performs operations for the maintenance and management of assets relating to past operations at Shisaka Plant. These management operations will be cut off from the crude zinc oxide manufacturing operations, for further reinforcement of the production structure.

From now on, such asset management operations will be placed under the direct control of Besshi-Niihama District Div. located in Niihama-shi, Ehime.

SMM together with Mitsui Mining & Smelting Co., Ltd. established MSZ as a joint venture for SMM's zinc operations. MSZ purchases Shisaka-produced crude zinc oxide and foreign-produced sulfide ore as raw material and consigns Harima Smelter located in Harima-cho, Kako-gun, Hyogo to manufacture prime western grade zinc.

SMM's basic strategy is to enhance the competitiveness of our zinc operations through the effective utilization of the two production hubs: Shisaka and Harima. We will continue our efforts to strengthen the profitability of our zinc operations through means such as the upcoming spin-off and the consideration of advantageous methods of raw material processing.

## 2 . Spin-off overview

### 1 ) Method:

The spin-off will be carried out as a "simple" spin-off under which the pertinent operations at SMM will be split off and transferred to a newly established company.

### 2 ) Schedule:

Effective date: Planned for October 1, 2010

### 3 ) Allocation

The spin-off company will issue 8,000 common shares to SMM as of the effective date.

### 4 ) Resultant decrease in capitalization, etc.

The spin-off will not incur any decrease in capitalization, etc.

### 5 ) Treatment of stock purchase warrants and bonds with stock purchase warrants of the company undertaking the spin-off

The spin-off will have no impact on the privileges attending stock purchase warrants or bonds with stock purchase warrants issued by SMM.

### 6 ) Privileges and obligations taken over by the spin-off company

The spin-off company will take over the privileges and obligations relating to the manufacturing operations for crude zinc oxide now performed at SMM's Shisaka Plant.

### 7 ) Projected performance of obligations

We believe there will be no problems in carrying out the obligations to be borne by both SMM and/or the spin-off company following the spin-off.

### 3 . Overview of the companies involved in the spin-off

	Company undertaking the spin-off (As of March 31, 2010)	Spin-off company (As of October 1, 2010 (planned))
1) Name	Sumitomo Metal Mining Co., Ltd.	Shisaka Smelting Co., Ltd.
2) Location	11-3, Shimbashi 5-chome Minato-ku, Tokyo	Head office: 5-3, Nishibara-cho 3-chome, Niihama-shi, Ehime Plant: Shisakajima, Miyakubo-cho, Imabari-shi, Ehime
3) President	Nobumasa Kemori	Pending
4) Scope of operations	Mining and smelting of non-ferrous metals; manufacture of electronics and advanced materials	Manufacture of crude zinc oxide
5) Capitalization	93,242 million yen (As of March 31, 2010)	400 million yen
6) Date of establishment	March 1, 1950	October 1, 2010 (Planned)
7) Number of outstanding shares	581,628,031 (As of March 31, 2010)	8,000
8) End of fiscal year	March 31	March 31
9) Number of employees	9,309 (consolidated) (As of March 31, 2010)	63 (planned)
10) Main clients	Mitsui & Co., Ltd. Sumitomo Corporation	MS Zinc Co., Ltd.
11) Main bank	Sumitomo Mitsui Banking Corporation	-
12) Major shareholders and equity ratios	Japan Trustee Services Bank, Ltd. (Trust Account): 7.8% The Master Trust Bank of Japan, Ltd. (Trust Account): 6.3%	Sumitomo Metal Mining Co., Ltd.: 100%

	The Chase Manhattan Bank N.A. London Secs Lending Omnibus Account: 1.8% Sumitomo Metal Industries, Ltd.: 1.6% Sumitomo Mitsui Banking Corporation: 1.4%	
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#### 4 . Overview of the operations to be spun off

##### 1 ) Scope of operations

The division to be spun off currently recovers zinc from such materials as steelmaking dust to manufacture crude zinc oxide.

##### 2 ) Operating record of spin-off division

Sales in fiscal 2009

Division to be spun off: (a)	2,422 million yen
SMM (consolidated): (b)	725,827 million yen
Percentage (a)/(b)	0.3%

##### 3 ) Spin-off division's assets and value

As of March 31, 2010

Type	Book value
Current assets	671 million yen
Fixed assets	3,704 million yen
Total	4,375 million yen

#### 5 . Status of listed company (SMM) after spin-off

The spin-off will result in no change in the trade name, scope of business, location of the head office, president, capitalization or end of fiscal year.

6 . Business performance and financial status of listed company (SMM) in the past year

End of fiscal year March 2010

Consolidated net assets	629,684 million yen
Consolidated total assets	981,458 million yen
Consolidated net assets per share	1043.50 yen
Consolidated sales	725,827 million yen
Consolidated operating income	66,265 million yen
Consolidated ordinary income	87,791 million yen
Consolidated net income	53,952 million yen
Consolidated net income per share	96.26 yen
Dividend per share	20.00 yen

7 . Projected impact of spin-off on earnings

No impact is anticipated.

(Reference) Consolidated results forecast (announced May 11, 2010) and previous period results

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income	Consolidated net income per share
Consolidated results forecast (For fiscal year ending March 2011)	740,000 million yen	79,000 million yen	96,000 million yen	67,000 million yen	119.19 yen
Previous period results (For fiscal year ending March 2010)	725,827 million yen	66,265 million yen	87,791 million yen	53,952 million yen	96.26 yen

8 . Address inquiries concerning this News Release to:  
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