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News Release

Sumitomo Metal Mining Co., Ltd.

Additional Implementation of Gold Hedging

Sumitomo Metal Mining Co., Ltd. (SMM) produces approximately 7.5 tons of gold per year at the Hishikari mine in Japan's Kagoshima prefecture, and approximately 12 tons per year at the Pogo mine in Alaska.

As noted in the press release of September 8, 2009, the price of gold at that time was at record levels thus SMM determined that this presented an opportunity to secure the sale price of gold produced by SMM by means of hedge transactions, and implemented a long term hedge against the planned production volume of both mines, but as the price of gold remains at a high level, further long term hedging transactions against the planned gold production of both mines have been carried out as noted below.

1) Hishikari mine: A minimax (*1) hedge with a lower price of \$900/toz and an upper price of \$1,835/toz has been carried out against 900kg/quarter (3.6 tons/year, 48% of annual production volume) of the planned production volume of the Hishikari mine from July 2012 to June 2013.

2) Pogo mine: a similar hedge has been carried out against half of SMM's 85% stake in the planned production volume from January 2015 to December 2015. The lower price is \$1,000/toz and the upper price is \$1,870.

*(*1) About Minimax*

This is a transaction where SMM purchases the right to sell a specific amount of gold to a trader for a set price (e.g. \$900/toz), called a "put option", and sells the trader the right to buy a certain amount of gold at a set price (e.g. \$1,800/toz), a "call option", meaning that without incurring cost an effective sale price ranging from \$900 to \$1,800 for a set volume of gold is secured.

In the case of the Hishikari mine, as a result of this hedge transaction, 48% of the gold produced between July 2012 and June 2013 will have a guaranteed sale price of \$900/toz even if the spot price drops below that value. If the spot price is in the range of \$900 to \$1,835 the sale price will be in line with this. If the spot price exceeds \$1,835/toz the sale price will remain at \$1,835 and thus the profitability of the Hishikari mine will be secured to within this set range. The same also applies to the Pogo mine although the upper and lower prices are marginally different.

As a result of the implementation of this transaction, in the case of the Hishikari mine, there is a risk that SMM will be unable to benefit from any future gold price increases on

48% of the volume of gold produced should the future price of gold appreciate sharply and exceed \$1,835/toz between July 2012 and June 2013. However, if the price drops below \$900/toz in that period then 48% of the production volume is guaranteed to be sold at \$900/toz, which it is hoped will contribute to the stability of SMM's results.

[Reference]

Gold hedging position record

Mine	Period	Volume(toz)	Range
Pogo	Feb 2009 – Dec 2014	244,880	US\$750 – 1,850/toz
	Sep 2009 – Dec 2014	233,390	US\$750 – 1,700/toz
	Sep 2009 – Dec 2014	364,740	US\$750 – 1,700/toz
	Jan 2015 – Dec 2015	169,200	US\$1,000 – 1,870/toz
Hishikari	Sep 2009 – Jun 2012	327,930	US\$700 – 1,700/toz
	Jul 2012 – Jun 2013	115,740	US\$900 – 1,835/toz

Address inquiries concerning this Press Release to:

Sumitomo Metal Mining Co., Ltd.

Masashi Takahashi, Public Relations & Investor Relations Department

TEL: 03-3436-7705 FAX: 03-3436-2215