

News Release
September 9, 2004

Sumitomo Metal Mining Co., Ltd.

**Commissioning Launched
At Nickel-Cobalt Processing Project in the Philippines**

Commissioning has been launched at the Coral Bay Nickel Project at Rio Tuba in the Philippines following the mechanical completion of plant, on schedule, in late August. The project, being carried out on Palawan island, is lead by Sumitomo Metal Mining Co., Ltd. (SMM: Minato-ku, Tokyo/ President: Koichi Fukushima) as a joint undertaking with Rio Tuba Nickel Mining Corporation (RTN: Rio Tuba, Philippines/ President: Manuel B. Zamora, Jr.), Mitsui & Co., Ltd. (Chiyoda-ku, Tokyo/ President: Shoei Utsuda) and Sojitz Corporation (Minato-ku, Tokyo/ President: Akio Dobashi). Plans anticipate a total investment sum of approximately US\$180 million, with operations scheduled to continue over a period of about 20 years.

The project calls for construction of a plant adjacent to RTN's Rio Tuba Mine to process low-grade oxides by HPAL (high-pressure acid leaching)*, and production of nickel/cobalt mixed sulfide (MS), an intermediary product of nickel refining. HPAL is a revolutionary process, recently developed, enabling recovery of nickel from low-grade oxide ores at low cost. Numerous issues still need to be addressed technologically, however, SMM has engineered ongoing proprietary improvements to HPAL toward resolving various operational difficulties.

The project at Rio Tuba got under way in April 2002 with the establishment of Coral Bay Nickel Corporation, a joint venture of the four cooperating partners. Over the subsequent two years, plant construction has gone forward and core employees from the Philippines have undergone training and education at SMM's operation in Japan. Following the mechanical completion of the processing plant on schedule in late August, commissioning has now been launched. To ensure that all goes well during this important phase, SMM has assigned more than 30 of its own engineers to the site.

Commercial production is set to commence late in 2004.

The Coral Bay Nickel Project is of major significance for SMM in its quest to expand overseas in the role of project leader. Through its involvement in the undertaking, SMM aims to secure expertise in nickel-oxide ore processing and related engineering, as a way of maintaining its position among the world's foremost nickel refiners and producers.

• **Outline of the Coral Bay Nickel Project**

1. Plant location

The plant is situated on property adjacent to the Rio Tuba Mine, in the south of Palawan island, located southwest in the Philippine archipelago.

2. Total investment

Approximately US\$180 million

3. Products and output

Plans call for the production of nickel/cobalt mixed sulfide (MS), an intermediary product of nickel refining, in the following amounts per year: approximately 10,000 tons of nickel and 700 tons of cobalt.

SMM will purchase the entire volume of nickel/cobalt MS produced at the plant. At SMM's Niihama Nickel Refinery in Ehime prefecture, this will serve as raw material for producing electrolytic nickel and electrolytic cobalt applying SMM's world-leading MCLE (matte chlorine leach electrowinning) technology.

4. Raw materials

Among the nickel-oxide ores RTN has mined at Rio Tuba, low-grade laterite, not being suitable for nickel recovery using conventional methods, has been stockpiled for approximately 20 years. With the introduction of HPAL, however, processing of laterite has become feasible, and this will serve as the raw material. Some 16 million

tons of laterite for processing are stockpiled next to the plant site – enough to provide raw material for this project for about 20 years.

5. Sulfuric acid used in processing

The project is expected to generate new demand for approximately 260,000 tons of sulfuric acid per year. SMM, who produces sulfuric acid from its copper-smelting operations and currently expanding the capacity of such operations, will be able to provide with stable supply of the sulfuric acid.

6. Infrastructure

Development at low cost will be possible as RTN's existing facilities, including port facilities, roads, medical facilities, housing and other infrastructure, can be utilized.

Profile of Coral Bay Nickel Corporation

1. Capitalization: PP587.5 million (PP: Philippine peso)

2. Shareholders and equity shares:

Sumitomo Metal Mining Co., Ltd.	54%
Mitsui & Co., Ltd.	18%
Sojitz Corporation	18%
Rio Tuba Nickel Mining Corporation	10%

3. Location:

Barangay Rio Tuba, Municipality of Bataraza, Palawan, The Republic of the Philippines

4. President: Takanori Fujimura

Address inquiries concerning this project to:

Sumitomo Metal Mining Co., Ltd.

Masashi Takahashi, Publicity Department, General Affairs Division

TEL: 03-3436-7701