

October 25, 2012

Press Release

Sumitomo Metal Mining Co., Ltd.  
Mitsui & Co., Ltd.

### **Change in Ownership Interest in Vale New Caledonia Nickel Cobalt Project**

Sumitomo Metal Mining Co., Ltd. ("SMM") (Head Office: Tokyo, Japan, President and CEO: Nobumasa Kemori) and Mitsui & Co., Ltd. ("Mitsui") (Head Office: Tokyo, Japan, President and CEO: Masami Iijima) decided not to undertake additional investment in the Vale New Caledonia ("VNC") Nickel Cobalt Project in New Caledonia ("VNC Project") at this time to cover repair work outlays arisen primarily from equipment troubles. The VNC Project is being carried out jointly by SMM, Mitsui and a major Canadian nickel producer, Vale Canada Limited ("Vale Canada") (Head Office: Toronto, Canada). As a result of this decision, SMM and Mitsui's collective ownership interest in Vale Nouvelle-Calédonie S.A.S. ("VNC S.A.S.") (Head Office: Paris, France), the VNC Project operating company, will be diluted from 21% to 14.5%.

The equipment trouble took place during the project's test operation phase, and it put the launch of full-scale production at VNC Project behind schedule. The necessary repair work has now been completed and production is scheduled to get under way in earnest by year's end. The repair and improvement costs stemming from the equipment problems were quite substantial, however, and SMM and Mitsui had discussion with Vale Canada how to allocate unplanned repair and improvement costs. Those discussions led to an agreement with Vale Canada under which SMM and Mitsui will not bear the project costs in excess of US\$4.6 billion. The agreement includes an option to recover SMM and Mitsui's collective ownership interest in VNC S.A.S. to 21%, subject to future condition of operation at VNC Project.

Earlier, SMM and Mitsui jointly set up a company, Sumic Nickel Netherlands b.v. (Sumic) (Head Office: Amsterdam), to carry out their investments in VNC Project. As a result of their newly reached agreement with Vale Canada, Sumic's ownership interest in VNC S.A.S. will be diluted to 14.5%. At that level, VNC S.A.S. will no longer qualify as an equity-method affiliated company of SMM. And Mitsui will reclassify VNC S.A.S., which it consolidates through Sumic by equity method, from associated company to other investment.

SMM and Mitsui's reduced ownership interest will also result in their booking of profits/losses in or after the third quarter of the current fiscal year ending March 2012. What impact these profits/losses will have on both companies' consolidated earnings is currently under review.

The VNC Project is one of the world's largest nickel development projects employing high-pressure acid leaching (HPAL) technology, and the volume of nickel resources to be developed under the project is also expected to be among the world's largest. Notwithstanding the impending reductions in their ownership interest SMM and Mitsui both intend to continue going forward with their participation in the project itself.

**Profile of Vale Nouvelle-Calédonie S.A.S.** (as of September 30, 2012)

1. Country of registration: France (based in Paris)
2. President: Ricardo Carvalho
3. Scope of business: Production of nickel oxides
4. Shareholders: Vale Canada Limited (74%), Sumic Nickel Netherlands b.v.\* (21%), Société de Participation Minière du Sud Calédonien (SPMSC)\*\* (5%)

*\*Sumic acquired 21% ownership interest of VNC S.A.S. on April 8, 2005*

*\*\* A venture jointly established by New Caledonia's South Province (50%), North Province (25%) and Loyalty Islands Province (25%)*

**Profile of Sumic Nickel Netherlands b.v.** (as of September 30, 2012)

1. Country of registration: The Netherlands (based in Amsterdam)
2. President: Naoyuki Tsuchida
3. Scope of business: Investment into nickel/cobalt development projects and product sales
6. Shareholders: Sumitomo Metal Mining Co., Ltd. (52.38%), Mitsui & Co., Ltd. (47.62%)

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