

October 2, 2014

Press Release

Sumitomo Metal Mining Co., Ltd.  
Sumitomo Corporation

Opening Ceremony of Sierra Gorda Project in Chile

Sumitomo Metal Mining Co., Ltd. ("SMM", Head office: Minato-ku, Tokyo; President: Yoshiaki Nakazato) and Sumitomo Corporation ("SC", Head office: Chuo-ku, Tokyo; President: Kuniharu Nakamura) announced that Sierra Gorda SCM (the project company of the Sierra Gorda Copper Mine Project, Head Office: Santiago, Chile), which is jointly owned by SMM, SC and major Polish copper producer KGHM Polska Miedź S.A. (hereafter "KGHM") (SMM, SC and KGHM own 31.5%, 13.5% and 55% interests respectively), held an opening ceremony of the mine on October 1<sup>st</sup> at the mine site in the region II, Chile.

The ceremony was attended by more than 1,000 persons including dignitaries of the Republic of Chile government headed by President Bachelet, the Republic of Poland government, Japanese government, representatives from partner companies related with construction and operation, financial institutions, local parties and others involved in the project.

SMM has a 50% copper concentrate off-take right of this project. SMM believes that the project will lead to the stability of copper resource supply to Japan, and the project also will contribute to the economic development in the Republic of Chile. The first shipment of copper concentrate approximately 6,000 tonnes from the Sierra Gorda mine is expected to arrive at SMM's Toyo Smelter & Refinery in November.

Through the development, Sierra Gorda SCM confirms that the project reserves increased from about 1.3 billion tonnes @ 0.39% Cu, 0.024% Mo and 0.065g/t Au to about 1.5 billion tonnes @ 0.40% Cu, 0.020% Mo and 0.065g/t Au. Due to higher reserves, the mine life of Sierra Gorda were extended by 3 years and the mine is projected to operate for a 23 year period.

The CAPEX at completion was shown as amounted to about USD 4.2 billion, compared with the March 2013 estimate of USD 3.9B, with providing for realized savings (except leasing program of mining equipment). The majority of cost increase was due to increased amount of engineering work and number of work hours at the site to prevent construction delays.

The project will increase the volume of ore processing and copper concentrate production gradually hereafter, and plans to start commercial production within 2014.

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## (Overview of Sierra Gorda Copper Mine Project)



### Outline of Sierra Gorda copper mine project

#### 1) Location

- Located in the region II of the Republic of Chile, 140Km to northeast from Antofagasta
- Produced copper concentrates will be transported to the port of Antofagasta by existing railway and shipped from the port.

#### 2) Movable Ore (sulfide ore only)

About 1.5 billion tonnes containing about 6 million tonnes of copper, 300 thousand tonnes of molybdenum and 95 tonnes of gold

#### 3) Operations

- Commercial operation : 2014
- Mining method : Open pit mining
- Mine life : 23 years
- Average annual production : 220 thousand tonnes of copper, 11 thousand tonnes of molybdenum and 2 tonnes of gold
- Milling operation : Through conventional flotation method, Copper and Molybdenum Concentrates will be produced.

(Photo of the ceremony)

