



February 7, 2017

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
Listings: Tokyo Stock Exchange
Code: 5713
Representative: Yoshiaki Nakazato, President
Contact: Tsuyoshi Nozawa, Deputy
General Manager, PR & IR Dept.
Tel: +81-3-3436-7705

Notice Regarding Impairment Loss

An impairment loss occurred at Sierra Gorda SCM, an equity method affiliate of Sumitomo Metal Mining Co., Ltd. located in the Republic of Chile, in the third quarter (October 1, 2016 – December 31, 2016) of the fiscal year ending March 31, 2017.

Accordingly, the Company hereby announces that it will record an equity method investment loss on its consolidated statement and a loss on valuation of investments in subsidiaries and affiliates on its non-consolidated statement.

1. Impairment loss at Sierra Gorda SCM

Background and details of loss

In 2011, Sumitomo Metal Mining participated in the Sierra Gorda Copper Mine Project in the Republic of Chile. Management of the copper mine is conducted by Sierra Gorda SCM (headquarters: Santiago, Chile; hereinafter “the mine management company”). SMM Sierra Gorda Inversiones Limitada (headquarters: Santiago, Chile; hereinafter “the joint venture”), a joint venture between Sumitomo Metal Mining and Sumitomo Corporation (headquarters: Chuo-ku, Tokyo), owns a 45% share of the mine management company, and conducts business jointly with KGHM Polska Miedź S.A. (headquarters: Lubin, Poland).

Sumitomo Metal Mining owns a 70% share of the joint venture through its subsidiary SMM SG Holding Inversiones Limitada (headquarters: Santiago, Chile; hereinafter “the investment company”).

In light of factors such as recent operational performance and medium- to long-term trends in copper prices, and upon reviewing its long-term business plan, the mine management company has determined that it will be difficult to recover the full book value of the fixed assets it holds and has decided to record an impairment loss down to the recoverable amount.

Accordingly, Sumitomo Metal Mining has recorded an equity method investment loss of ¥79,926 million as a non-operating loss on its consolidated statements. The impact of this on quarterly net loss attributable to parent

company shareholders is ¥72,535 million. On its non-consolidated statements, the Company will record a loss on valuation of investments in subsidiaries and affiliates of ¥31,531 million as an extraordinary loss. The loss on valuation of investments in subsidiaries and affiliates will be eliminated on the consolidated statement, so there is no impact on consolidated statements.

2. Impact on results

The impact on consolidated results has been reflected in the “Consolidated Financial Results for the Third Quarter Ended December 31, 2016” and the “Revision of Results Forecast and the Return of Executive Compensation” released today.

<Reference>

Investment in Sierra Gorda SCM

