

November 5, 2014

Press Release

Sumitomo Metal Mining Co., Ltd.

**SMM to Establish New Production Base
For Rechargeable Battery Cathode Materials**

Sumitomo Metal Mining Co., Ltd. (SMM) has decided to establish a production base for lithium nickel oxide, a cathode material used in rechargeable batteries, in Naraha-town (Futaba-gun), Fukushima Prefecture. The move follows the company's decision, announced earlier (see Press Release of October 20), to make investments to increase the capacity of its lithium nickel oxide production facilities in order to meet increasing demand.

Until now SMM has produced lithium nickel oxide at its Isoura Plant in Niihama City, Ehime Prefecture. Rather than boosting production facilities there, the company decided to create new production facilities on the premises of the Fukushima No.2 Plant of Nihon Kagaku Sangyo Co., Ltd. (Nikkasan) in the Naraha South Industrial Park for three reasons. 1) The Isoura Plant is too small, both in building size and land area, to accommodate the newly planned facilities in their entirety. 2) With multiple production bases SMM will be able to distribute its supply risk. 3) Use of the existing building at the Fukushima No.2 Plant will enable SMM to reduce its total investment outlay and establish its targeted expanded production structure more quickly. Out of a total capital investment of approximately 15 billion yen, roughly 4 billion yen is slated for the new facilities at the Naraha-town plant.

In preparation for expansion into Naraha-town, SMM has established a new wholly owned subsidiary named Sumiko Energy Materials Co., Ltd. This new group company will lease Nikkasan's Fukushima No.2 Plant building and progressively commence production equipment installation work. Construction work is slated for completion in December 2015. When operations go onstream the number of

employees will be approximately 30, with some 20 of those workers to be hired locally.

Nikkasan itself has the technology to produce rechargeable battery cathode materials. In tandem with SMM's increase in production of lithium nickel oxide at the Fukushima No.2 Plant, an agreement has been reached whereby SMM will outsource part of its production processes to Nikkasan's Fukushima No.1 Plant in Hirono-town (Futaba-gun).

Profile of Sumiko Energy Materials Co., Ltd.

Capitalization:	150 million yen (100% SMM ownership)
Establishment:	October 29, 2014
President:	Isao Abe
Plant location:	Naraha-town, Futaba-gun, Fukushima Prefecture (Naraha South Industrial Park)
Employees:	Approx. 30
Products:	Battery materials

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