

January 22, 2010

Sumitomo Metal Mining Co., Ltd.

A Subsidiary to Withdraw from Recovery Operations

At its Board of Directors meeting on January 22, Sumitomo Metal Mining Co., Ltd. (SMM) voted to have Nippon Catalyst Cycle Co., Ltd. (NCC), a consolidated subsidiary, withdraw from operations in the recovery of rare metals from spent desulphurization catalysts used in the petroleum refining process.

1. Reasons behind the decision

Until now NCC has engaged in the recovery and recycling of rare metals from spent desulphurization catalysts used in refining petroleum. Going forward, however, the growth outlook for this business area is weak for two main reasons: a) as the Japanese market for petroleum is shrinking in scale, the volume of available spent desulphurization catalysts, the principal material, is projected to decline; b) domestic processing capacity already exceeds the market's needs.

The withdrawal decision falls in line with SMM's comprehensive business policy calling for the company to concentrate its management resources into growth areas and expeditiously eliminate business areas in which a growth strategy cannot be envisioned. The Board's decision calls for NCC to cease production and withdraw from the cited operations by a target date of March 2011.

2. Outline of Nippon Catalyst Cycle Co., Ltd. (NCC)

- (1) Location: 16-9, Isoura-cho, Niihama City, Ehime Prefecture, Japan
- (2) President: Katsuhiko Tomoda
- (3) Business scope: Recovery of rare metals from spent desulphurization catalysts used in petroleum refining
- (4) Capitalization: 450 million yen

(5) Establishment: March 1, 1996

(6) Ownership: Wholly owned subsidiary of Sumitomo Metal Mining Co., Ltd.

(7) Employees: 45

3. Withdrawal and dismantling schedule

Plans call for NCC to cease production in March 2011 and for a vote on dismantling the company to be completed in fiscal 2012.

4. Costs to be incurred in conjunction with the withdrawal

As of this date, plans call for the booking in fiscal 2009 (ending March 2010) of a loss of approximately 2.7 billion yen in conjunction with NCC's withdrawal from business operations. It may be noted that this loss was not included in SMM's consolidated earnings forecasts issued on September 7, 2009.

5. Treatment of employees in tandem with the withdrawal

Plans call for NCC's employees to be absorbed by other companies within the SMM Group.

6. Other matters

No changes are to be made to SMM's policy to continue promoting its Groupwide catalyst operations.

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