

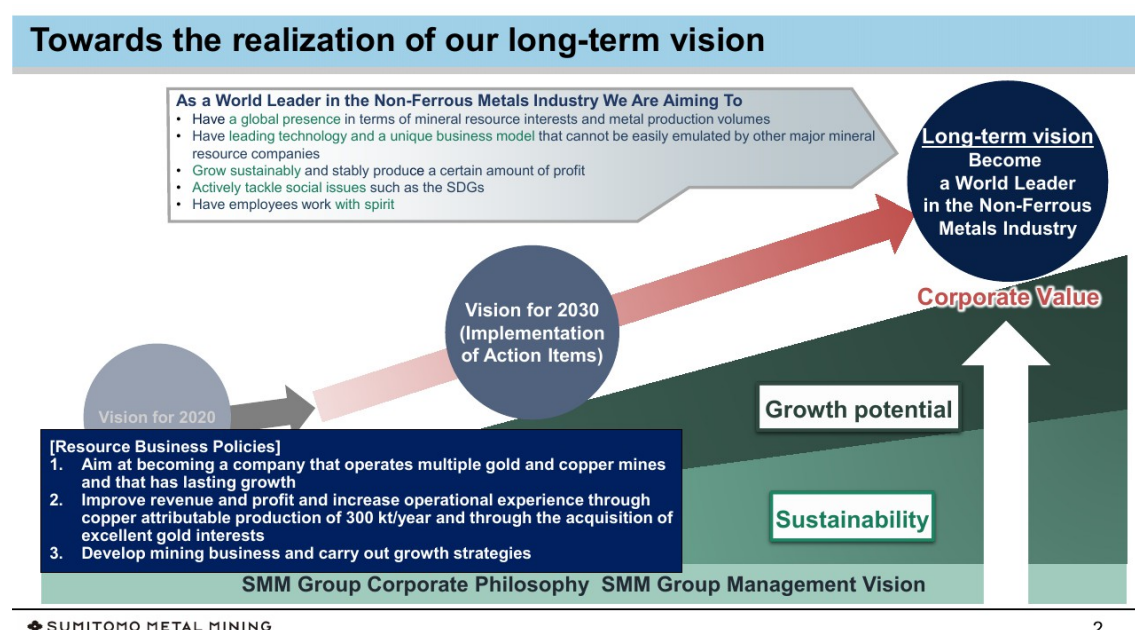
Sumitomo Metal Mining IR-Day 2020 | Mineral Resources Business, Aiming To Acquire Interests Of Overseas Mines Operated By Sumitomo Metal Mining To Realize Long-term Vision

This is a transcription of the contents of Sumitomo Metal Mining IR-Day 2020, a business briefing session held on December 21, 2020.

<Speaker>

Senior Managing Executive Officer, General Manager of Mineral Resources Division, Hiroshi Asahi

Towards the realization of our long-term vision



Hiroshi Asahi (hereinafter, Asahi): I'm Asahi, Senior Managing Executive Officer, General Manager of Mineral Resources Division. First of all, I will talk about the overview of our Mineral Resources Division.

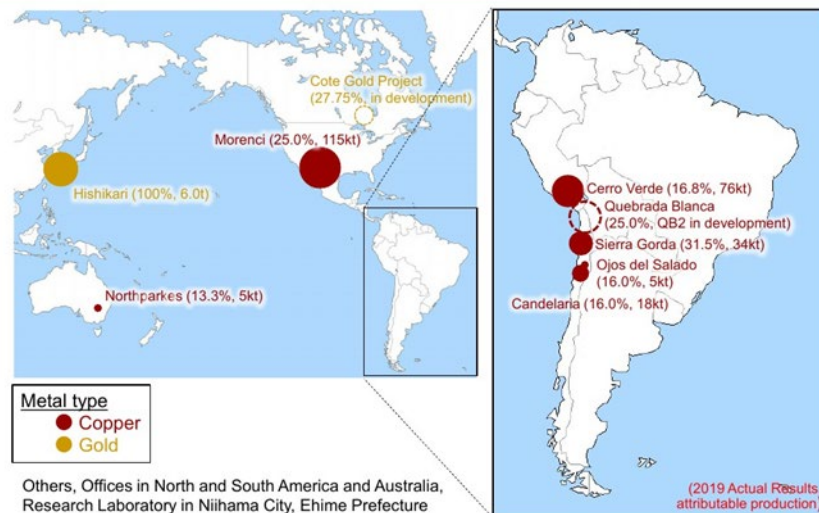
This is our long-term vision. The Mineral Resources Division aims to produce 300,000 tonnes of copper per year and have mining operatorship by acquiring superior interests in gold toward *Becoming a World Leader in the Non-Ferrous Metals Industry*. We place particular emphasis on securing overseas operators' mines in terms of quality and on establishing a technological base.

In the "vision for 2030" formulated this year, we have set specific targets for securing growth in production to realize our long-term vision. Also, we are focusing on the SDGs aspect to respond to the growing demand for social licenses due to environmental and cultural heritage destruction by the mining industry. It also sets targets for climate change, environmental protection, employees,

indigenous peoples, and relationships with various stakeholders.

Mines in which SMM has interests and their production volume

Mines in which SMM has interests and their production volume

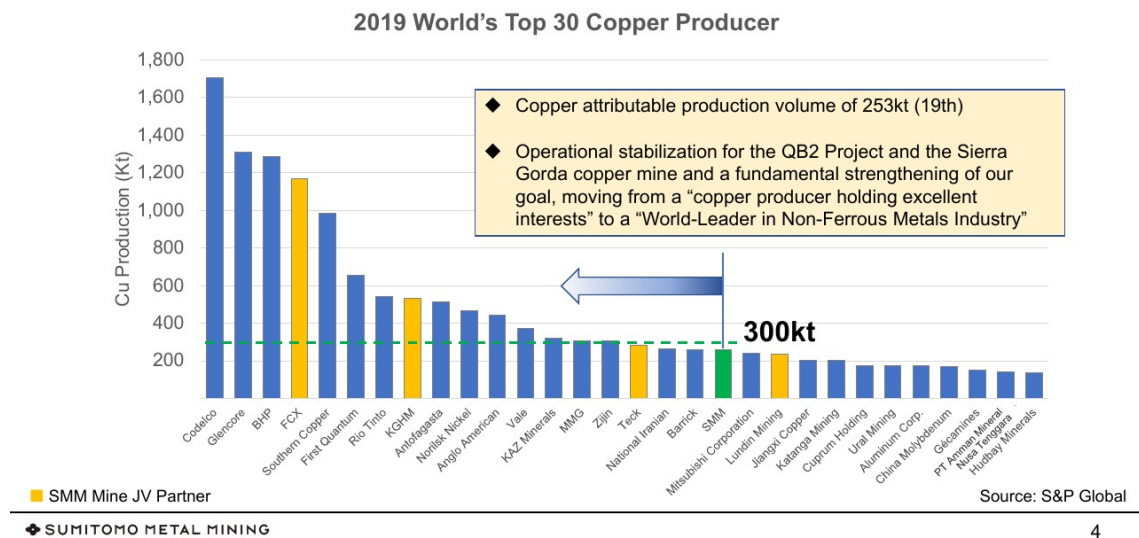


Next, I would like to show you the mines in which the Mineral Resources Division holds interests and the production volume. As for gold mines, the Hishikari Mine in Kagoshima Prefecture, Japan, is a mainstay of earnings and also functions as a place to train mining engineers. As for the Cote gold mine development in Ontario, Canada, the decision to construct the mine was made in July this year, and construction is now in full swing.

Sumitomo Metal Mining holds an interest in two of the world's largest copper mines, the Morenci Copper Mine in the United States and the Cerro Verde Copper Mine in Peru, as well as the Sierra Gorda and Candelaria copper mines in Chile and the Northparkes copper mine in Australia. The annual attributable production volume is approximately 250,000 tonnes. Another major project is the construction of the QB2 mine in Chile.

Business Strategy^①

Business Strategy

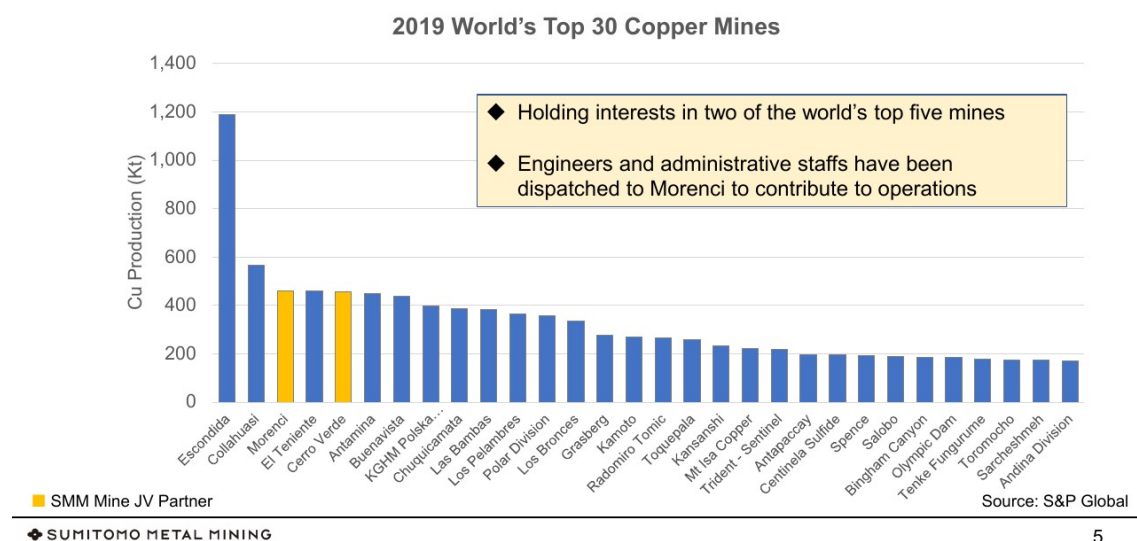


Next is our business strategy. It is not an easy target to secure and maintain 300,000 tonnes of copper under the long-term vision. The annual production scale of 300,000 tonnes is shown in the graph, and it can be said that the production scale is "semi-major class" which is equivalent to the top 10 in the world copper industry.

Our company acquired an additional interest in the Morenci Copper Mine in 2016 and has since been producing approximately 250,000 tonnes of copper. We expect further expansion in production volume after the start of the QB2 project.

However, resources are depleted as they are mined, so we believe that dynamic business development, including asset replacement, is essential to increase corporate value while maintaining copper production over the long term.

Business Strategy



The following table shows the top 30 copper mines in the world in 2019. Our company's Morenci and Cerro Verde copper mines rank among the world's top 5. The rest fall below this category, but we believe that QB2, which is under construction, has the potential to become one of the world's top mines through expansion.

Our company's technical staff continues to learn about global mining operations through overseas on-site field experience. To achieve the target of 300,000 tonnes, it will be important to acquire new assets in addition to exploring the vicinity of operational mines and investing in expansion.

Exploration

Exploration

- ◆ Exploration from grassroots stages focusing on copper and gold.
- ◆ While some of the exploration activities were suspended due to COVID-19, exploration including drilling have been resumed in North America and Australia.



Eastern Canada Frotet Exploration Project



Overseas Exploration Bases

Next is exploration. Exploration does not easily lead to success, but we believe it is an essential activity for the growth of mining companies, so we need to continue it.

Our company plans to continue to expand its exploration activities in copper and gold from the initial stage. The expansion of COVID-19 infections halted exploration activities at each site.

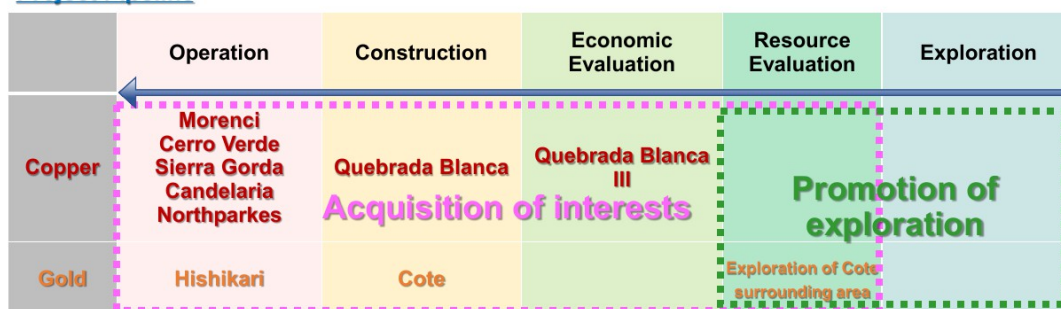
However, exploration activities, including test boring and drilling, are being conducted in North America and Australia, although these are limited projects. We intend to develop exploration activities that produce results with a sense of speed while flexibly forming projects.

Business Development

Business Development

- ◆ Aiming at the acquisition of new overseas interests in copper, gold and nickel
 - [Formation of a pipeline for growth strategies](#)
 - Goal is to take an operatorship in overseas copper and gold mines
 - For nickel, we will collaborate internally with the Non-Ferrous Metals Div.

Project Pipeline



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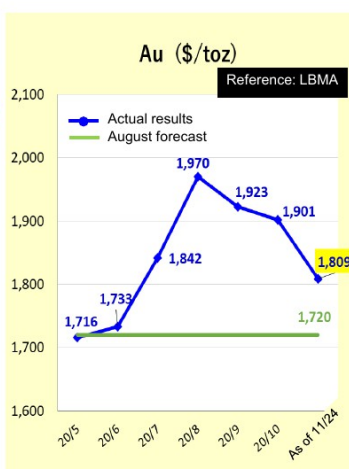
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Next is business development and acquisition of interests. We aim to acquire new overseas interests in copper, gold, and nickel. To realize the growth strategy, it is necessary to form a pipeline in which projects at various stages from initial exploration are accumulated.

At present, globally we still have the QB2 project underway and are in the process of considering QB3, but for copper and gold projects that require on-site engineering and exploration, we will continue our efforts to acquire projects with the aim of being the operator. For nickel, we will work with the Non-Ferrous Metals Division, which is responsible for smelting and refining, to identify and evaluate projects.

Business Environment

Business Environment



- ◆ Metal price
 - Copper is shifting to an upward trend through improvements to China's economy.
 - Gold is showing an upward trend through rising tensions between the US and China, the US presidential election and COVID-19.
- ◆ Political Situation in South America, etc.
 - Protests have been occurring intermittently in Chile from last year, as discontent towards the government is increasing. A 10/25 vote on constitutional reform showed the majority leaning towards reform.
 - Peru had their president dismissed at an 11/10 meeting of the Congress and temporarily fell into instability.
 - Impact on exports by increasing political tension between Australia and China.

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Next is the business environment. Regarding metal prices, copper prices have been on an upward trend due to the recovery of the Chinese economy. Also, against the backdrop of the easing of monetary policy by central banks, gold prices have been on an upward trend due to various factors including the U.S.-China conflict, the U.S. presidential election, and heightened anxiety caused by the spread of the COVID-19 infection. We are aware that both copper and gold prices remain extremely favorable.

On the other hand, changes in the business environment, such as the political instability in South America, have been confirmed. Our company is paying attention to the development of the situation.

In Chile, riots have been occurring since last year due to growing dissatisfaction with politics. A referendum on the constitutional amendment was held on October 25, and the majority of the votes were in favor of the amendment. We in the natural resources industry have to pay close attention to this trend.

The situation in Peru was the same. On November 10, the president was dismissed by the Diet, temporarily causing political confusion. In Australia, there have been reports of increasing political tension with China, and exports from Australia have been affected.

There are various changes in the situation, including trends in resource-rich countries, politics, and the environment. We will try to understand the situation by keeping our antennas up as high as possible.

Hishikari Mine

Hishikari Mine

Hishikari Mine (Kagoshima Prefecture)

Ratio of Interests SMM 100%



- Lower orebody development: Continued with safety-first policy
- Reserve: 163t (based on JIS) at the end of 2019
- Production volume FY2020 6.0t (November forecast)



- ◆ Gold production in the first half of the year was 3.1t. Yearly production estimated at 6t, according to plan. Lower orebody development is moving forward.
- ◆ Active exploration of deeper and surrounding areas
- ◆ Investigating digital transformation such as the utilization of AI and automation of heavy machinery, as well as the establishment of the underground infrastructure for that transformation

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The following is a report on the current status of the operating mines. First, let's look at the status of the Hishikari Mine. The Hishikari Mine has continued stable operations this fiscal year and is steadily contributing to the profit of the Mineral Resources Segment. The actual gold production volume for the first half of the year was 3.1 tonnes, and we expect to produce 6 tonnes of gold for the year as planned.

Production at the Hishikari Mine is shifting to lower and deeper areas. Therefore, we are continuing the construction of a new "draining room" to reduce the water level of hot spring water required for the development of lower ore bodies. We expect to start removing the hot water next year.

This is the first time since the start of mining in 1985, after about 35 years, that production is moving to a deeper level. We are planning to redouble our efforts in exploration activities in deeper or peripheral areas.

Also, as a recent trend, we are making efforts to increase productivity through the use of AI and automation of heavy machinery, which we call "digital transformation". We have just started to develop an underground communications infrastructure for digitization.

Morenci Copper Mine

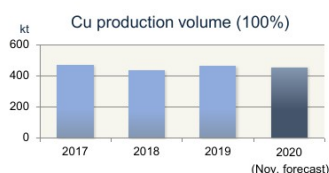
Morenci Copper Mine

Morenci Copper Mine (Arizona, US)

Ratio of Interests	FCX	72%
	SMM	25%
	Sumitomo Corporation	3%



• Production volume FY2019 461kt (Actual results)
FY2020 451kt (November forecast)



◆ Copper production mainly by leaching (SX/EW)

- Copper production through leaching accounts for 70% of total

◆ Highest level leaching processing capacity in the world

- Accumulated volume 248Mt and Cu production volume 335kt in 2019
- World's largest, higher than Escondida (119Mt accumulated, Cu production volume 250kt)



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Next are the copper mines. At the Morenci Copper Mine in Arizona, which has been a joint venture with Freeport since 1986, leaching operations, which account for approximately 70% of operations, are performing well.

The Morenci Copper Mine has the world's largest leaching capacity, with a copper production capacity of 340,000 tonnes. In 2020, we expect to produce 450,000 tonnes of copper, the same level as the previous year, and at the same time, we expect to improve costs.

In terms of copper production, we believe that production will continue to be robust, although on a gradual downward trend from a peak of about 500,000 tonnes in 2016.

Cerro Verde Copper Mine

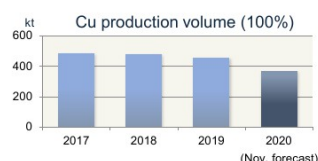
Cerro Verde Copper Mine

Cerro Verde Copper Mine (Arequipa, Peru)

Ratio of Interests	FCX	53.56%
	SMM	16.80%
	Sumitomo Corporation	4.20%
	Other	25.44%



• Production volume FY2019 455kt (Actual results)
FY2020 368kt (November forecast)



- ◆ Copper production mainly by concentrate
 - Copper production through concentrate accounts for 90% of total
- ◆ Highest level mill processing capacity in the world
 - Mineral ore processing volume 393kt/day in 2019
 - World's largest, higher than Escondida (processing volume 362kt/day)



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The Cerro Verde Copper Mine in Peru is also a joint venture with Freeport. This is one of the world's largest mineral processing facilities. We believe that our "390,000 tonnes/day" ore processing capacity is the largest in the world.

Due to the spread of the COVID-19 infection, Peru declared a state of emergency this spring, and operations were temporarily suspended for about two months from March. During this time, we took measures against infection, and we believe that the start-up after the resumption of operations has been extremely smooth. Because of the 2-month suspension of operations, full-year copper production is expected to decrease by approximately 90,000 tonnes from the previous year to approximately 370,000 tonnes.

Sierra Gorda Copper Mine

Sierra Gorda Copper Mine

- ◆ 140km North-East of Antofagasta in Northern Chile, Elevation 1,700m, Annual Precipitation 0mm
 - Spence Copper Mine operates nearby
- ◆ Ownership
 - Managing Company: Sierra Gorda S.C.M.
 - Ratio of Interests: KGHM 55%, Sumitomo Metal Mining 31.5%, Sumitomo Corporation 13.5%
- ◆ Overview (Disclosed 2014)
 - Construction Costs: Approx. \$4.2 billion
 - Starting Copper Reserve: Approx. 6 million tons
 - Mine life: Over 20 years
- ◆ Production Volume
 - 2019 actual results: Copper 108kt, Mo 9kt
 - 2020 forecast: Copper 145kt, Mo 8kt



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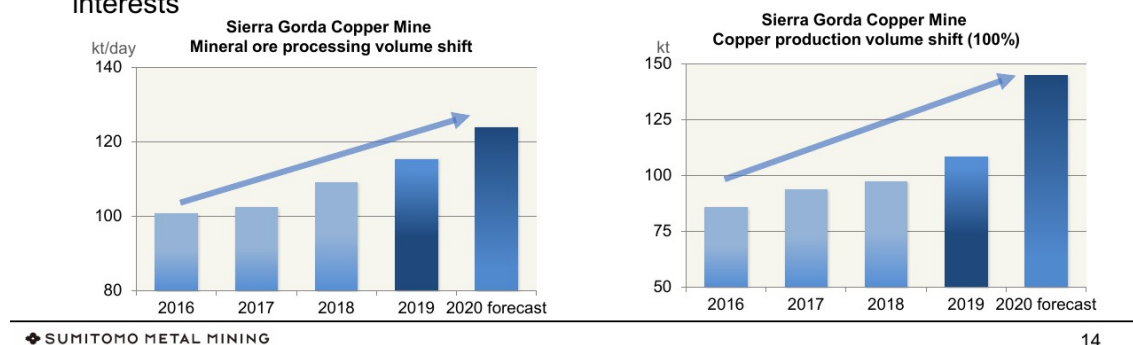
Next is the situation at the Sierra Gorda copper mine in Chile. In a joint venture with Polish company KGHM, our company holds a 31.5 percent interest and is working jointly with Sumitomo Corporation, which owns 13.5 percent.

We indeed had a hard time starting up operations, including the recording of major impairment losses in 2015 and 2016, but production has dramatically improved as a result of subsequent improvements in operations and the realization of debottlenecking. In 2020, we expect copper production to increase 33% from the previous year to 145,000 tonnes.

Sierra Gorda Copper Mine Future Possibilities

Sierra Gorda Copper Mine Future Possibilities

- ◆ Further promotion of debottlenecking, the condition of 130kt/day mineral ore processing was achieved in Q4 2020
 - Successful COVID-19 countermeasures, leading to continued stable operation in 2020
 - Moving forward with policies that greatly reduce cost while increasing mineral ore processing volume
- ◆ Start of consideration of strategic options that includes sale related to equity interests



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This is about the future potential of the Sierra Gorda copper mine. The Sierra Gorda copper mine is proceeding with debottlenecking and is expected to expand its ore processing capacity from 110,000 tonnes per day to 130,000 tonnes per day by the end of this year. Our engineers are also making a significant contribution to the operation. We believe that we are reaching a level of production equivalent to the top 10 in Chile.

In response to the COVID-19 infection in 2020, risk management on the part of the mine was thoroughly implemented. Bold cost-cutting measures were taken, and stable operations are continuing.

On the other hand, as announced on October 8, 2020, we have started to consider strategic options including the sale of our ownership interest in the project.

Candelaria copper mine (Includes Ojos del Salado)

Candelaria copper mine (Includes Ojos del Salado)

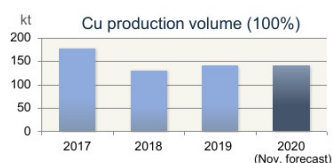
Candelaria copper mine (Atacama, Chile)

◆ Strike Situation

Ratio of Interests	Lundin	80%
	SMM	16%
	Sumitomo	
	Corporation	4%



• Production volume FY2019 141kt (Actual results)
FY2020 141kt (November forecast)



* Production volume is aggregate that includes Ojos del Salado Copper Mine
November forecast does not include estimates of effect of strike



- Unable to come to a settlement in labor contract negotiations by the deadline. The union initiated a strike, and operations ceased on October 20.
- After November 20, agreement with each union was reached, and operations resumed from November 24. A certain impact is estimated on copper production and business results.

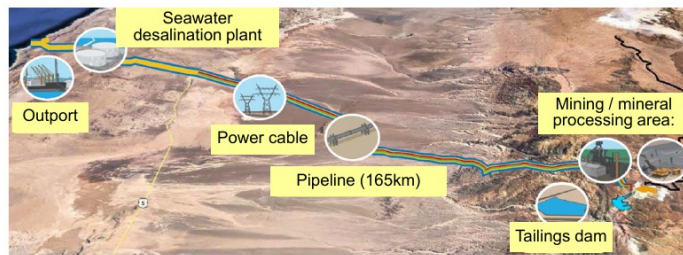
This is Candelaria copper mine. At the Candelaria Copper Mine in Chile, a joint venture with Lundin, a Canadian company, there was little impact from the COVID-19 infection. However, contract negotiations with the union reached an impasse this year, leading to a strike. Operations were suspended on October 20 and production resumed on November 24, but the negotiations were very tough. The plant is now ramping up toward full operation.

Copper production at the Candelaria copper mine has been declining since its peak in 2013. We had planned to gradually increase production by taking measures in the future, but production in 2020 has stalled due to the strike.

Quebrada Blanca (QB) Copper Mine Overview

Quebrada Blanca (QB) Copper Mine Overview

- ◆ Located 1,500km north of Chile's capital, Santiago, at 4,400m elevation
- ◆ Ratio of Interests: Teck 60%, SMM 25%, Sumitomo Corporation 5%, ENAMI 10%
- ◆ Production: Mine life 28 years, Copper reserve approx. 6.2 million tonnes
- ◆ Construction Costs: Approx. \$5.2 billion (100%, includes escalation)
- ◆ Average Yearly Production Volume: Copper Approx. 240kt/year (100%), Other Molybdenum, Silver



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Next, the status of key projects. This is the "Quebrada Blanca II Project," a large copper mine development project. This is in the northern part of Chile, at an altitude of 4,400 meters. The stakes are held 60% by Teck, 25% by our company, and 5% by Sumitomo Corporation.

Its mine life is 28 years, that is, a copper reserve of approximately 6.2 million tonnes, but we expect further increases. Construction is underway at a cost of around US \$5.2 billion. The total annual production volume is expected to be approximately 240,000 tonnes.

Characteristics of the QB2 Project:

Characteristics of the QB2 Project:

- ◆ **A large volume of resources and a high potential for expansion**
 - In addition to the QB2 plan portion, further rich resources are confirmed
 - Investigating plans for expansion and to extend mine life in collaboration with Teck
- ◆ **Low stripping ratio**
 - As the upper oxide ore mining has finished, there is not much stripping and production costs are low
- ◆ **Flat terrain and ease of construction for tailings dams**
 - Site is mild and wide, and future construction of a large-scale expansion plant is possible
- ◆ **Sea water usage**
 - No limit on water intake if using desalinated sea water
- ◆ **Relationship of trust between our partner Teck and SMM**
 - A partnership fostered for over 50 years through collaborating on business such as gold mine in Alaska
 - SMM has dispatched mining and plant engineers from the initial stages of construction, actively participating in the project

This is a very large project and we have high expectations. The first characteristic is "a large volume of resources and a high potential for expansion". As we proceed with the QB2 plan, we have confirmed the abundance of resources at the bottom. Therefore, we are also considering further expansion plans.

The 2nd point is "low stripping ratio". This copper mine has the advantage of being able to produce copper at a low cost because the oxide ore at the top has been mined and there is less stripping.

The 3rd point is "Flat terrain and ease of tailing dam construction". Although the mine is located at a very high altitude, the site is very loose and vast, making it easy to expand.

The 4th point is "utilization of seawater". The use of seawater means that there are no restrictions on the use of water, which is a very scarce resource in Chile.

The fifth point is very important. It's "Trust between our partner Teck and our company". It has been a partnership for more than 50 years, including a joint venture at a gold mine in Alaska. We have dispatched engineers from our company since the beginning of construction and are actively involved in the project.

QB2 Project Progress:

QB2 Project Progress:

- ◆ Construction was temporarily suspended in March due to COVID-19, but it has fully resumed.
 - Solid COVID-19 countermeasures have been put in place.
 - Currently, we have over 8,200 personnel mobilized, more than before the suspension.
 - Additional costs due to COVID-19 are estimated at around \$400 million (100%), and the schedule was delayed 5 - 6 months
- ◆ Our goal is to have overall progress at 40% by the end of December
 - Scheduled end of construction and start of production is for the second half of 2022



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This is the Project Progress. The construction work started immediately after we joined the project, but due to the spread of the COVID-19 infection in Chile, we decided to suspend the construction work in March 2020. After that, we have been proceeding with re-mobilization carefully while taking measures against infectious diseases. At present, 8,200 people are engaged in construction. We will accelerate construction while increasing the number of employees.

By the end of 2020, we aim to achieve an overall progress rate of 40%. The delay due to COVID-19 infections is about 5 to 6 months, and as a result, production is expected to be delayed until the second half of 2022.

Cote Gold Project Overview

Cote Gold Project Overview

- ◆ Approx. 500km north-west of Toronto, Ontario, Canada, elevation approx. 400m
- ◆ Ratio of Interests: IAMGOLD 64.75%, SMM 27.75%, Other 7.5%
- ◆ Production: Open pit, mine life 18 years, ore grade 0.96g/t, gold production 205t
- ◆ Construction Costs: Approx. \$1.4 billion (100%)
- ◆ Development is continuing with consideration given to biodiversity, such as collecting and moving the fish that inhabit the construction area and environmental maintenance



Work to collect and move the fish that inhabit the area scheduled for tailings dam construction



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This is the Cote gold mine development project. This is a joint venture with IAMGOLD in Canada. It is located northwest of Toronto in Ontario. The stakes are held 64.75 percent by IAMGOLD and 27.75 percent by our company.

It is an open-pit mine with a mine life of 18 years, a feed grade of 0.96 grams/tonne and an output of 205 tonnes. The construction cost is about US \$1.4 billion.

The current situation is that we have just started and completed work that takes biodiversity into consideration, such as the collection and transfer of fish that inhabit the swamps at the construction site.

Cote Gold Project Progress

Cote Gold Project Progress

- ◆ The decision to move to the construction phase was made in July, and the groundbreaking ceremony was held in September. Prime Minister Trudeau took part in the groundbreaking ceremony, showing that he had big expectations from a financial perspective.
- ◆ As a countermeasure against COVID-19, those admitted to the site undergo PCR tests.
- ◆ The construction of the camp facilities is ongoing.



Groundbreaking Ceremony: Explanation of the mineral processing area model

(Prime Minister Trudeau: Right side. IMG President Stothart: Second from the right)



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Here's the progress. For the Cote Gold Development Project, the plan was to complete the FS in 2018 and then decide on construction, but it was delayed due to various factors. On September 11, we held a groundbreaking ceremony in the presence of Prime Minister Trudeau of Canada, with the participation of indigenous people.

As for the construction of Cote, we understand that the SDGs, such as environmental conservation and cooperation with indigenous people, are being taken into consideration, in line with the "Vision for 2030".

As for measures against COVID-19 infection, strict PCR tests are being carried out on people entering the mine. Currently, there are no people infected, and construction work is in full swing. Construction is underway to start production in 2023.

Marine resource development

Marine resource development



Our Role

Utilize our knowledge as a mining company and make contributions to the development of marine resources like JOGMEC

- Creation of excavation plan (Cobalt-rich crust business, Sea-floor massive sulfide deposits business)
- Build optimal mineral processing / smelting and refining process (Cobalt-rich crust business)

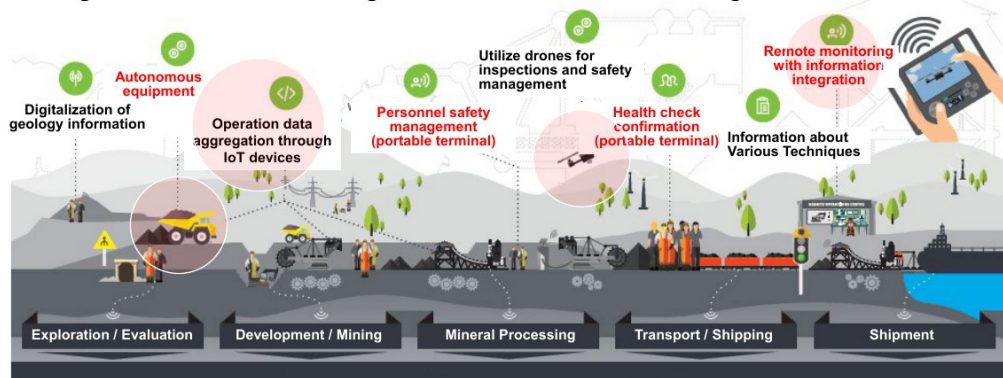
The last item is technological development. Concerning the development of marine resources, it is known that manganese nodules, cobalt-rich crusts, and submarine hydrothermal deposits exist in the deep seabed around our country, and governmental organizations such as JOGMEC are making progress in their development efforts. We believe that significant technological breakthroughs are necessary from the viewpoint of commercialization, but we are paying attention to the potential of these resources in the future.

Our company is actively involved in national projects, contributing with our technological capabilities to the formulation of drilling plans (cobalt-rich crust and submarine hydrothermal deposit) and the construction of optimum beneficiation and smelting processes (cobalt rich crust business).

Initiatives towards new technology

Initiatives towards new technology

Technological innovation in the mining business \rightleftharpoons Active utilization of digital transformation technology



Hishikari Mine Initiatives

- Strengthening of underground telecommunication equipment and automation / remote operation of heavy machinery
- Aggregation and remote monitoring of process data with IoT devices

Next are our initiatives for new technologies. In the resource industry, there is also progress in technological innovation, such as the study of digital transformation (DX) and the introduction of automated driving for drilling and trucks.

Our company is also looking at the DX movement to improve productivity. Specifically, we have begun considering digitization of geological information, automation of heavy machinery, utilization of drones, digitization of plant operations, and remote monitoring.

As for the Hishikari mine, we understand that it is difficult to install those because it is an underground mine. However, as mentioned earlier, we have begun to consider the automation of heavy machinery, remote monitoring, ventilation management systems in the mine, and other measures, such as the enhancement of underground communication facilities.

We have explained our business strategy, overview, the status of large-scale projects, and technological development in the mineral resource business.

Q & A 1: About the Sierra Gorda Copper Mine and QB3

Moderator: We have some questions from participating investors now. If you sell off the Sierra Gorda Copper Mine, I think "Road to 300,000 tonnes" will disappear. What do you think about that? Also, you mentioned QB3, so please tell me as much as you can.

Asahi: First of all, I can tell you that the details of the Sierra Gorda copper mine have not been decided yet. Our company is continually reviewing its mineral resource business portfolio, but there has been no change to the targets in our company's long-term vision, "300,000 tonnes". We will continue to implement measures such as asset replacement based on a flexible evaluation, but we will maintain our long-term vision "Target of 300,000 tonnes".

Therefore, as I have informed you earlier in this presentation, we will continue to study and make efforts to develop our business and acquire interests with the aim of being the operator.

And the second point, QB3. Currently, we are concentrating on the construction of QB2. On the other hand, work continues on the assessment of the amount of resources that will be the upside of QB3, and internal discussions and analyses are proceeding on the development of such resources.

We are not at the stage where we can tell you when we will be able to put this into practice, but we are making steady progress in our evaluation, and we believe that we must surely realize the upside.

Q & A 2: Exploring strategic options, including the sale of the Sierra Gorda copper mine

Moderator: Next question. "I understand that you are considering the sale of interests in the Sierra Gorda copper mine. Are there any plans to suspend any future projects such as debottlenecking? What is your policy regarding investment plans, including working capital, assuming the sale happens?"

Asahi: As I mentioned earlier, the operation of the Sierra Gorda copper mine was extremely smooth, including the asset efficiency.

Work related to debottlenecking is underway and is nearing completion, but active discussions on further productivity improvements continue between the Sierra Gorda copper mine and KGHM.

Therefore, apart from the discussion of the sale of the Sierra Gorda copper mine, our basic policy

is to thoroughly discuss how to maximize the value of the Sierra Gorda mine as a company and business, and we are taking such measures.

Q & A 3: Initiatives at the Morenci Copper Mine

Moderator: We received three questions. “As for copper, do you have any thoughts about not only the target of 300,000 tonnes but also a target of quality and targets other than quantity? What is the potential of QB3? You have explained that leaching operations at the Morenci Copper Mine are doing well. What specific measures are you taking?”

Asahi: First of all, regarding the target of 300,000 tonnes of copper, as I mentioned earlier, there has been no change at all, and the basic line is to continue our efforts toward that goal.

As for the potential of QB3, we cannot say at this time how much it will be compared to the production scale of QB2. This is because we have not yet determined how much upside we plan to achieve.

There are no figures I can share at this stage, but I think the scale is quite large, about twice as large, but in some cases, we are considering more. I am not at the stage where I can tell you specifically, but I would like you to understand that we are actively considering expansion work.

As for leaching at the Morenci copper mine, there was a tendency to achieve larger quantities than initially planned, but the trend is gradually returning to a more stable production trend.

Future production will be affected by various factors such as the construction plan for the leaching pad. It is very difficult to comment on what will happen in the future, but we would like to keep an eye on how the plan will change and continue to hold technical discussions with Morenci.

In any case, we were very grateful for the very strong production trend, but, indeed, it is gradually settling down, and we will do our best to maintain that production capacity in the future.

Q & A 4: Hishikari Mine

Moderator: We received another question. “Regarding the Hishikari mine, you said that you are promoting development in the deep part of the mine. What do you think about the future increase in production costs at the mine? How much longer could the mine life be due to peripheral exploration?”

Asahi: As for the first point, the production cost, it is true that the quality of production has been gradually declining during the production period. Under these circumstances, I hope you will understand that the cost has increased slightly. Against this backdrop, we are considering introducing digital technologies to improve productivity to improve production costs.

We've tried to find the length of mine life as we mined. With the completion of the hot water removal room, we believe that access to deeper areas will become easier. It would be very helpful if there is a certain amount of additional ore in the deeper areas, but that is something that we cannot know until we try. In this sense, we understand that an environment will be created that will enable us to strengthen our deep exploration activities, and we have nothing specific to report at this stage.

Q & A 5: Thoughts and attitudes about collaboration

Moderator: Next question. In the beginning, the president explained about corporate DNA. Do you share these ideas and your company's "vision" stance with your mine management partners? How much do you value these when you collaborate?

Asahi: I think you are asking about our "vision" and how we share that with our partners. We place a great deal of importance on sharing values with our partners as we pursue our resource business through joint ventures.

Freeport, Lundin, China Molybdenum, KGHM, and others are big partners. We also maintain close communication with our partners so that we can share our values in a variety of ways, including our relationships with local stakeholders, environmental conservation, and worker safety.

In the first place, each company has become an influential player in the mining industry, so I think constructive discussions are always held. In any case, we believe that our business will be successful and that we will be able to build close relationships with local workers and stakeholders only if we share values and vision with our partners. At present, I would like you to think that our relationship with our partners is very good.

Q & A 6: Environmental Considerations in QB2

Moderator: We will go on to the next question. "I think we need more environmentally conscious mine management than ever before. Because the construction and operation of a project require higher costs than before, an impact on the cost curve is expected. What kind of movement is there in QB2?"

Asahi: Since QB2 is under construction, we are working very carefully on the environment, the plants and animals inhabiting the surrounding areas, and the ruins left by indigenous people. The necessary approvals are essential, and necessary actions are discussed with the authorities before proceeding.

At the operation stage, there are different aspects, but at the construction stage, we are carefully dealing with the environment, the safety of workers, cultural aspects, and plants and vegetation. As Teck's policy is also in line with this, we believe that we are making every possible effort under the current situation.

Q & A 7: QB3 Ownership

Moderator: Another question. If the project goes ahead, will the company have the same equity stake in QB3?

Asahi: This will be determined under the joint venture agreement. The decision will be made when the development plan is compiled, but the current ratio is supposed to be maintained.

Q & A 8: Handling of loans at the Sierra Gorda copper mine

Moderator: Last question. In the case of the sale of the Sierra Gorda copper mine, I believe there will be a large number of loans (including allowance for doubtful accounts) at the mine. How will this be handled?

Asahi: It is difficult to give you specific details because we are not at the final stage, but we will be selling all the rights and obligations related to the project. So, I think it is important to understand that in the case of the sale, the point you have raised will be included in the value of the operating company and the value of the project.