



Sumitomo Metal Mining Co., Ltd.

Long-Term Strategy Implementation and Future Vision

FY2007 (to March 2008)

Interim Results Presentation

November 6, 2007

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Keywords: “Raw materials”

“Electrolytic copper sales”

“Sulfate sales”

Development of Nickel Business Strategy

- **Targeting nickel capacity of 100ktpa** –

Keywords: “Technical/production strengths”

“Nonferrous major status”

Development of Electronics & Advanced Materials Business Strategy

Nonferrous metal prices and projections

1H FY2007 Results

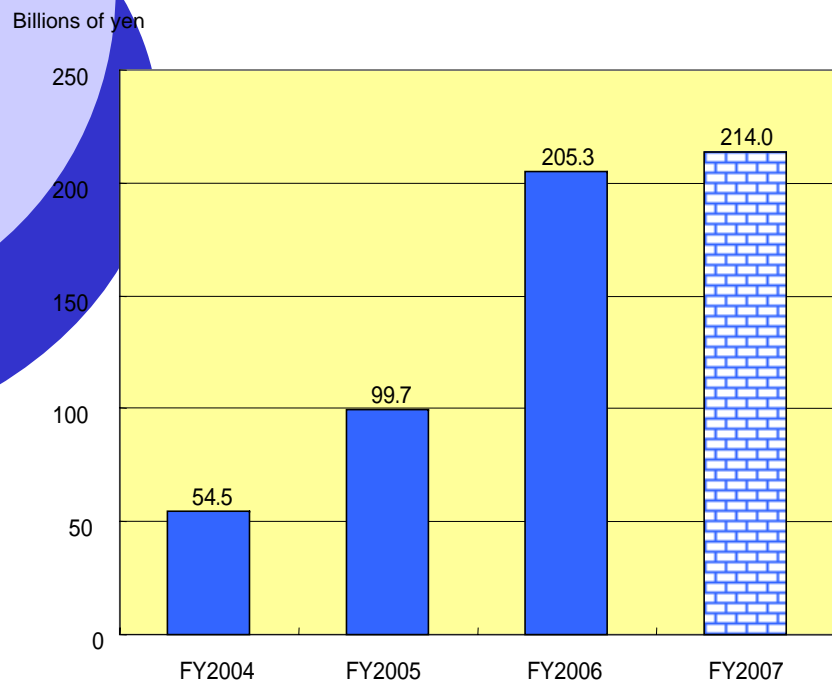
Growth Strategy Progress Report



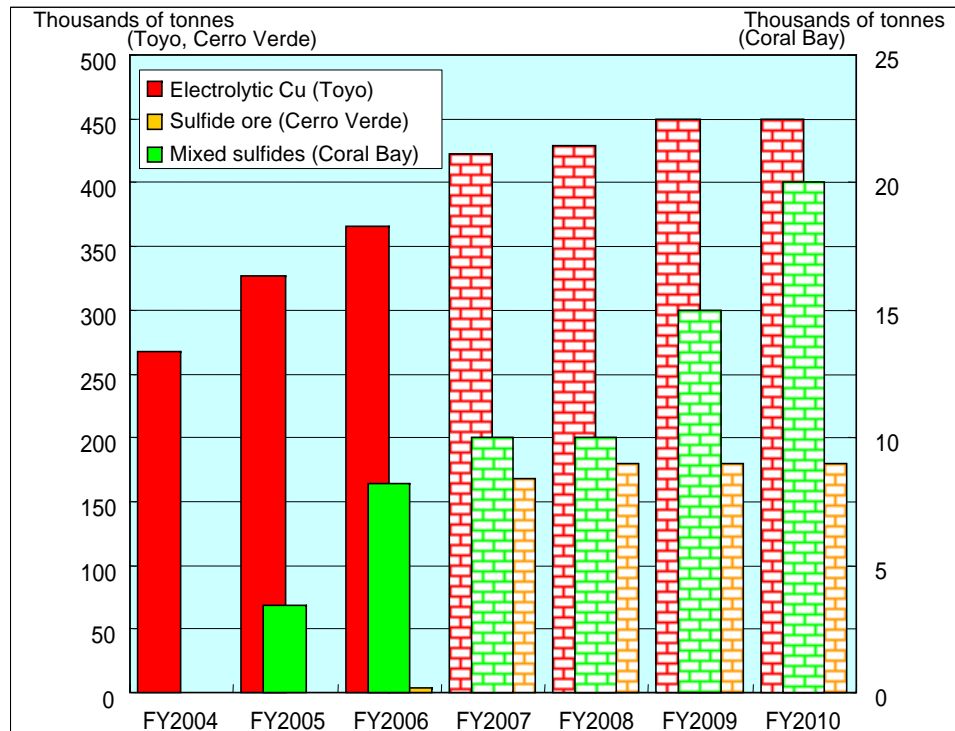
Aurora borealis, near Pogo mine (Alaska)

Mineral Resources & Metals Strategy: Progress Overview

Consolidated recurring profit



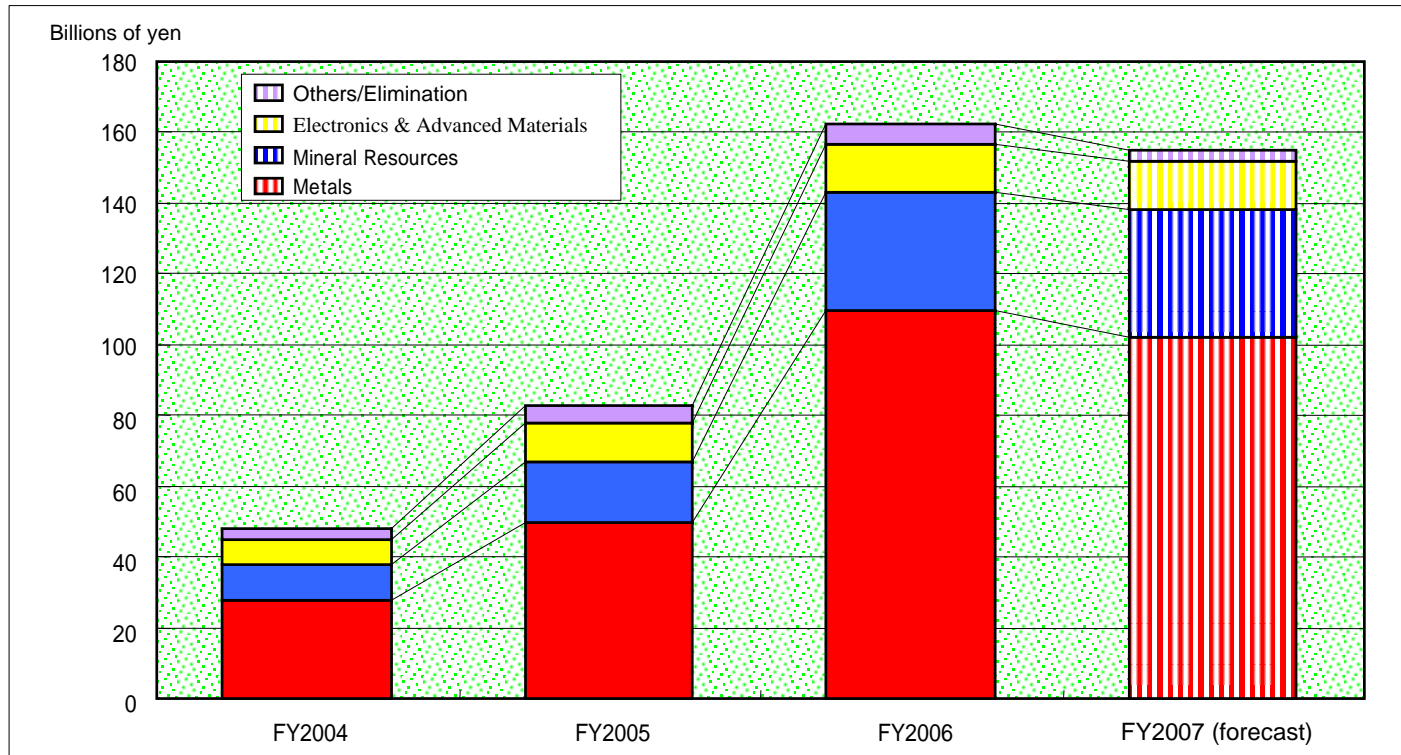
Project results (output)



	FY2004	FY2005	FY2006	FY2007
Recurring profit (Billions of yen)	54.5	99.7	205.3	214.0
Electrolytic Cu (Toyo) (Tonnes)	267,755	326,694	365,994	423,100
Mixed sulfides (Coral Bay) (Thousands of tonnes)		3.4	8.2	10.0
Sulfide ore (Cerro Verde) (Cu-t)			4,070	168,300

Operating Income by Segment

Mineral Resources & Metals profit growth and recovery at Electronic & Advanced Materials

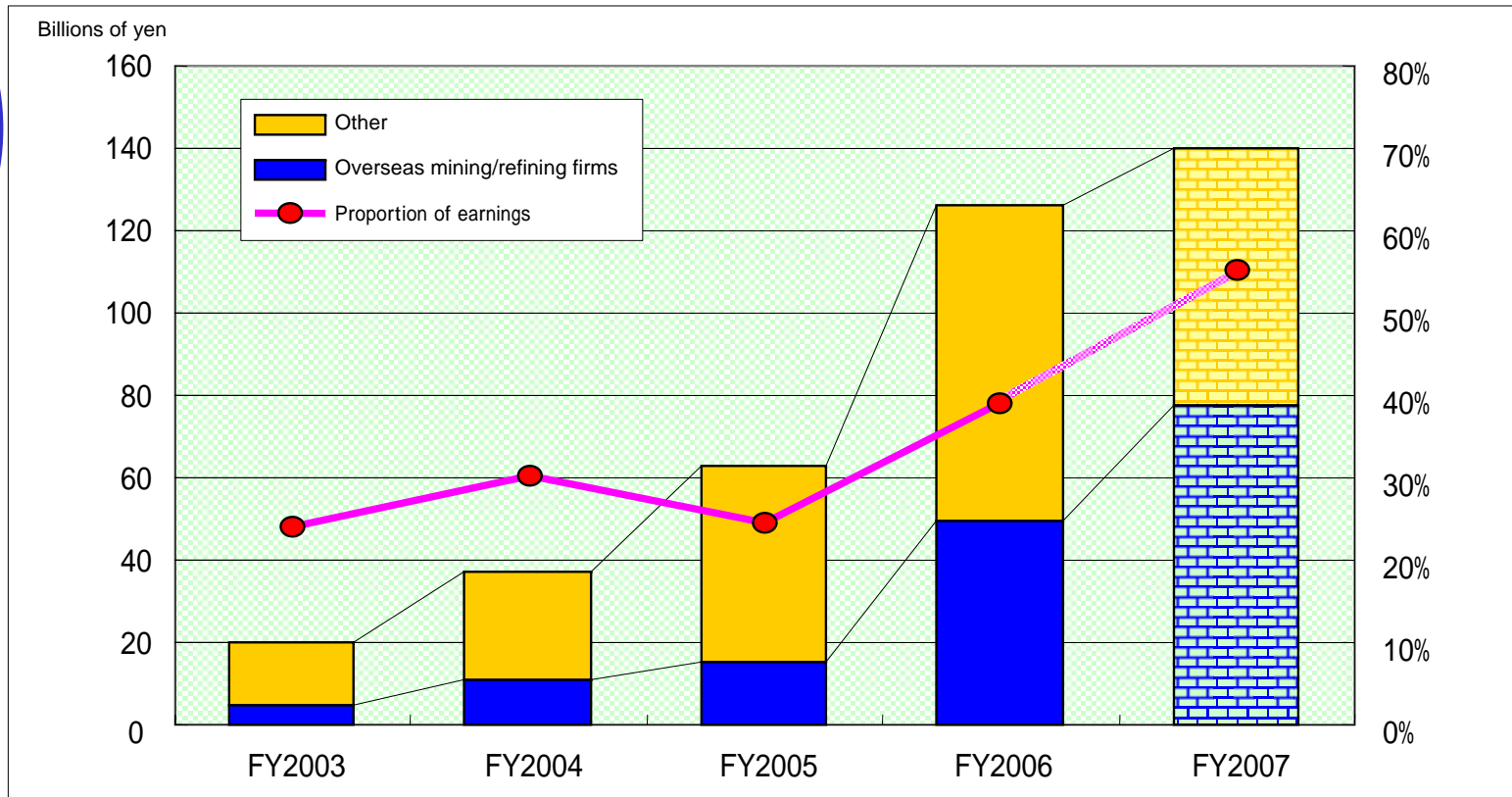


(Billions of yen)

	FY2004	FY2005	FY2006	FY2007 (forecast)	1H FY2007 Results
Metals	27.7	49.7	109.6	103.0	73.3
Mineral Resources	10.0	17.1	33.5	37.0	24.7
Electronics & Advanced Materials	7.3	11.2	13.6	12.0	4.6
Others/Elimination	2.9	4.8	5.9	3.0	- 2.1
Total	47.9	82.8	162.6	155.0	100.5

Rising Contribution from Overseas Mining Interests

Consolidated recurring profit

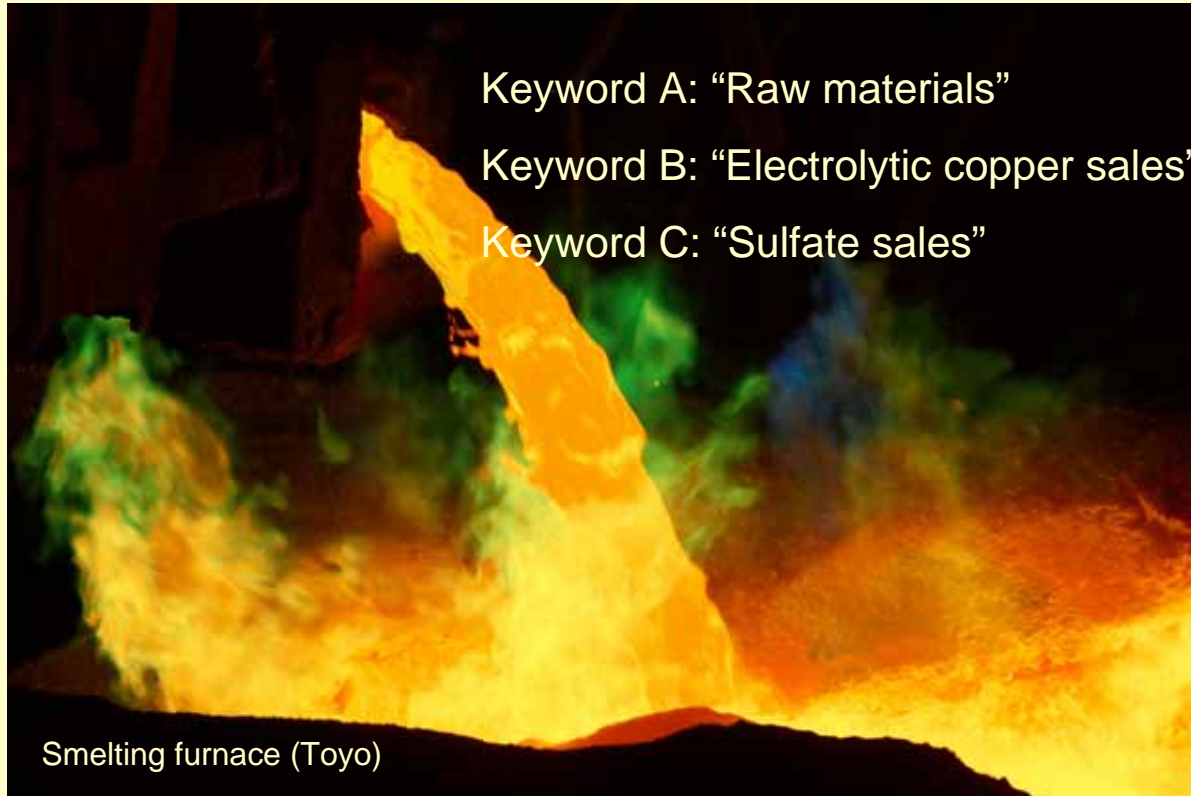


Consolidated: Morenci, Northparkes, Coral Bay, Pogo

Equity method: Cerro Verde, Ojoas, Candelaria, P.T.Inco, Figesbal

Development of Copper Business Strategy

– Completion of 450ktpa set-up at Toyo –



Cu business development

Completion of 450ktpa set-up at Toyo



Electrolytic Cu

Cu concentrate +
mine profits



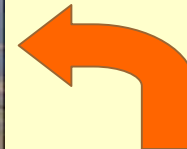
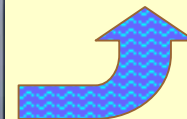
Mine interests (equity-based)



Technical/production
strengths



Sulfates



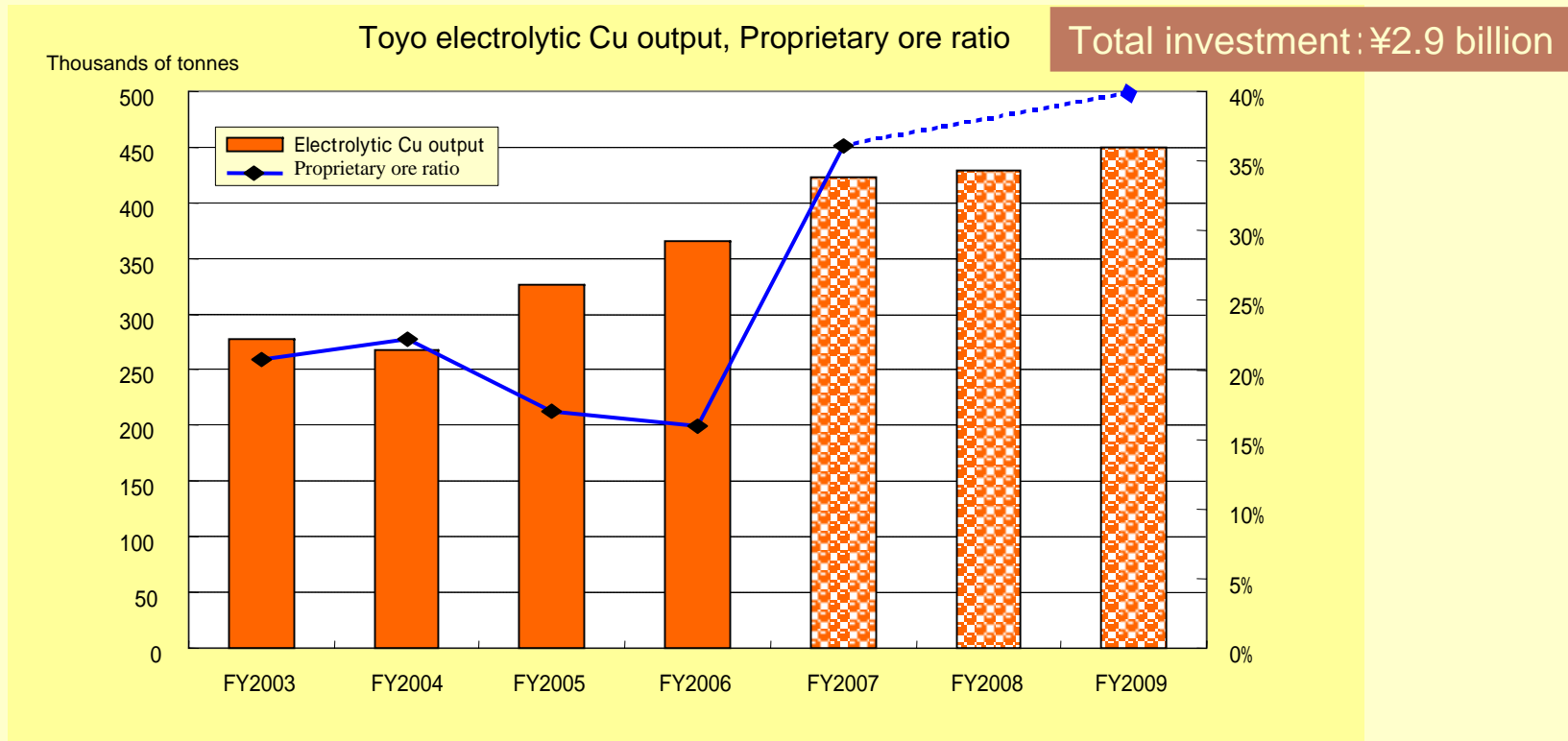
Cu concentrate



Commercial ore purchases

Completion of 450ktpa Capacity at Toyo

Toyo smelting capacity to reach 450ktpa in 2nd half of FY2007

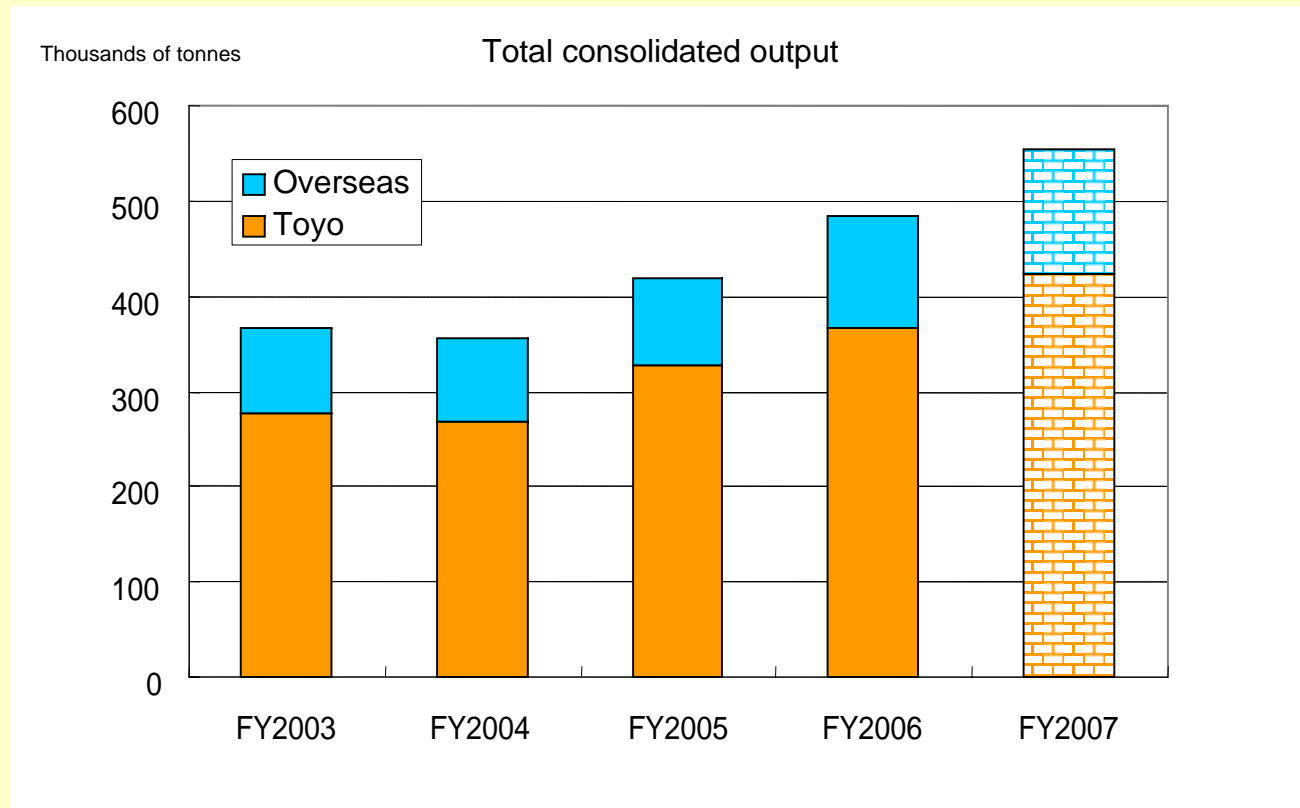


Proprietary ore ratio rising to approx. 40%* with Cerro Verde participation.

* including Cerro Verde long-term ore purchase contract

Total Consolidated Output

Total SMM Group electrolytic Cu output approx. 550kt in FY2007



Higher output at Toyo and Jinlong, plus Cerro Verde equity stake
Overseas: Morenci/Cerro Verde mines, Jinlong smelter

Cerro Verde Copper Mine (Peru)

Cerro Verde to boost proprietary ore ratio to 36% in FY07, 40% by FY09

Investors (%): Freeport McMoRan 53.6, Buenaventura 18.2, SMM 16.8, Sumitomo Corp. 4.2, others 7.2

Total investment: US\$850 million (US\$265 million from Japanese side)

Output: 180ktpa (Cu-equivalents) for 26 yrs

Offtake rights: 50% of copper concentrates for first 10 yrs (90ktpa)

Dec. 2006: first ore shipment to SMM

Steady ramp-up to full operating capacity

Total Cu output to Sep. 2007 = 193kt [incl. oxide ores (90ktpa capacity)]

Site completion ceremony Nov. 13th (postponed due to Aug. quake)



Pogo Gold Project (Alaska, USA)

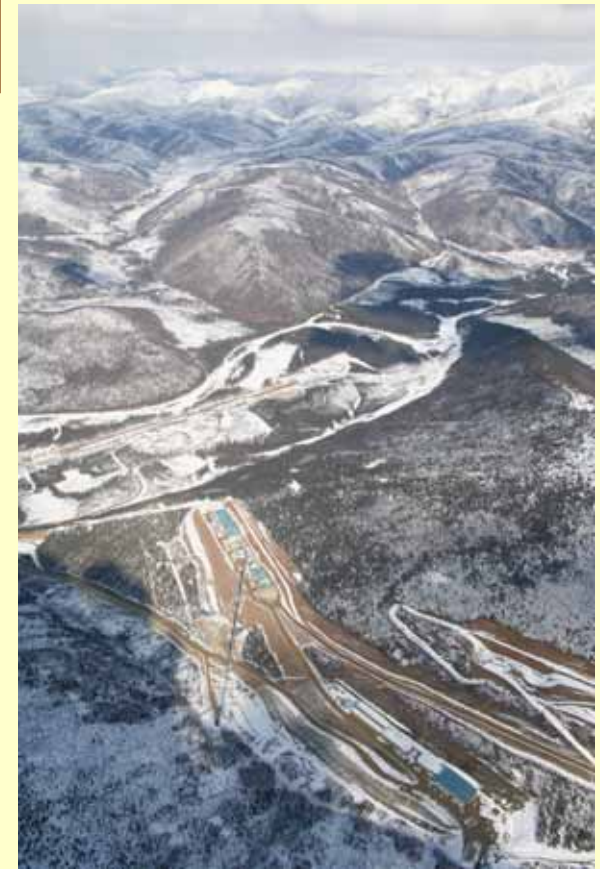
A majority share overseas mining development

Investors (%): SMM 51, Teck Cominco 40, Sumitomo Corp. 9

Total investment: US\$378 million

Est. gold reserves: 152t

Output: 12tpa



Feb. 2006: gold production start-up

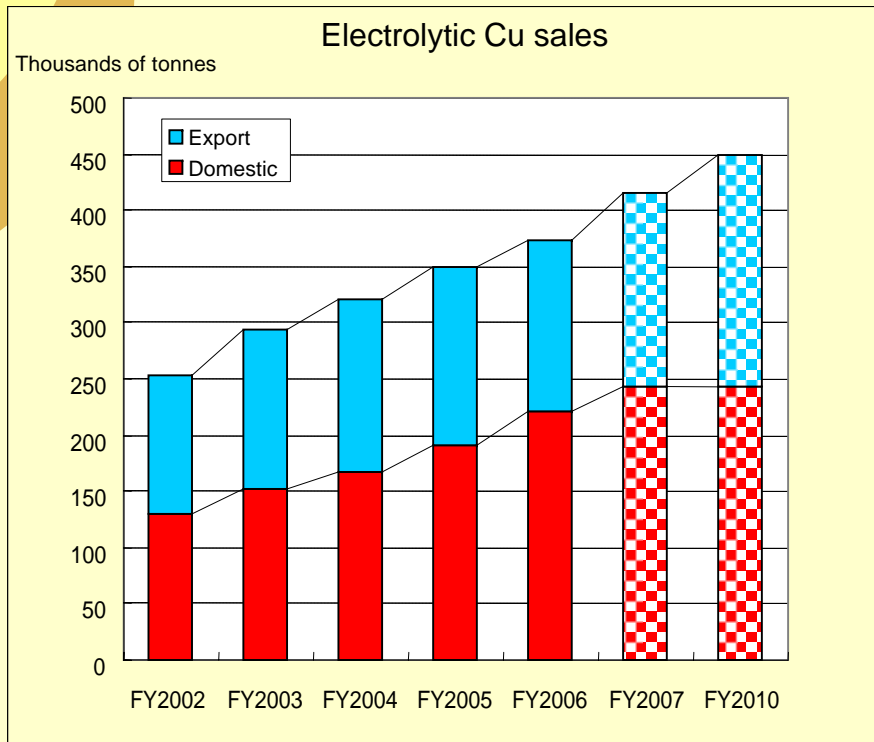
Oct. 2006: halt due to burn-out damage to power supply

Apr. 2007: dressed ore filter press, etc. added to boost mine to 80%+ of full monthly capacity

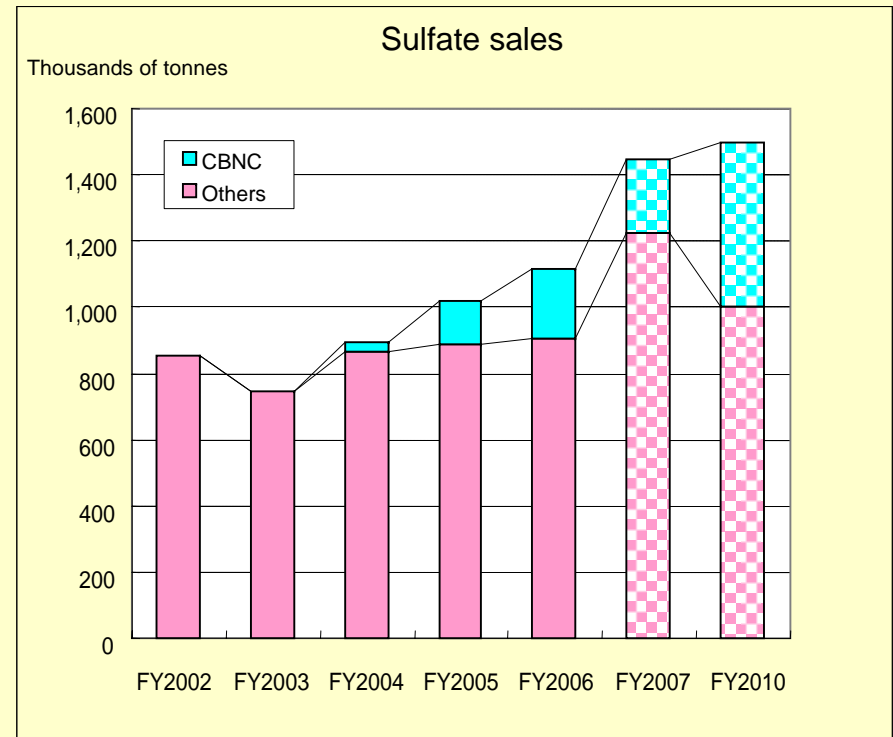
Projected 2007 output: 8t [5.6t produced to Sep. (ore grade = 13.0g/t)]

Electrolytic Cu/sulfate sales growth

Electrolytic Cu sales rising with recovery in Japan and higher demand in S.E. Asia

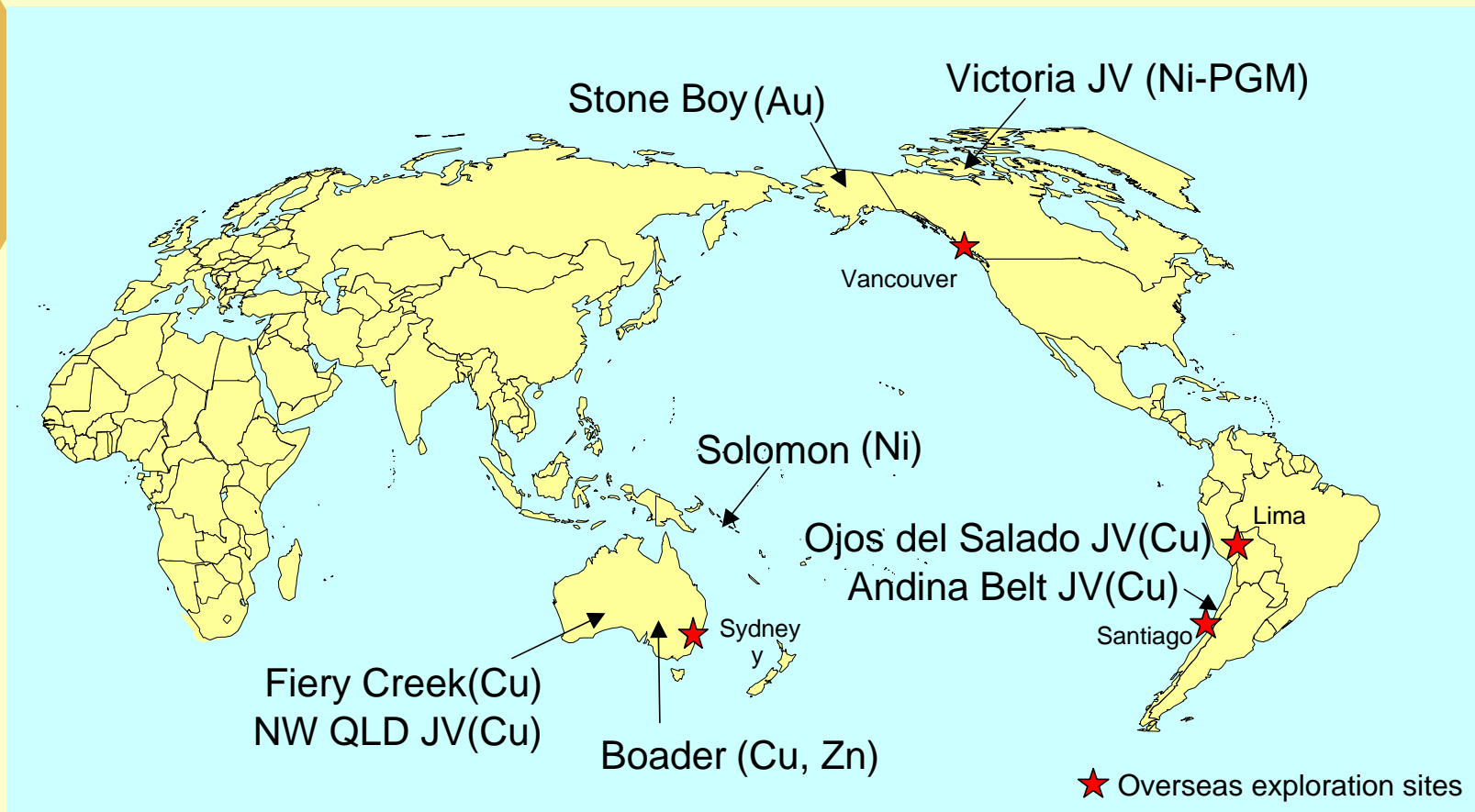


Growth in sulfate sales to be absorbed by HPAL (High Pressure Acid Leach) process at Coral Bay



Exploration projects

Selected ongoing mining projects targeting nonferrous major status



Oct. 2007: local Peru exploration subsidiary created; project selection ongoing

Development of Nickel Business Strategy

– Targeting nickel capacity of 100ktpa –



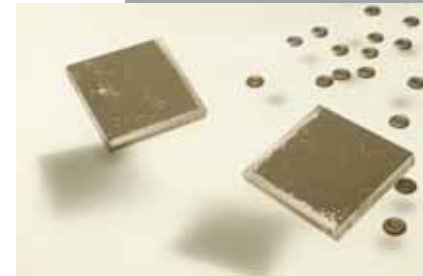
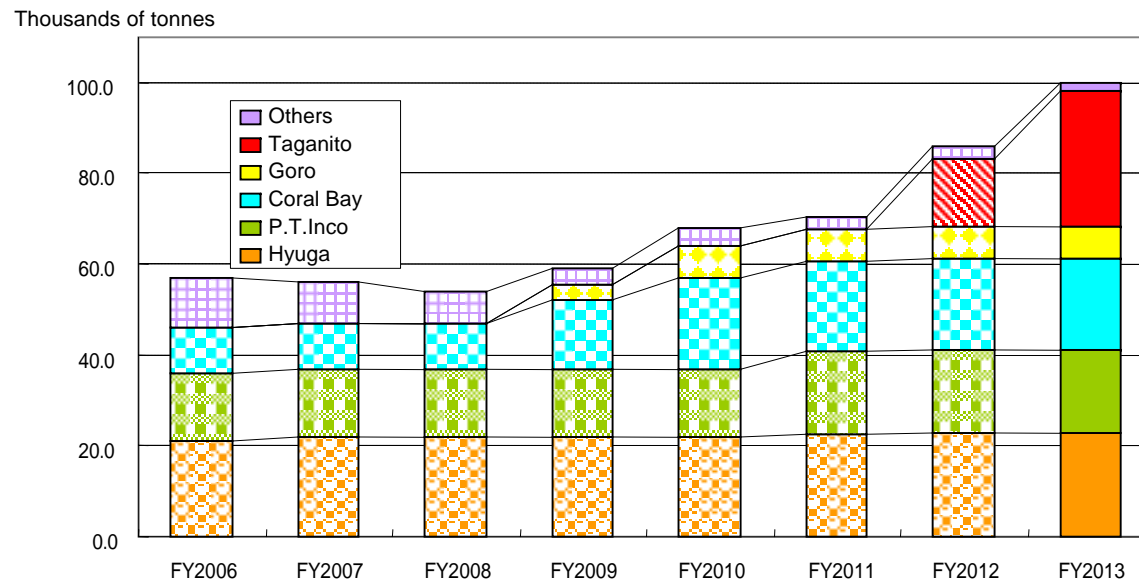
Ni business development

Aim for global No. 5 producer status based on technical/production strengths



Nickel business expansion plans

Targeting 100ktpa set-up

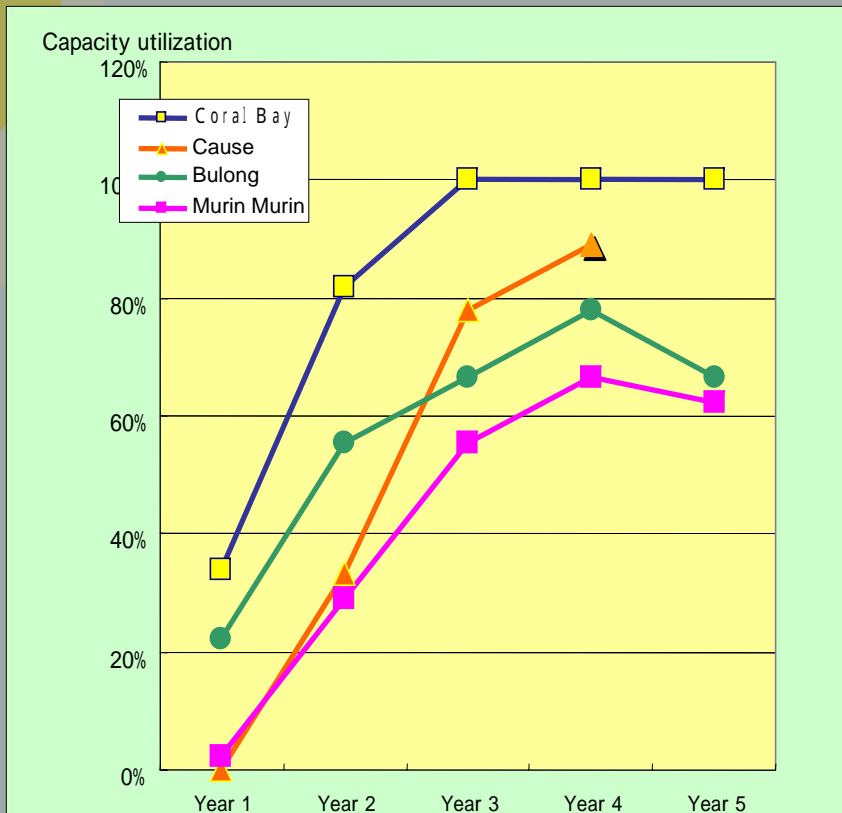


Steps toward 100ktpa set-up for nickel

- (1) Apr. 2005: Coral Bay Phase I start (10ktpa)
 - (2) Apr. 2009: Coral Bay Phase II start (10ktpa)
 - (3) FY2009: Ni refinery capacity up to 41ktpa
 - (4) Early 2009: Goro start (60ktpa)
 - (5) 2010: P.T. Inco 200 million-lb start (18ktpa)
 - (6) 2012: Taganito start (30ktpa)
 - (7) 2013: Ni refinery up to 65ktpa
- 100ktpa set-up achieved

Coral Bay

Phase I: Full operation of first HPAL plant achieved
 Phase II: Capacity expansion of 20ktpa ongoing



	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Production capacity	10.0	10.0	10.0	10.0	20.0	20.0
Output	3.4	8.2	10.0	10.0	15.0	20.0

Project progress now above 50%,
 target completion date in early 2009



HPAL II Project (Taganito)

30ktpa raw material supply

Location: Northeast Mindanao, Philippines

Output: mixed sulfides (30ktpa in Ni-equivalents)

Projected operating life: 30 yrs

Total investment: US\$1 billion+

(Schedule)

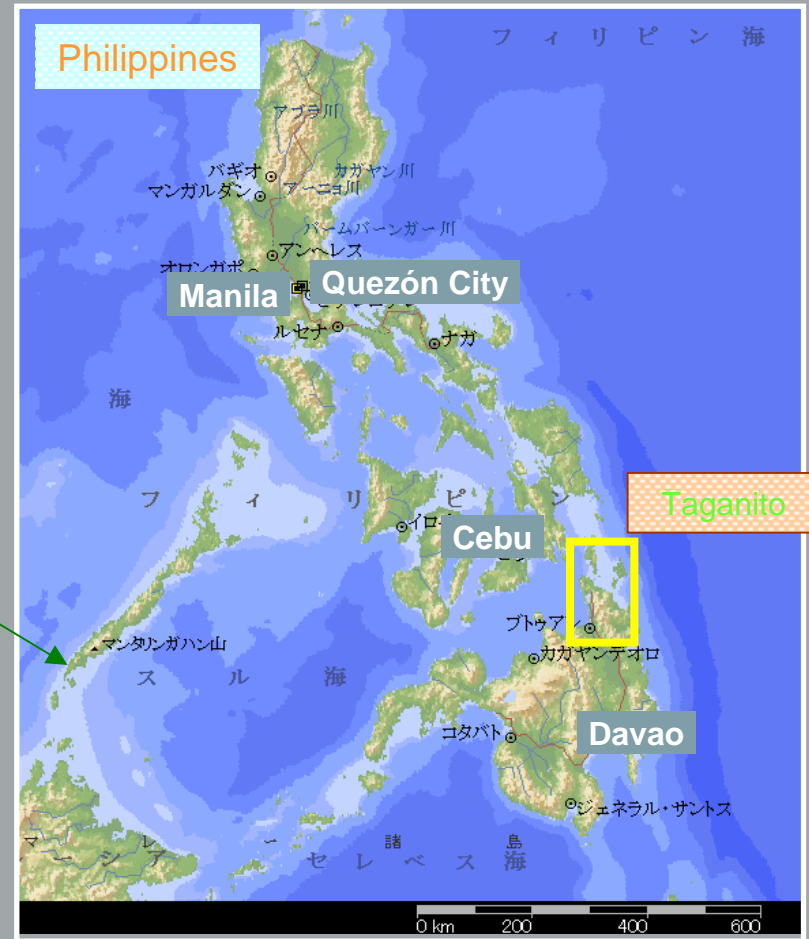
Mar. 2007: F/S agreed with Taganito Mining

2008: feasibility study completion

2012: production start-up



Planned construction site



Hydroelectric Karebbe project

1. Construction of 3rd hydroelectric plant (90MW)
2. Total cost of construction: US\$275–280 million
3. Works restarted after issuance of environmental permit by Indonesian authorities at end of Aug. 2007 (19-month delay)
4. Production capacity set to expand from 160 million-lb (72kt) to 200 million-lb (90kt) by Jan-Jun 2010

P.T. Inco announcement October 1, 2007

CY	2002	2003	2004	2005	2006	2007
million-lb	131	155	159	168	158	170
Thousands of tonnes	59.2	70.2	72.2	76.4	71.7	77.1

Goro Nickel Project (New Caledonia)

One of world's largest nickel laterite mines

Investors (%): CVRD Inco 69, SMM 11, MITSUI & Co 10, SPMSC 10

Total investment: US\$3.2 billion

Output: nickel 60ktpa, cobalt 46ktpa

Slated operation start-up: end-2008

Projected 3-year ramp-up

CVRD press release: Oct. 11, 2007

Negotiating with CVRD-Inco re ongoing participation



Solomon Islands Project

Exploration project looking 10 years ahead

Aim: conduct feasibility study in FY2009



Project base camp



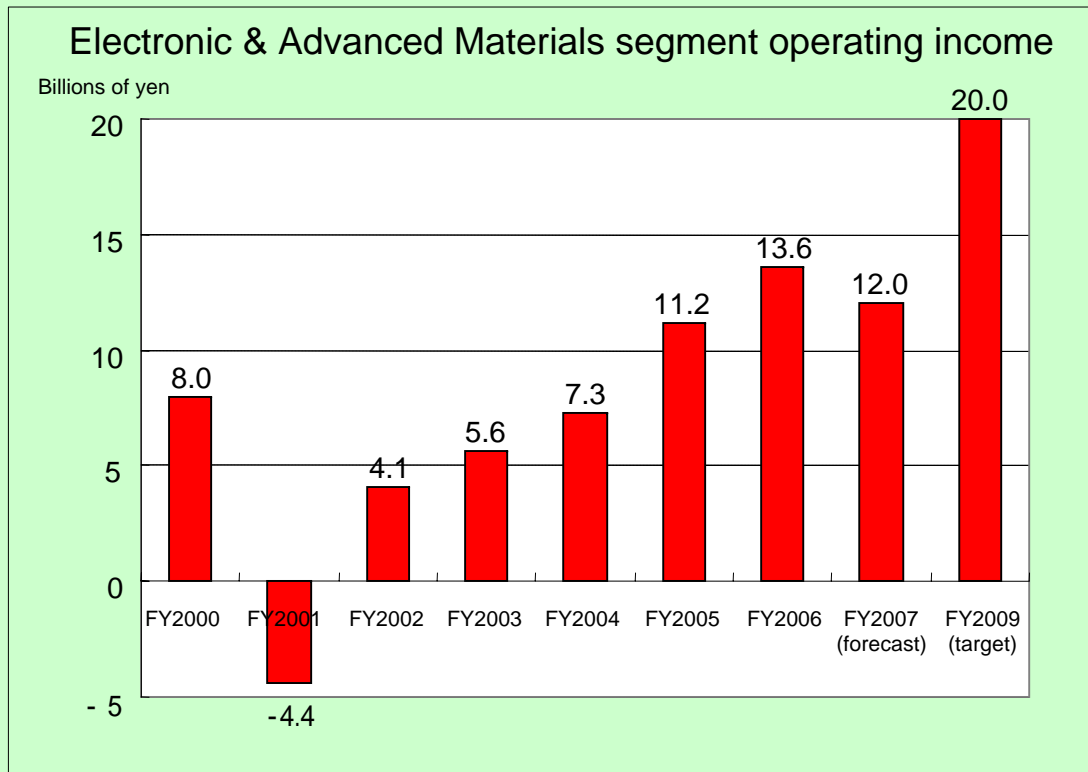
Bore site



Helicopter transport

Electronics & Advanced Materials Business

Aiming for leading global market shares



Steady performance recovery since dot-com bubble

Record profits achieved in FY2005 and FY2006

2006/3-Yr plan: ¥20bn operating income target (FY2009)

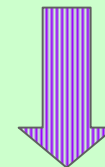
Build up existing products

CCPF

Battery materials

Chip-On-Film (COF)

New product development



Reinforcing set-up

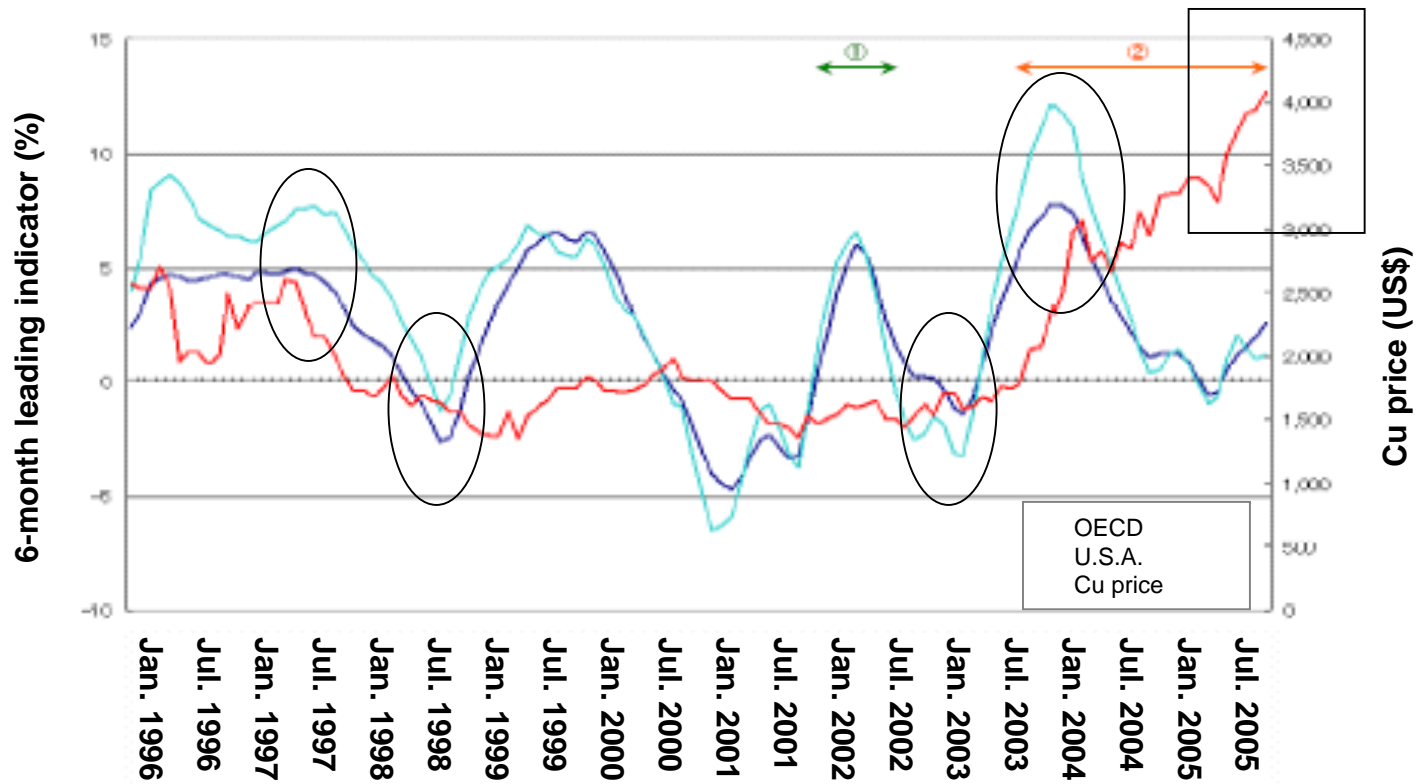
to realize goals!

Nonferrous metal prices and projections



Cu price vs. economic indicators

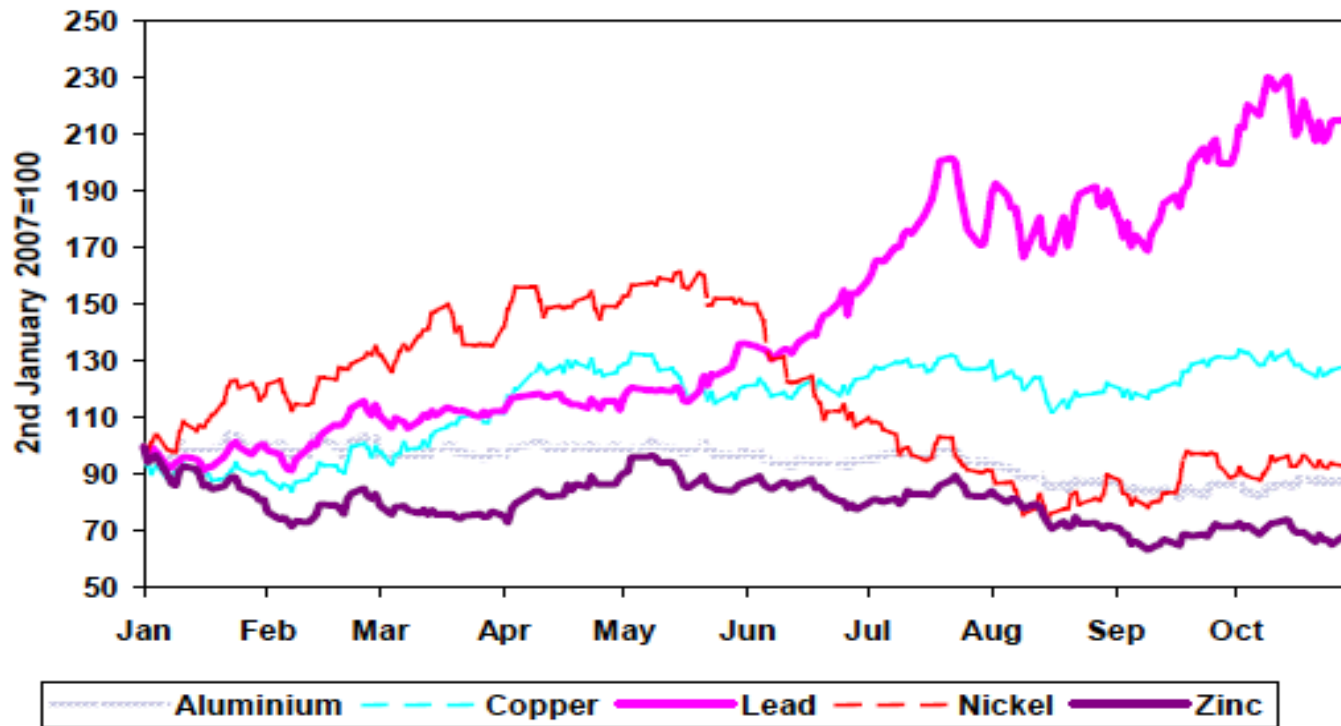
BRIC demand driving Cu price since 2004



Source: JOGMEC metals/minerals report (Mar. 2006)

Metal price movements (2007)

MONTHLY INDEXED LME CASH METAL PRICES (January 2007 = 100)



Source: Brookhant

Cu price projections, supply/demand trends

(Thousands of tonnes)

	2007.1-7	2006.1-7
Primary production	10,472	10,015
Refined usage	10,790	10,041
Market balance	-318	-26
Reported stock change	-213	-40
%Change (China)	37.6%	28.8%
%Change (World Ex-China)	-0.4%	0.0%
%Change (Total)	7.3%	3.7%

Source: ICSG

World refined copper supply/demand balance (Thousands of tonnes)

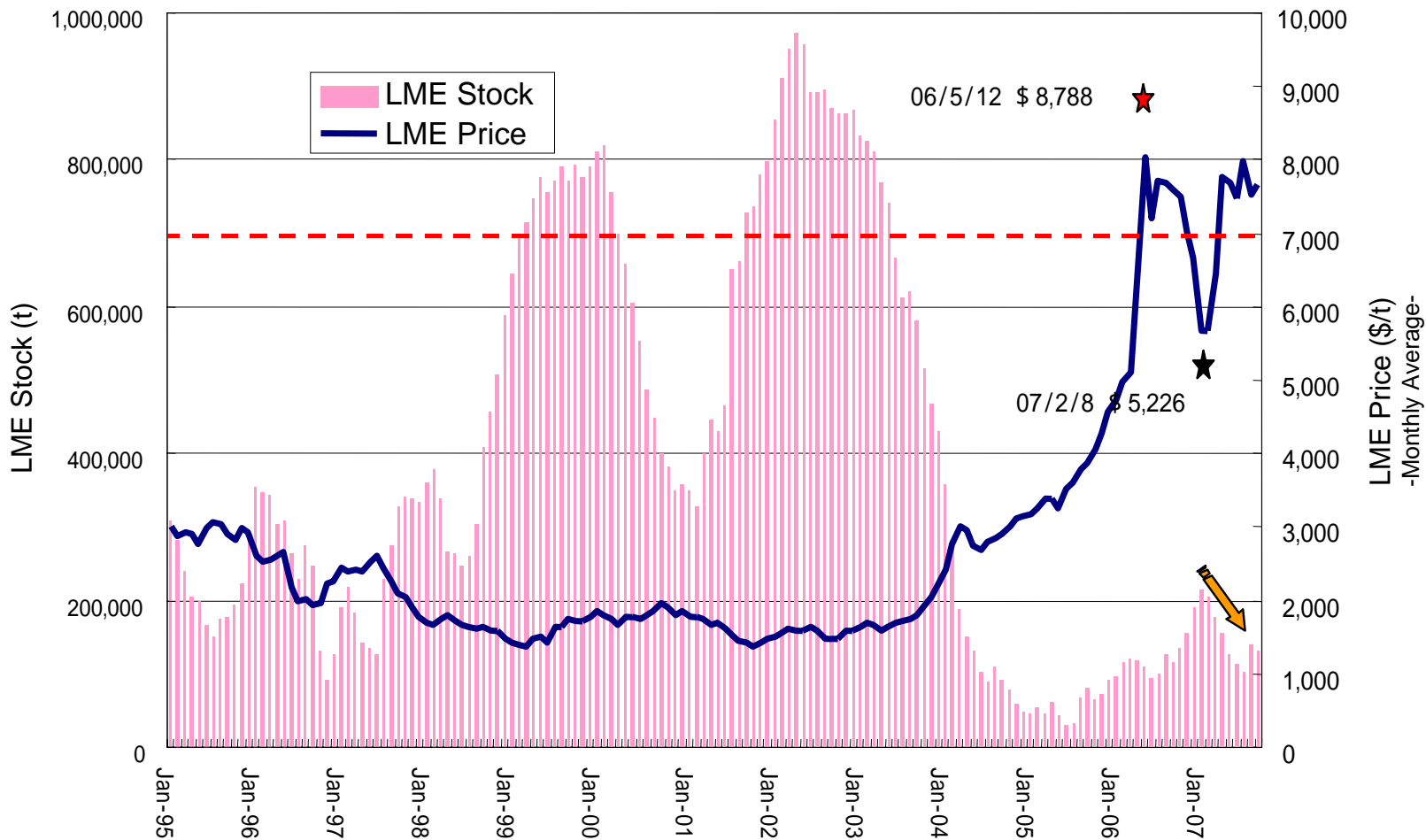
	2006	2007f	2008f
Production	17353	18119	18951
% change	4.6%	4.4%	4.6%
Usage	17123	18009	18701
% change	2.3%	5.2%	3.8%
Balance	+230	+110	+250

Source: ICSG, October 2007

Cu

Cu	1H FY2005	2H FY2005	1H FY2006	2H FY2006	1H FY2007
\$/t	3,574	4,621	7,440	6,501	7,677

Copper LME Prices and Stocks



Ni price projections, supply/demand trends

(Thousands of tonnes)

	2007.1-7	2006.1-7
Primary production	848	774
Refined usage	807	804
Market balance	41	-30
%Change (China)	34.6%	25.3%
%Change (World Ex-China)	-6.5%	6.0%
%Change (Total)	0.4%	8.8%

Source: INSG

World refined nickel supply/demand balance (Thousands of tonnes)

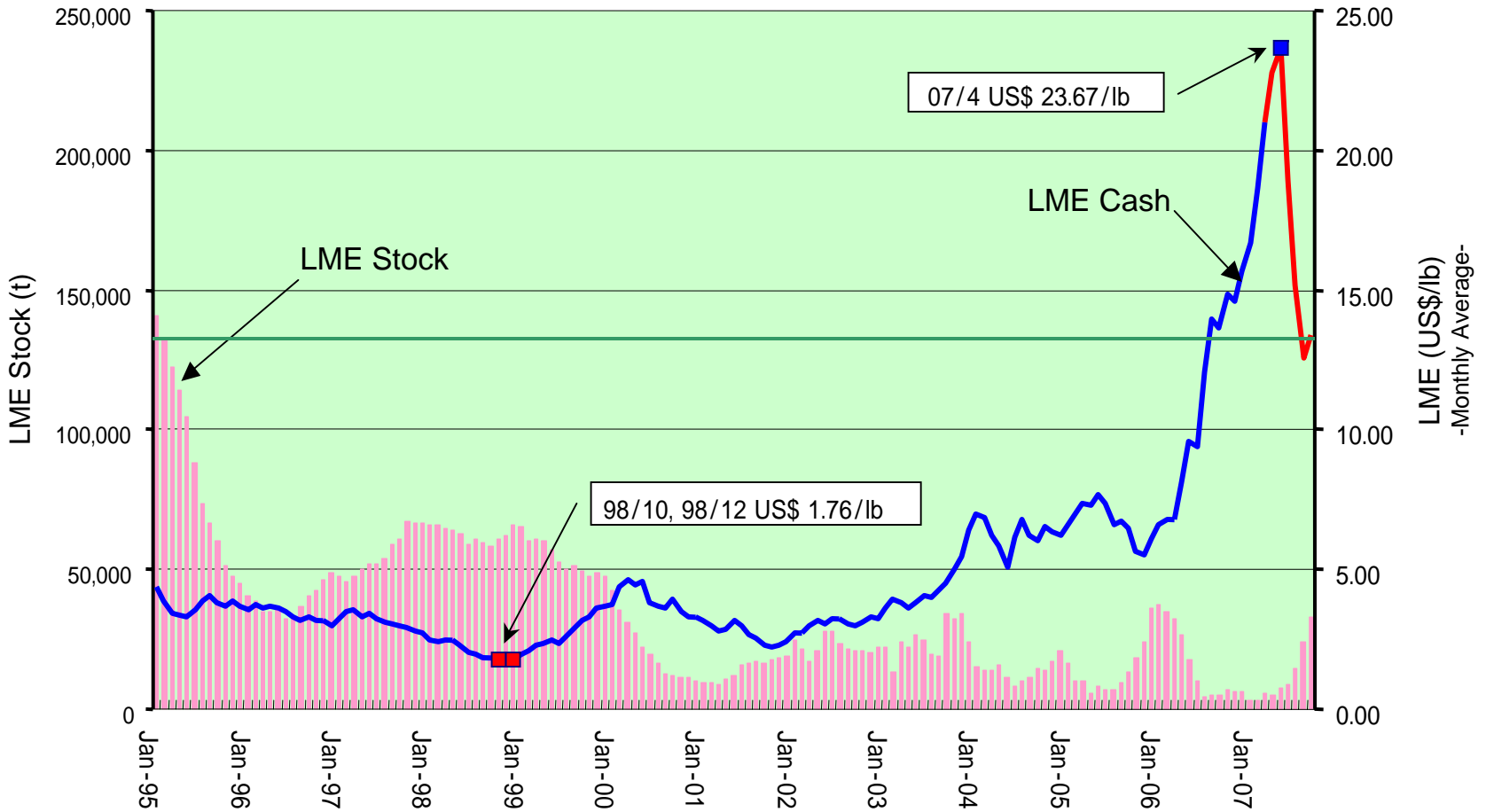
	2006	2007f	2008f
Production	1360	1470	1570
% change	4.7%	8.1%	6.8%
Usage	1400	1350	1470
% change	12.2%	-3.6%	8.9%
Balance	-40	+120	+100

Source: INSG, October 2007

Ni

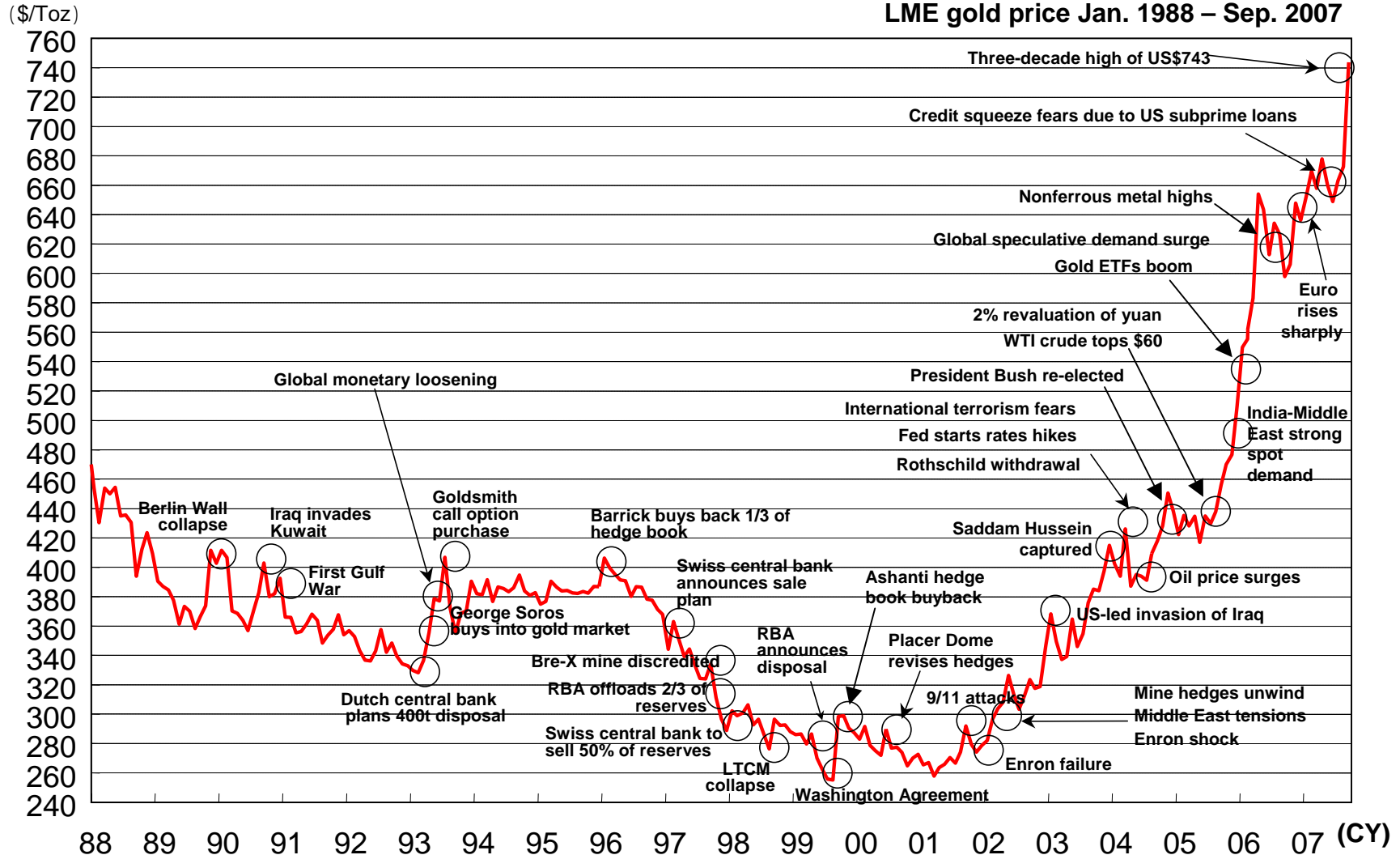
Ni	1H FY2005	2H FY2005	1H FY2006	2H FY2006	1H FY2007
\$/lb	7.03	6.23	11.13	16.91	17.75

Nickel LME Settlement and Stocks



Au

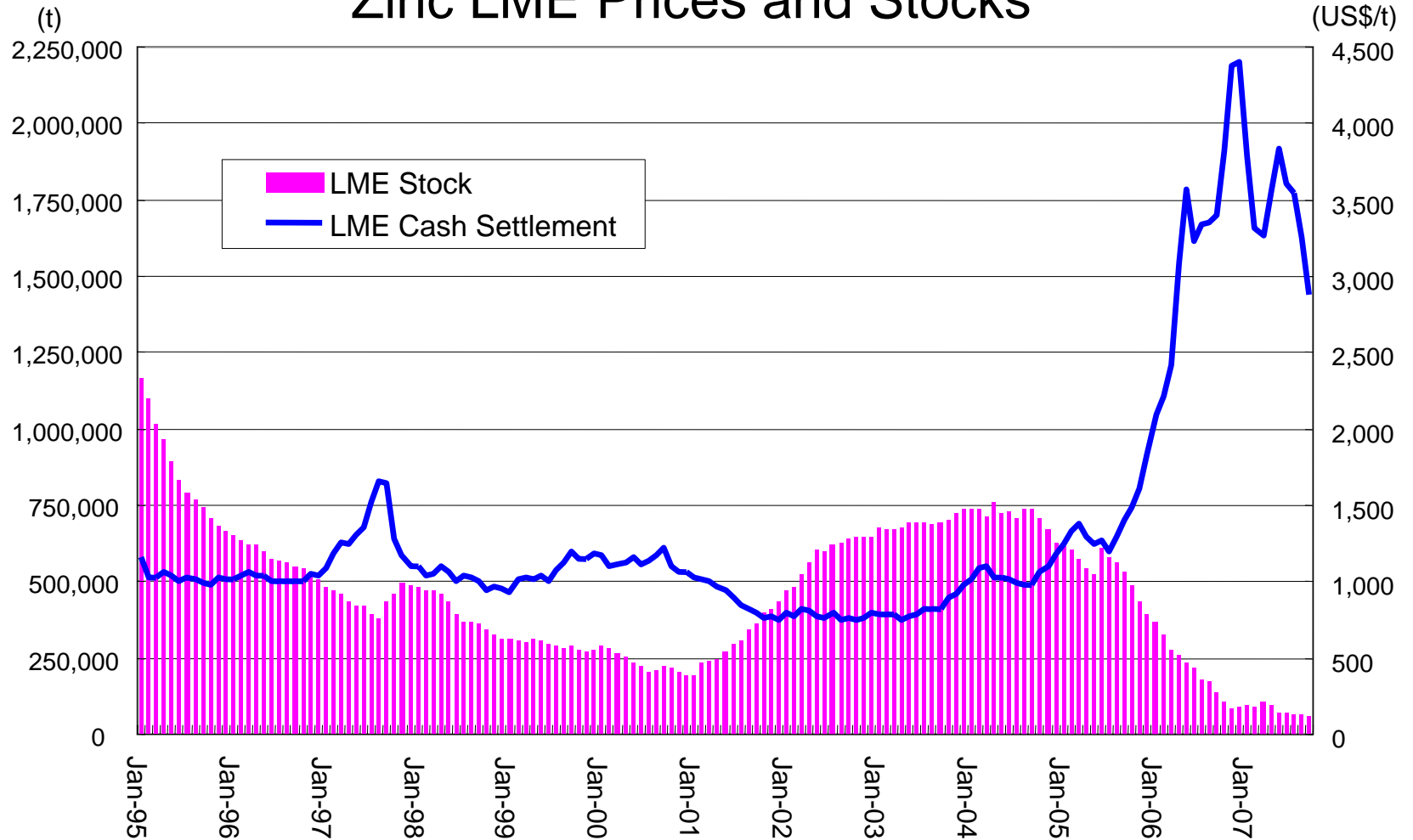
Au	1H FY2005	2H FY2005	1H FY2006	2H FY2006	1H FY2007
\$/Toz	433	520	625	632	674



Zn

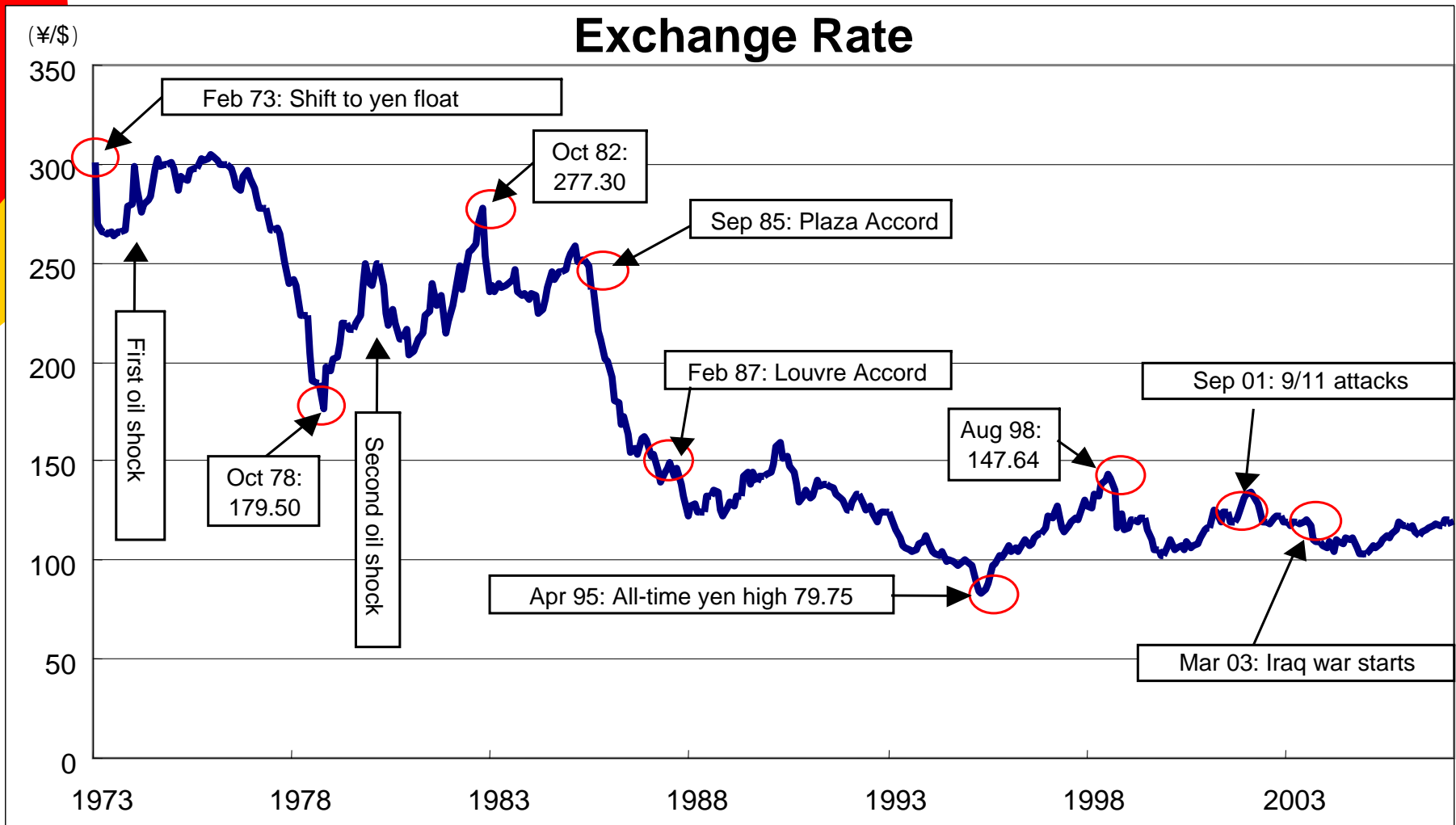
Zn	1H FY2005	2H FY2005	1H FY2006	2H FY2006	1H FY2007
\$/t	1,287	1,941	3,328	3,830	3,445

Zinc LME Prices and Stocks



Forex

Forex	1H FY2005	2H FY2005	1H FY2006	2H FY2006	1H FY2007
¥/\$	109.47	117.15	115.38	118.67	119.33



1H FY2007 Results



1H FY2007 Results

Consolidated results

(Billions of yen)

	FY2005		FY2006		FY2007		
	1H	2H	1H	2H	1H	2H forecast	Full-year forecast
Net sales	272.0	353.6	460.5	506.3	593.2	491.8	1,085.0
Operating income	29.3	53.5	79.7	82.9	100.5	54.5	155.0
Recurring profit	36.7	63.0	95.2	110.1	137.1	76.9	214.0
Net income	23.6	39.2	61.4	64.7	91.5	48.5	140.0
Cu (\$/t)	3,574	4,621	7,440	6,501	7,677	7,000	7,339
Ni (\$/lb)	7.03	6.23	11.13	16.91	17.75	13.00	15.38
Au (\$/Toz)	433	520	625	632	674	650	662
Exchange rate (¥/\$)	109.47	117.15	118.67	117.03	119.33	110.00	114.67

1H FY2007 vs. 1H FY2006 Results comparison

Factors behind +¥41.9bn recurring profit growth

(Billions of yen)

	1H FY2007 results	1H FY2006 results	Change
Net sales	593.2	460.5	132.7
Operating income	100.5	79.7	20.8
Recurring profit	137.1	95.2	41.9
Net income	91.5	61.4	30.1
Cu (\$/t)	7,677	7,440	237
Ni (\$/lb)	17.75	11.13	6.62
Au (\$/Toz)	674	625	49
Exchange rate (¥/\$)	119.33	115.38	3.95

1. Price factors +33.1
 - 1) Metals prices, supply contracts +47.0
Ni +41.0, Cu +3.0, Zn +2.2, Au +0.8
 - 2) Inventory write-downs -15.8
 - 3) FX gains +2.6
 - 4) Other +0.7
2. Mineral/metal project benefits +17.8
3. Increased sales +3.7
4. Electronics & Advanced Materials -3.5
Lower board materials sales prices, higher battery material input costs
5. Other -9.2
Unrealized gains deduction -5.2, other -4.0

1H FY2007 vs. 1H FY2006 (Operating income by segment)

(Billions of yen)

	1H FY2007	1H FY2006	Change
Mineral Resources	24.7	15.9	8.8
Metals	73.3	54.9	18.4
Electronics & Advanced Materials	4.6	8.1	-3.5
Housing & Construction Materials/ Others	1.7	2.3	-0.6
Eliminations	-3.8	-1.5	-2.3
Total	100.5	79.7	20.8

Mineral Resources +8.8: Hishikari +5.0, Pogo +1.0, overseas mines +2.8

Metals +18.4: Gross profit (parent + CBNC) +19.9

Electronics & Advanced Materials -3.5: Fierce CCPF price competition, higher battery material input costs

Housing & Construction Materials/ Others -0.6: Housing & construction materials -0.3

Gross profit changes by metal

(Billions of yen)

		Volume	Prices/terms	Forex	Inventory valuation	Others
Cu operations	-13.0	2.0	-5.0	1.0	-10.0	-1.0
Ni operations	32.5	4.0	32.0	1.0	-5.0	0.5
Other operations	0.4				-1.0	1.4
Total	19.9	6.0	27.0	2.0	-16.0	0.9

2H FY2007 Forecast vs. 1H FY2007 Results

Factors behind -¥60.2bn recurring profit growth

(Billions of yen)

	2H FY2007 forecast	1H FY2007 results	Change
Net sales	491.8	593.2	-101.4
Operating income	54.5	100.5	-46.0
Recurring profit	76.9	137.1	-60.2
Net income	48.5	91.5	-43.0
Cu (\$/t)	7,000	7,677	-677
Ni (\$/lb)	13.00	17.75	-4.75
Au (\$/Toz)	650	674	-24
Foreign exchange (¥/\$)	110.00	119.33	-9.33

1. Price factors -50.8
 - 1) Metals prices, supply contracts -30.5
Ni -22.2, Cu -1.7, Zn -1.6, Au -0.2, overseas mines -4.8
 - 2) Inventory write-downs -15.2
 - 3) FX losses -4.3
 - 4) Other -0.8
2. Mineral/metal project benefits -1.2
3. Volumes -4.1
Fe-Ni -2ktpa, etc.
4. Electronic and Advanced Materials +1.8
Lower cost of battery materials precursor (Ni), recovery in TAB plus L/F
5. Other -5.9

2H FY2007 Forecast vs. 1H FY2007 Results (Operating income by segment)

(Billions of yen)

	2H FY2007 forecast	1H FY2007 results	Change
Mineral Resources	12.3	24.7	-12.4
Metals	29.7	73.3	-43.6
Electronics & Advanced Materials	7.4	4.6	2.8
Housing & Construction Materials/ Others	2.3	1.7	0.6
Eliminations	2.8	-3.8	6.6
Total	54.5	100.5	-46.0

Mineral Resources -12.4: Hishikari -9.0, Pogo +1.0, overseas mines -4.0 (volumes - 2.0, etc.)

Metals -43.6: Gross profit (parent + CBNC) -44.7

Electronics & Advanced Materials +2.8: Lower cost of battery materials precursor (Ni), recovery in TAB plus L/F

Housing & Construction Materials/ Others +0.6: Housing & construction materials +0.1, Waste catalyst -0.4, others +0.9

Elimination +6.6: Hishikari unrealized gains deduction +7.0

Gross profit changes by metal

(Billions of yen)

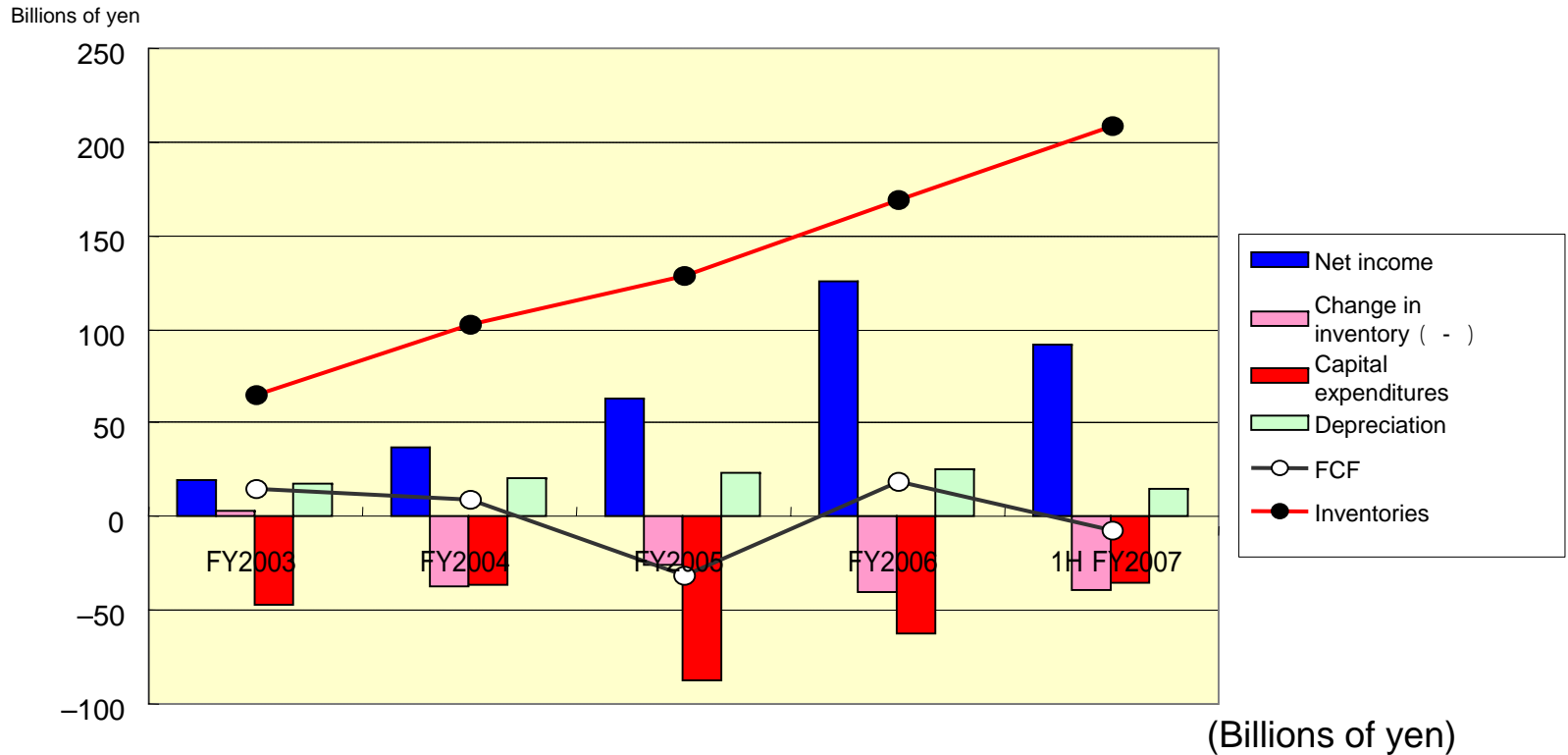
	Volume	Prices/terms	Forex	Inventory valuation	Others
Cu operations	-11.5	-3.0	-1.5	-7.0	0
Ni operations	-31.5	-2.0	-19.0	-8.0	-0.5
Other operations	-1.7	-1.0	-0.5		-0.2
Total	-44.7	-2.0	-23.0	-15.0	-0.7

Financial Position

(Billions of yen)

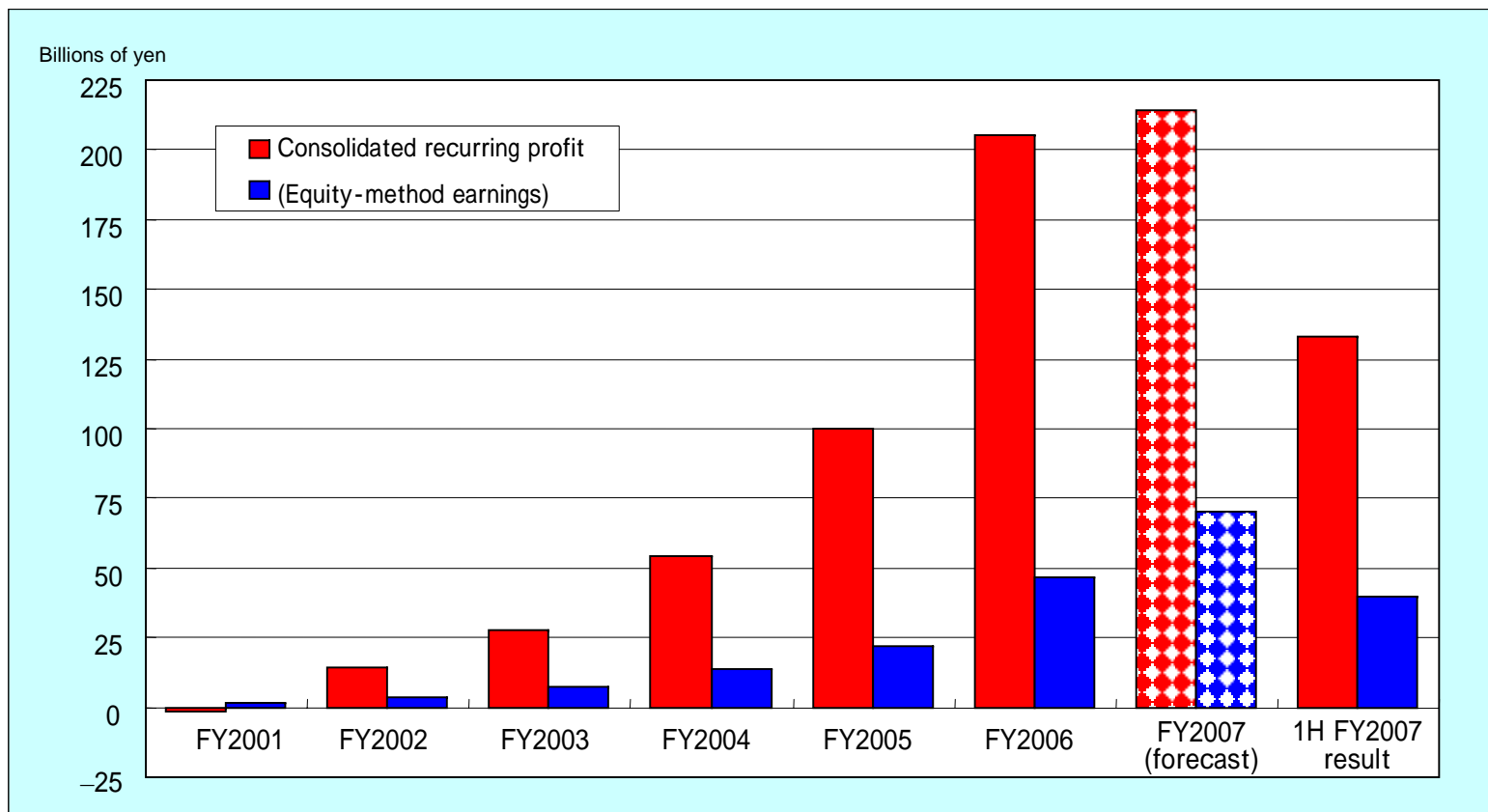
	FY2004	FY2005	FY2006	1H FY2007
Total assets	573.9	772.6	929.2	1,030.7
Interest-bearing debt	160.5	190.9	189.9	194.1
Interest-bearing debt ratio	28.0%	24.7%	20.4%	18.8%
Equity ratio	49.5%	48.4%	53.4%	56.7%
D/E ratio (times)	0.57	0.51	0.38	0.33
Inventories	102.8	128.9	169.3	209.0

Cash Flow



	FY2003	FY2004	FY2005	FY2006	1H FY2007
Net income	19.9	37.0	62.8	126.1	91.5
Change in inventory (-)	3.0	-37.8	-26.1	-40.4	-39.7
Capital expenditures	-46.5	-36.5	-87.8	-62.5	-35.6
Depreciation	17.8	20.6	23.0	25.7	14.9
Inventories	65.0	102.8	128.9	169.3	209.0
Free cash flow	14.9	8.5	-31.6	18.6	-7.9

Equity-method earnings



(Billions of yen)

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 Full-year forecast	1H FY2007
Consolidated recurring profit	-1.5	14.6	27.8	54.5	99.7	205.3	214.0	133.0
(Equity-method earnings)	1.5	3.4	7.1	13.5	21.9	46.7	70.0	40.0

Prices and Forex

(Billions of yen)

Metal	Fluctuation	FY2006	FY2007
Cu	± 100 \$/t	1.1 / 1.6	1.1 / 1.8
Ni	± 1 \$/lb	6.0 / 8.0	6.0 / 8.0
Au	± 30 \$/Toz	1.1 / 1.1	1.4 / 1.4
¥/\$	± 1 ¥/\$	5.5 / 5.5	10 / 10

Operating income/recurring profit

Note

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