

June 6, 2019

Dear Shareholders,

On June 3, 2019, Glass Lewis & Co., LLC (“**Glass Lewis**”) published its analysis and recommendations regarding our upcoming 94th Ordinary General Meeting of Shareholders scheduled for June 25, 2019.

In response, we provide our opinions as follows.

**1. Glass Lewis’s views**

Glass Lewis recommends voting AGAINST proposal No. 6, which proposes the renewal of Countermeasures to Large-Scale Acquisitions of Shares in Sumitomo Metal Mining Co., Ltd. (the “**Company**”; those countermeasures, the “**Takeover Defense Measures**”).

**2. Our views on proposal No. 6**

It is Glass Lewis’s view that it is unclear as to how the votes cast in the election of directors will be reflected upon the cancellation of the Takeover Defense Measures and who will determine to cancel the Takeover Defense Measures; that the Takeover Defense Measures require overly burdensome disclosure on potential acquirers; and that the Takeover Defense Measures contain an exceptions clause.

However, we strongly disagree with their analysis and voting recommendation. The Company’s Board of Directors is convinced that the Takeover Defense Measures are needed.

Our reasons are as follows:

- As to cancellation of the Takeover Defense Measures, the effective period of the Takeover Defense Measures is approximately three years, but if the Company’s Board of Directors resolves to cancel the Takeover Defense Measures before the expiration of the effective period, they will be cancelled in accordance with that resolution. As the approval of the shareholders at a shareholder meeting is required both when renewing and when triggering the Company’s Takeover Defense Measures, the measures are designed with the utmost consideration to ensure that the intent of the shareholders is reflected.

- With regard to the criticism from Glass Lewis regarding burdensome disclosure requirements on potential acquirers, as stated in the proposal, the Company's Takeover Defense Measures do not require excessive information from the acquirer, but rather enable the Company to obtain important information from the acquirer within an appropriate extent. We believe that it is necessary for shareholders to obtain in advance the acquirer's views regarding the takeover proposal in order for the shareholders to determine whether to sell the Company's shares to the acquirer.
- With regard to the criticism from Glass Lewis regarding the exceptions clause, although they claim that the trigger conditions for the Takeover Defense Measures include an exceptions clause, upon the proposed renewal, trigger events (2) (c) and (d) of the former plan (see below for details) will be deleted, and the Company has proposed to limit the trigger requirements to (i) acquisitions that are not in compliance with prescribed procedures and (ii) coercive acquisitions and the four types of acquisitions identified by the Tokyo High Court (acquisitions that threaten to cause obvious harm to the corporate value of the target company). Therefore, the exceptions clause referred to by Glass Lewis will not exist in the plan after renewal. (Trigger events (c) and (d) from the former plan, included below, will be deleted in the renewed plan.)

Former Plan	Trigger Event (2), (c) and (d)
(c)	Acquisitions to which consideration and other terms of the Acquisition (including amount and type of consideration, the timeframe, the legality of the Acquisition method, the feasibility of the Acquisition being effected, and post-Acquisition policies dealing with stakeholders such as the Company's other shareholders) are inadequate or inappropriate in light of the Company's intrinsic value.
(d)	Acquisitions that materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by destroying relationships with the Company's shareholders, employees, business partners, and the local communities of the production base where mineral resources are located and smelter & refineries take place, which are indispensable to the generation of the Company's corporate value.

- The tender offer regulations under the Financial Instruments and Exchange Act of Japan, unlike the rules of other countries, do not generally apply to on-market trading. Therefore, when any large-scale acquisition of shares is made in the

market, sufficient time and information are not necessarily secured for the target company and its shareholders to consider the acquisition. In addition, the regulations do not fully eliminate the threat of abusive acquisitions of shares, such as coercive takeovers, since partial tender offers are permitted.

- Meanwhile, a company such as ours that operates a metal resources business is expected to maximize resources by conducting long-term and stable mining operations while also adequately taking into consideration the environment.

However, if an unreasonable approach to mining is taken solely in pursuit of short-term profits, the life span of the mine may be shortened, serious environmental problems may occur, and, as a result, corporate value may be greatly impaired. In addition, our business, which incorporates "resources, smelting, and materials" thanks to our core technology that enables nickel smelting from low-grade ore, is a unique business model and greatly contributes to maximizing the Company's corporate value. The Board of Directors believes that breaking up and dismantling such a business model for the sake of short-term profits could lead to loss of corporate value in the long run. As such, in the case of the Company when compared with other companies, if a potential acquirer seeking short-term profit were to emerge and an abusive acquisition were to be made, then there would be more serious concern about loss of corporate value and, in turn, common interests of the shareholders.

- The Company's Board of Directors believes that it is necessary to renew the Takeover Defense Measures in order to secure the opportunity and time for shareholders to hear the potential acquirer's views regarding the takeover proposal involving the transfer of control of the Company. The purpose of renewing the Takeover Defense Measures is as stated above, and the renewal of the Takeover Defense Measures is not intended to be a means of entrenching management.

Based on these explanations, we believe that renewal of the Takeover Defense Measures is needed.

If you have any questions or would like to arrange a call, you can contact the Legal Dept. at +81-3-3436-7704 or <http://www.smm.co.jp/E/contact/>.

Sincerely,



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Yoshiaki Nakazato  
Chairman of the Board of Directors



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Akira Nozaki  
President and Director