

SMM decided to proceed with Taganito Project

Sumitomo Metal Mining Co., Ltd. (SMM) has reached a decision to proceed with a project to produce nickel/cobalt mixed sulfide in Taganito, the northeastern region of Mindanao Island in the Philippines. In tandem with its decision, SMM has concluded a memorandum of understanding on the joint implementation of the project with Nickel Asia Corporation (NAC: Manuel B. Zamora, Jr., Chairman), the Philippines' largest nickel mining company.

The Taganito Project is planned as a large-scale hydrometallurgical project that will apply high-pressure acid leaching (HPAL) process, a technology today garnering attention worldwide. The project is to produce 30,000t (nickel metal equivalent) of nickel/cobalt mixed sulfide (nickel content: approximately 57%) per year from low-grade nickel oxide ore from the Taganito Mining Corporation (Gerard H. Brimo, President), a NAC subsidiary. The project's total investment outlay is estimated at US\$1.3 billion. Plans call for operations to commence in 2013 and continue over a period of 30 years.

NAC is the largest nickel mining company in the Philippines, a country boasting one of the world's biggest known reserves of nickel resources, and is also one of the most important strategic partners of SMM. NAC has another subsidiary, Rio Tuba Nickel Mining Corporation, which is a shareholder of and supplies nickel ore to Coral Bay Nickel Corporation (CBNC: Takanori Fujimura, President), an SMM subsidiary. In August 2009, SMM made a capital investment into NAC and acquired a 16.5% stake. Under the framework of these companies' alliance, SMM will now move solidly forward the Taganito Project.

HPAL technology enables the recovery of nickel and cobalt from low-grade nickel oxide ore. Previously, recovery of valuable metals from such ore had been difficult.

SMM today ranks as a global leader in this technology. In April 2009, the second production plant at CBNC was successfully launched on full operation, boosting annual production capacity to 22,000t. With promotion of the Taganito Project applying HPAL technology, SMM will achieve comprehensive capacity to produce 100,000t of nickel annually – not only solidifying its position as one of the world’s leading nickel producer but also bringing the company increasingly closer to becoming a major player in non-ferrous metals.

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Outline of the Taganito Project

1. Plant location

Taganito, northeastern Mindanao Island, the Philippines

2. Total investment

US\$1.3 billion

3. Products and output

Nickel/cobalt mixed sulfide, an intermediate product of nickel processing: approx. 50,000t (30,000t of nickel and 2,600t of cobalt)

4. Raw material

Low-grade nickel oxide ore (limonite) available at and near the Taganito Mine

5. Product usage

SMM will purchase the entire volume of nickel/cobalt mixed sulfide produced at the plant for use at the company's Niihama Nickel Refinery (Ehime Prefecture), where it will serve as raw material to produce electrolytic nickel and cobalt applying MCLE (matte chlorine leach electrowinning), a supremely efficient technology independently developed and made commercially viable by SMM.

6. Construction schedule

March 2010:	Construction start
March 2013:	Completion of construction
April 2013:	Commissioning
August 2013:	Commercial production

7. Production period

Approx. 30 years starting in 2013

8. Project executor

Taganito HPAL Nickel Corporation (THPAL*), an SMM subsidiary established in

August 2008 as a preparatory company, will be upgraded to an operating company through a capital increase.

* Makati City, Manila; Capital: 5.4 million Philippine pesos; Takanori Fujimura, President

9. Equity breakdown

Capital will be furnished by SMM and NAC. The breakdown of equity share and the other investors participation remain to be decided, while SMM will secure a majority share exceeding 50%.

10. Outline of Nickel Asia Corporation (NAC)

1) Location: Makati City, Manila, Philippines

2) Capital: 411 million Philippine pesos

3) Principal shareholders:

Manuel B. Zamora, Jr.	37.0%
P.T. Ang	18.6%
L.J.L. Virata	18.2%
Sumitomo Metal Mining	16.5%

4) Chief executives:

Chairman:	Manuel B. Zamora, Jr.
President:	Gerard H. Brimo

5) Net sales: approx. 5.6 billion Philippine pesos (FY2008)

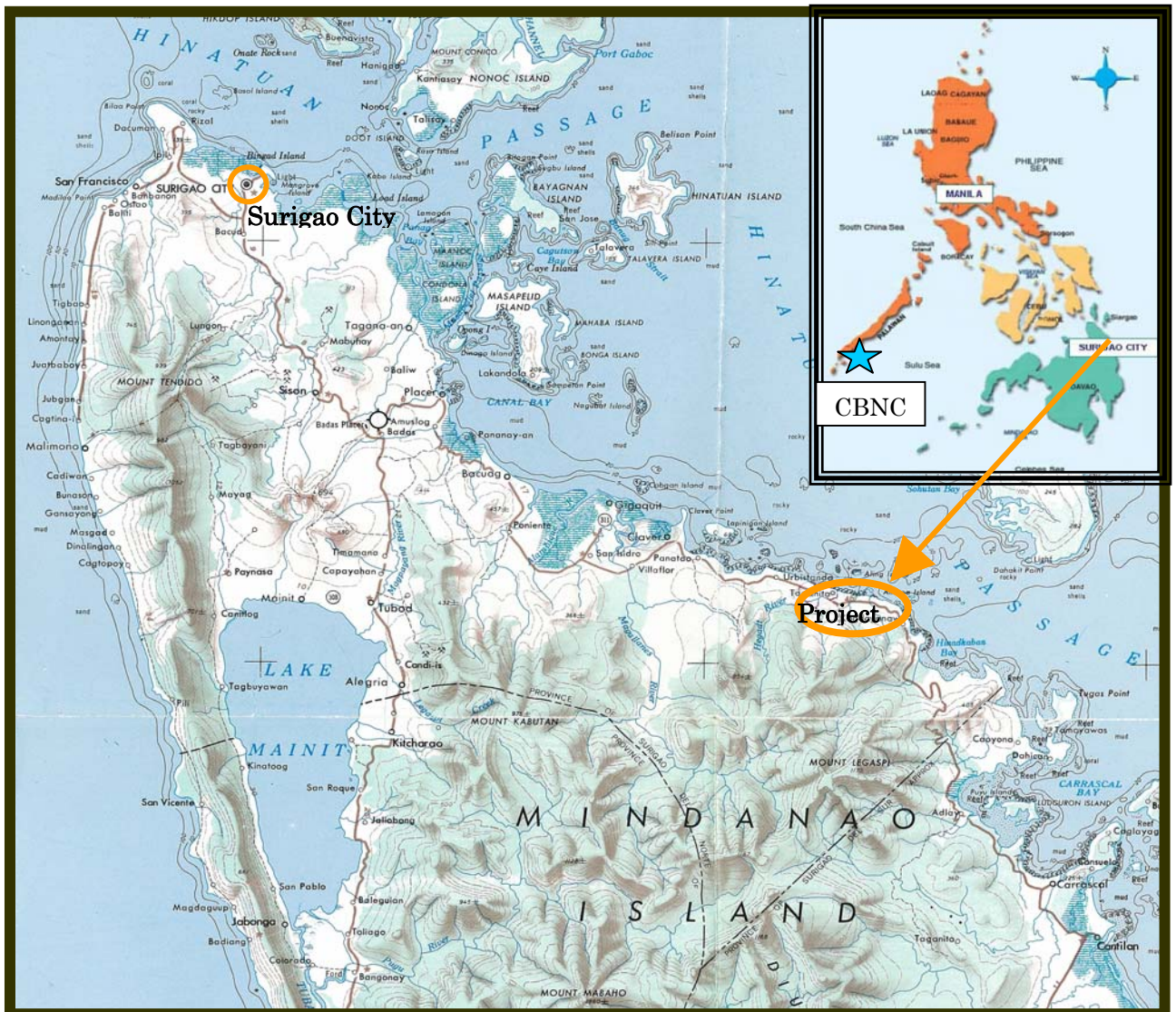
6) Major clients: CBNC, et al.

7) Chart of capital relationships (attached)

Attachments to "Outline of the Taganito Project"

1. Location map

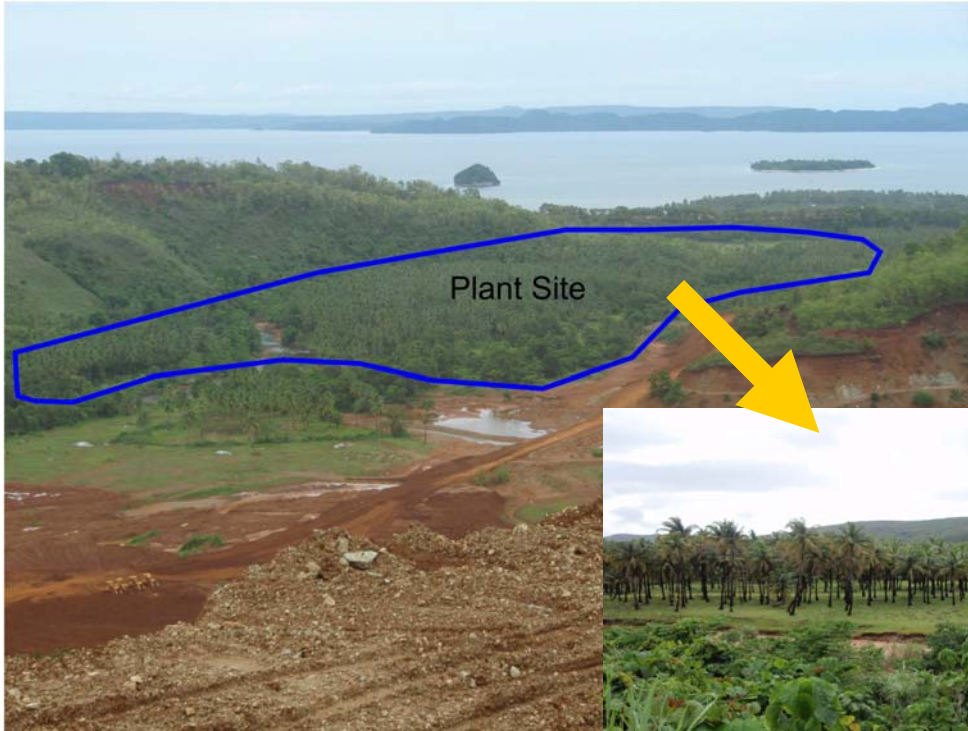
The project site is approximately 70 minutes by car from the city of Surigao in northern Mindanao Island.



2. Site photos

1) Plant construction site

The site is presently used to grow coconuts, etc.

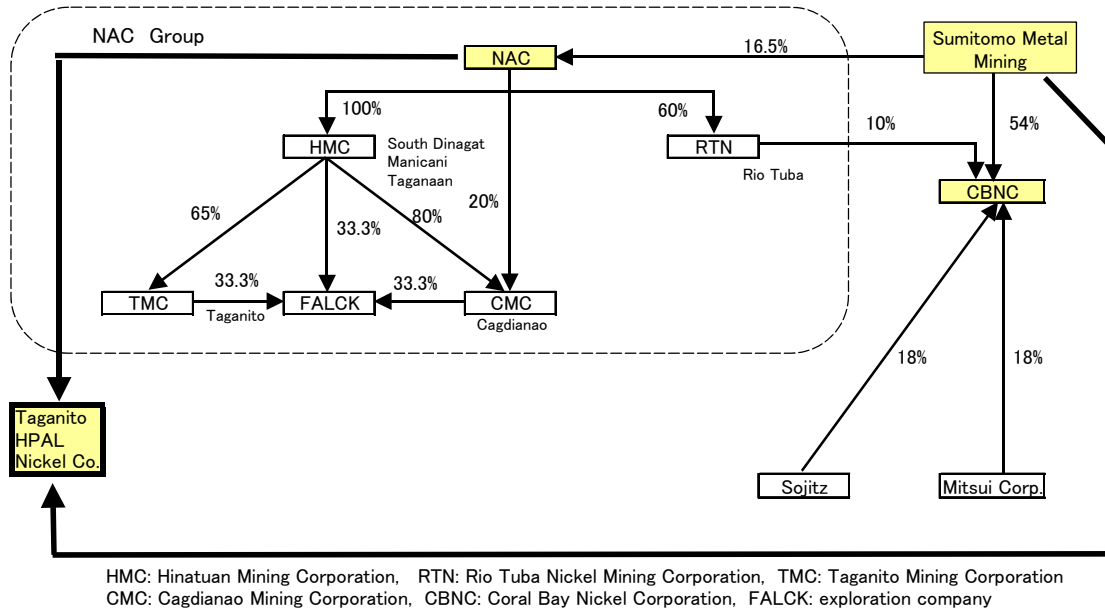


2) Taganito Mine



3. Chart of NAC capital relationships

Figure concerned of NAC and its subsidiaries



4. Coral Bay Nickel Corporation plant (reference)

