



February 5, 2016

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
Listings: Tokyo Stock Exchange
Code: 5713
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Director
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Notice regarding Impairment Loss

An impairment loss occurred at Sierra Gorda SCM, an equity method affiliate in Republic of Chile, in the third quarter (October 1, 2015 – December 31, 2015) of the fiscal year ending March 31, 2016. Accordingly, we hereby announce that we will record an equity method investment loss on our consolidated statement and a loss on valuation of stocks of subsidiaries and affiliates on our non-consolidated statement.

1. Impairment loss at Sierra Gorda SCM

Background and details of loss

In 2011, Sumitomo Metal Mining participated in the Sierra Gorda Copper Mine Project. Management of the copper mine is conducted by Sierra Gorda SCM (headquarters: Santiago, Chile; hereinafter “the mine management company”). SMM Sierra Gorda Inversiones Limitada (headquarters: Santiago, Chile; hereinafter “the joint venture”), a joint venture between Sumitomo Metal Mining and Sumitomo Corporation (headquarters: Chuo-ku, Tokyo), owns a 45% share of the mine management company. Through SMM SG Holding Inversiones Limitada (headquarters: Santiago, Chile; hereinafter “the investment company”), Sumitomo Metal Mining owns a 70% share of the joint venture.

In light of factors such as the recent drop in copper prices, the mine management company determined that it will be difficult to recover the full book value of the fixed assets it holds and has decided to record an impairment loss down to the recoverable amount. As a result, Sumitomo Metal Mining has recorded losses on our consolidated and non-consolidated statements as follows.

(Consolidated)

Equity method investment loss

In regards to the investment in the mine management company by the joint venture, an equity method investment loss of ¥68,941 million has been recorded under nonoperating expenses. The impact on net income attributable to parent company shareholders is ¥48,259 million.

(Non-consolidated)

Loss on valuation of stocks of subsidiaries and affiliates

A loss on valuation of stocks of subsidiaries and affiliates of ¥40,340 million has been recorded as an extraordinary loss for shares of the investment company held by Sumitomo Metal Mining. The loss on valuation of stocks of subsidiaries and affiliates will be eliminated on the consolidated statement, so there is no impact on consolidated statements.

2. Impact on results

The impact on consolidated results has been reflected in the “Consolidated Financial Results for the Third Quarter Ended December 31, 2015” and the “Revision of Results Forecast and the Return of Executive Compensation” published today.

<Reference>

Investment in Sierra Gorda SCM

