

【Mineral Resources Business】 Mineral Resources Div.

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Director

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SUMITOMO METAL MINING

1. Mineral Resources Division Overview

Towards the realization of our long-term vision

As a World Leader in the Non-Ferrous Metals Industry We Are Aiming To

- Have a **global presence** in terms of mineral resource interests and metal production volumes
- Have **leading technology and a unique business model** that cannot be easily emulated by other major mineral resource companies
- **Grow sustainably** and stably produce a certain amount of profit
- **Actively tackle social issues** such as the SDGs
- Have employees work **with spirit**

Long-term vision

**Become
a World Leader
in the Non-Ferrous
Metals Industry**

**Vision for 2030
(Implementation
of Action Items)**

Vision for 2020

[Resource Business Policies]

1. Aim at becoming a company that operates multiple gold and copper mines and that has lasting growth
2. Improve revenue and profit and increase operational experience through copper attributable production of 300 kt/year and through the acquisition of excellent gold interests
3. Develop mining business and carry out growth strategies

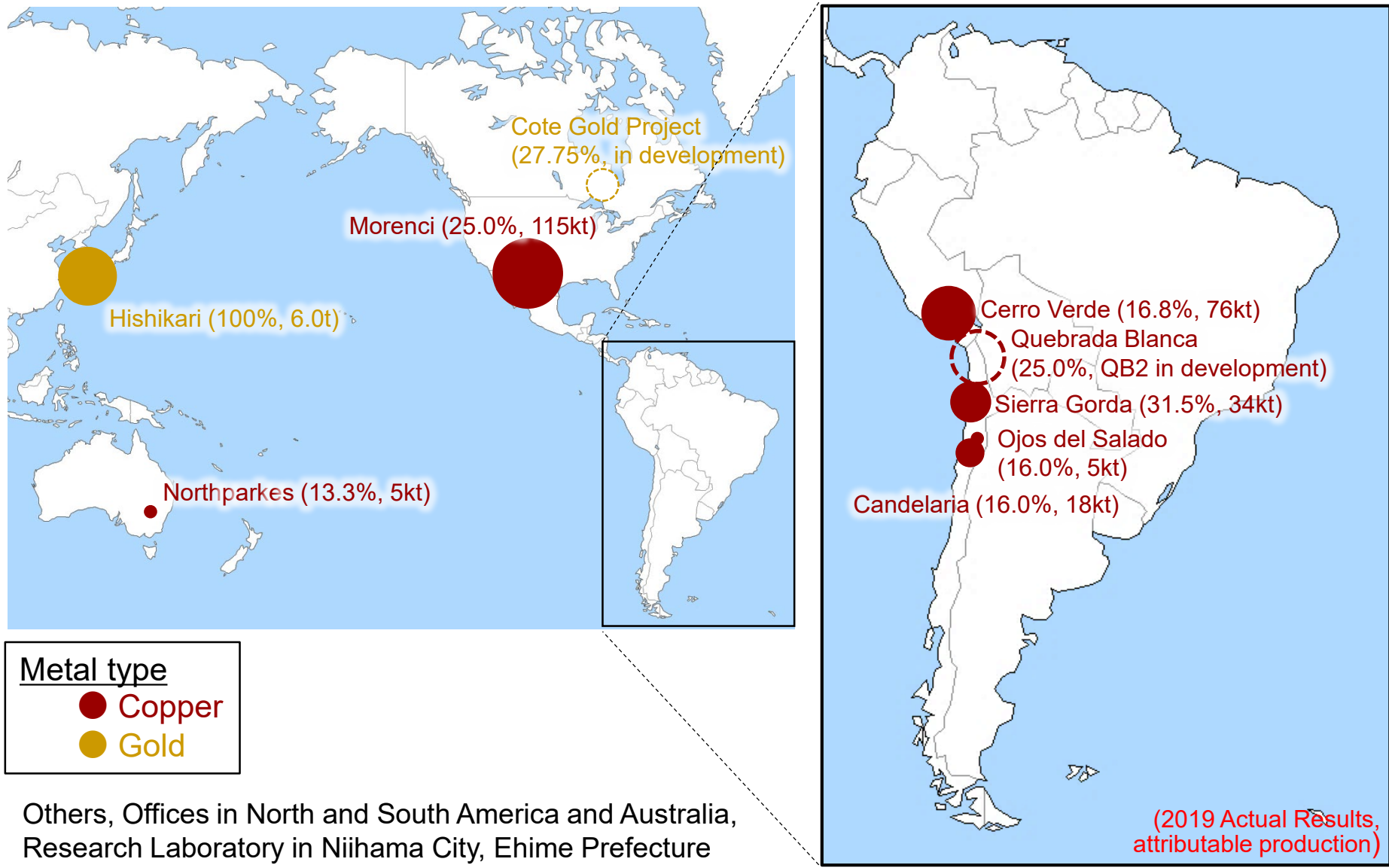
Growth potential

Sustainability

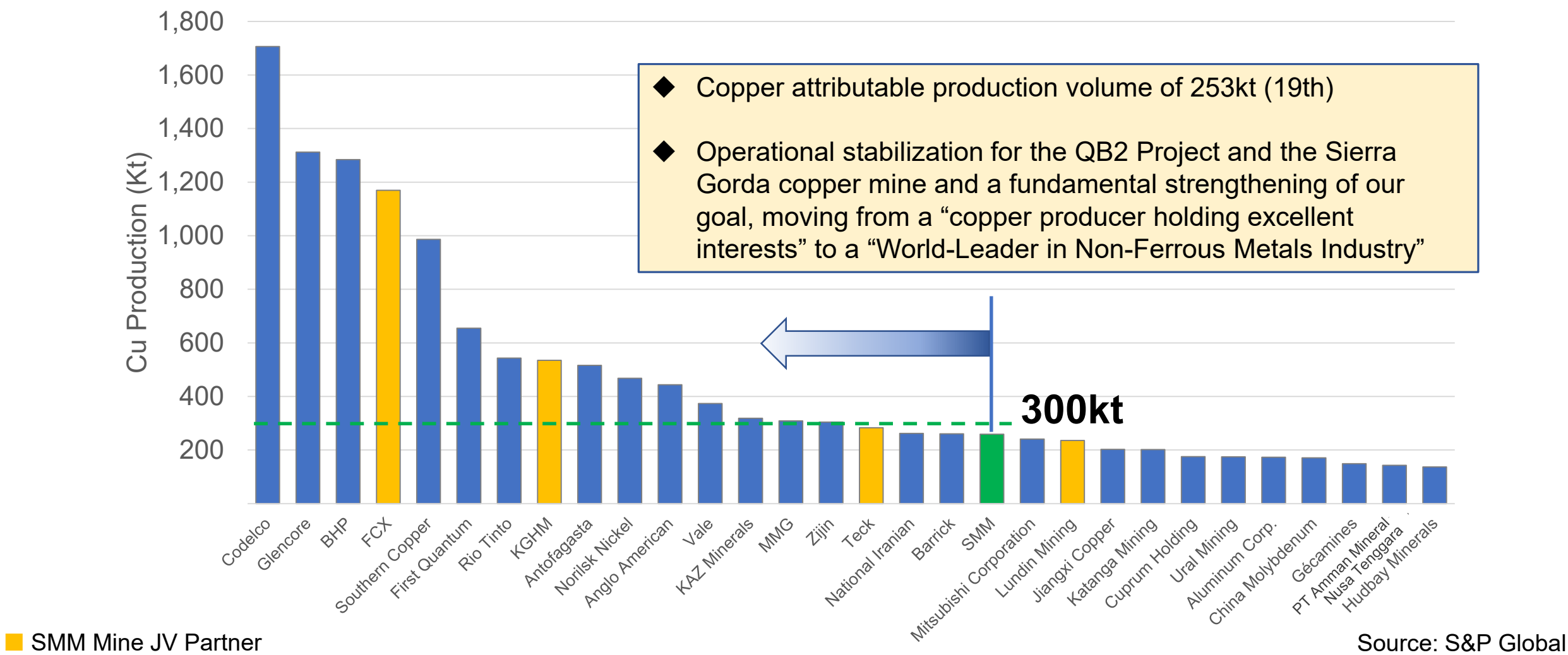
Corporate Value

SMM Group Corporate Philosophy SMM Group Management Vision

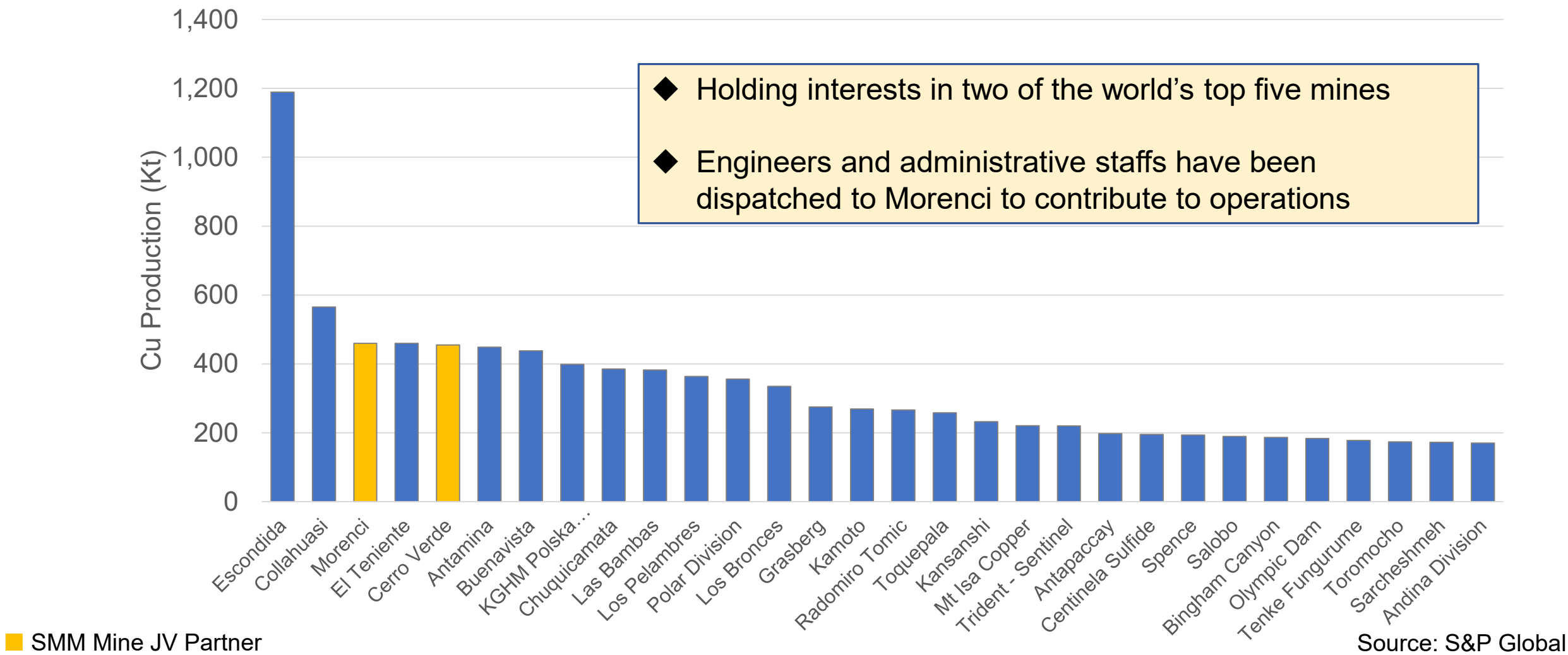
Mines in which SMM has interests and their production volume



2019 World's Top 30 Copper Producer



2019 World's Top 30 Copper Mines



Source: S&P Global

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

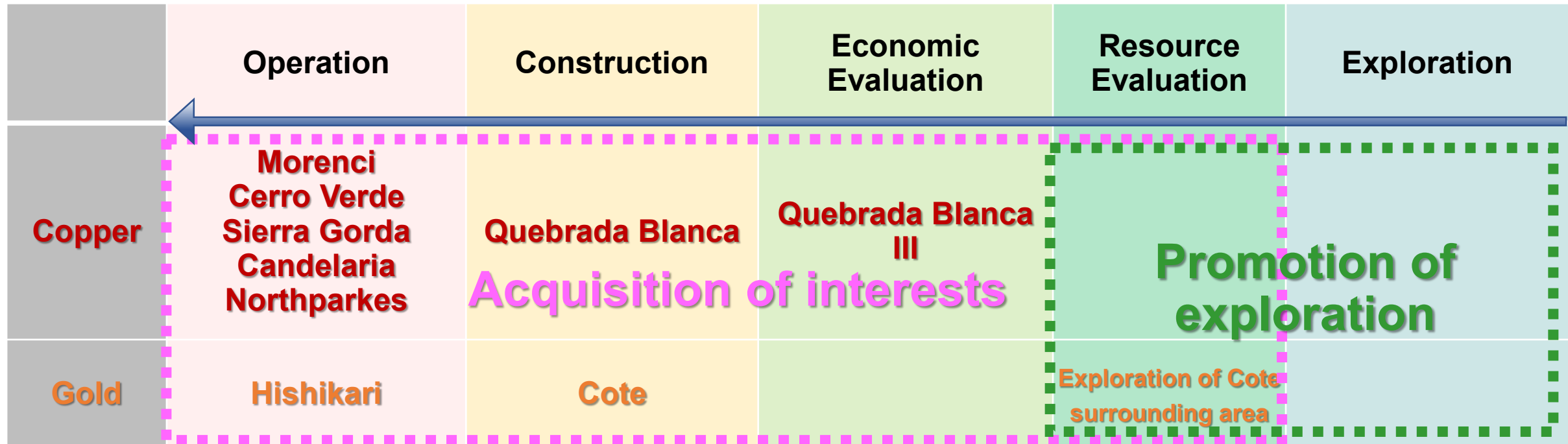


Overseas Exploration Bases

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



Business Environment

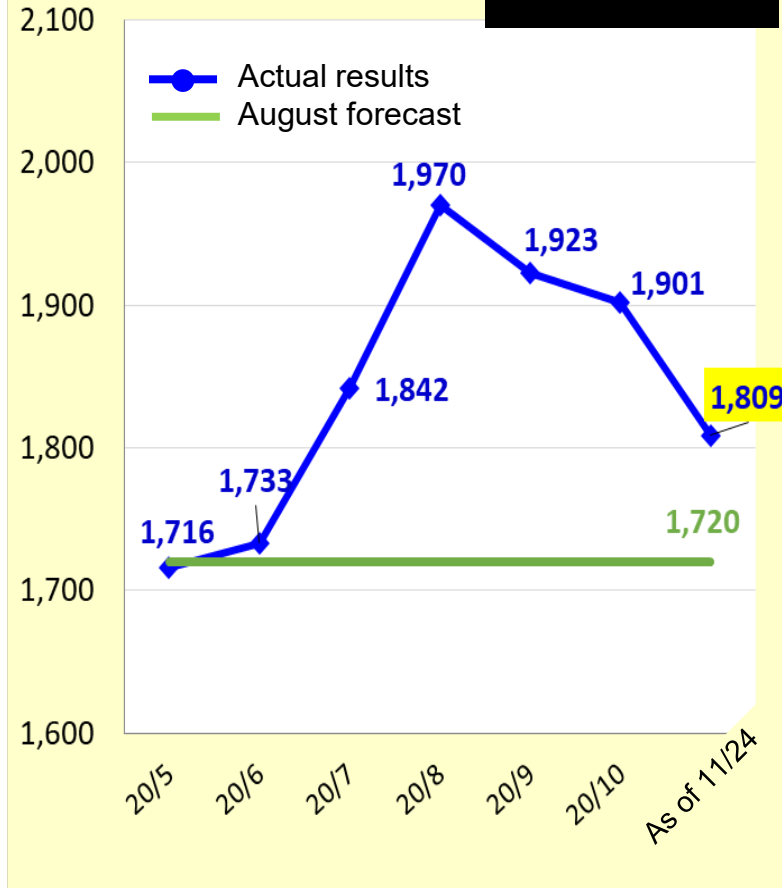
Cu (\$/t)

Reference: LME



Au (\$/toz)

Reference: LBMA



◆ 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.

2. Situation of Operating Mines

- **Hishikari**
- **Morenci**
- **Cerro Verde**
- **Sierra Gorda**
- **Candelaria & Ojos**

Hishikari Mine

Hishikari Mine (Kagoshima Prefecture)

Ratio of
Interests

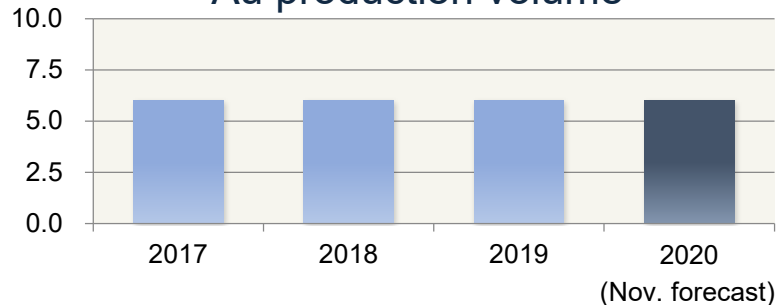
SMM

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)

Au production volume



- ◆ 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

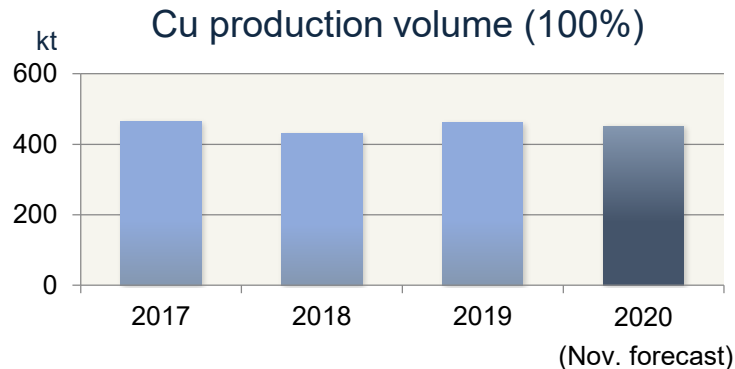
Morenci Copper Mine

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)



Cerro Verde Copper Mine

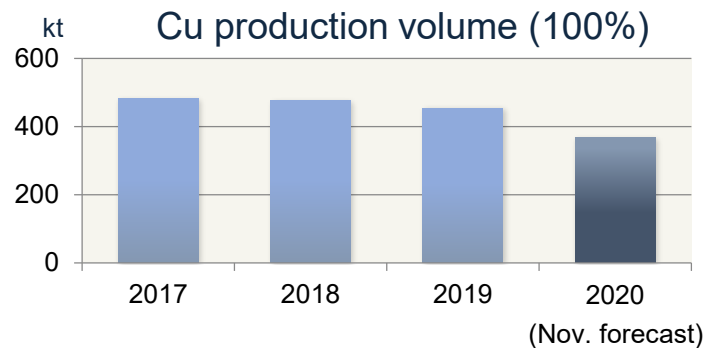
Cerro Verde Copper Mine (Arequipa, Peru)

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)



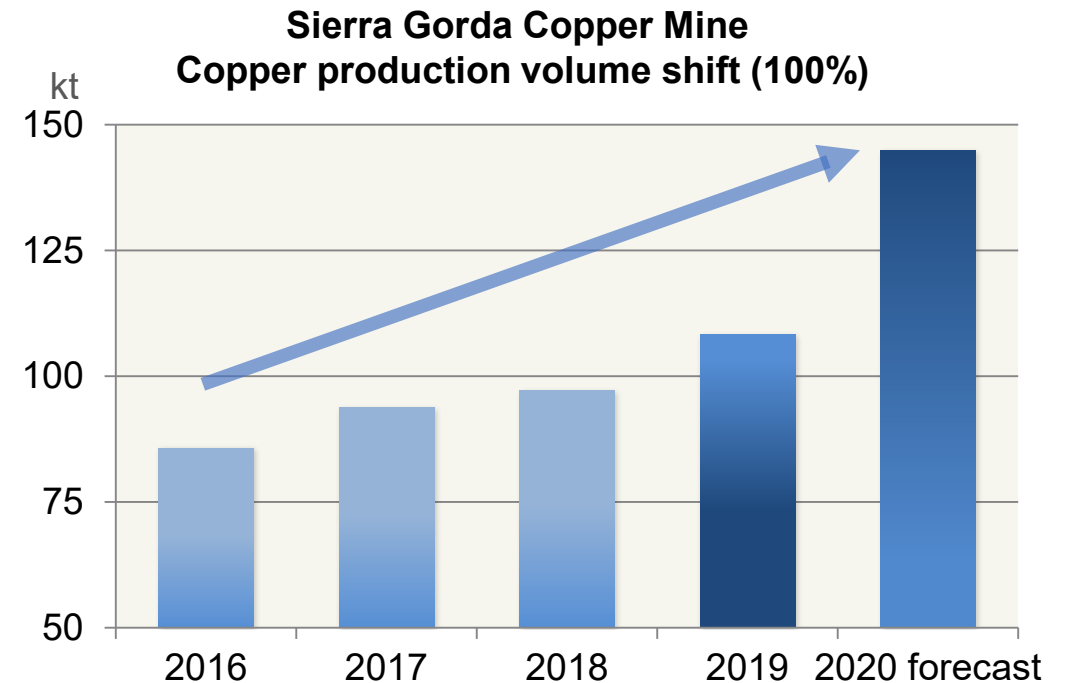
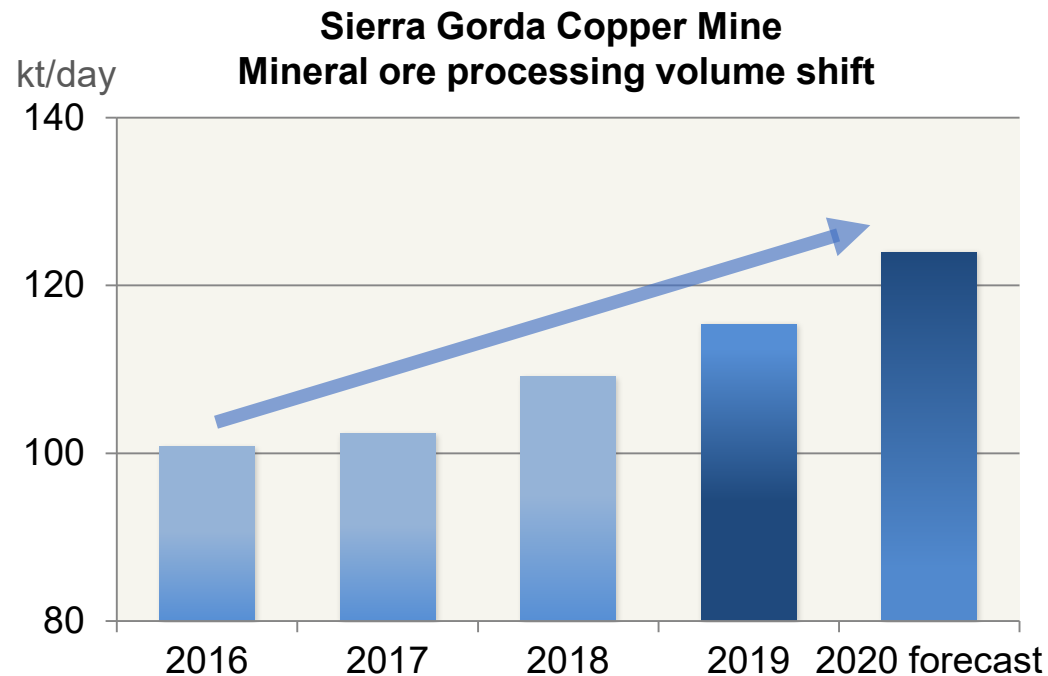
Sierra Gorda Copper Mine

- ◆ 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



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



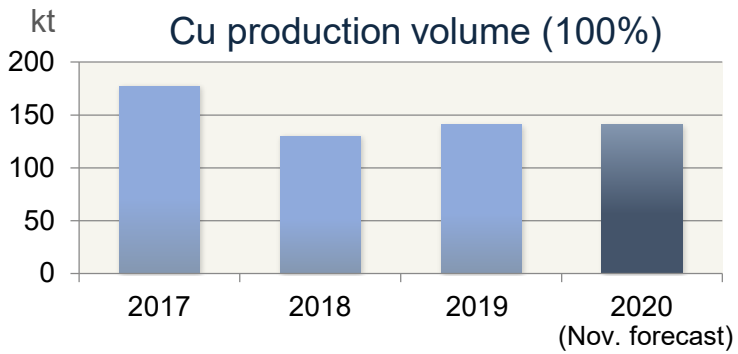
Candelaria copper mine (Includes Ojos del Salado)

Candelaria copper mine (Atacama, Chile)

| | | |
|--------------------|-------------|-----|
| 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

◆ Strike Situation

- 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.

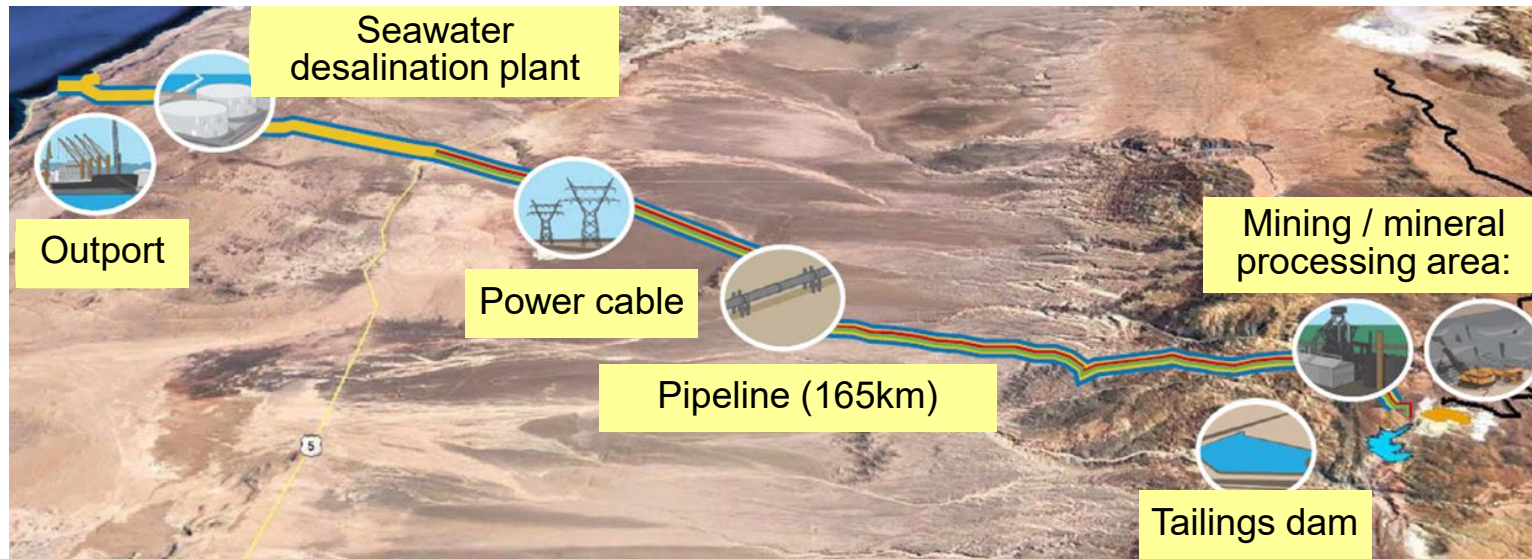


3. Major Projects

- Quebrada Blanca
- Cote

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



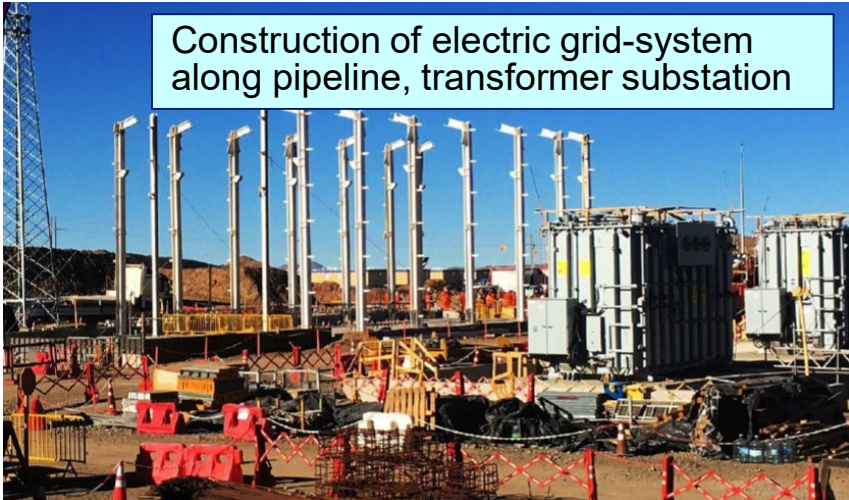
Characteristics of the QB2 Project:

- ◆ **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

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

Construction of electric grid-system
along pipeline, transformer substation



Mineral processing
area: mill
construction



Harbor area: Desalination
plant construction



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 area scheduled for tailings dam construction



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



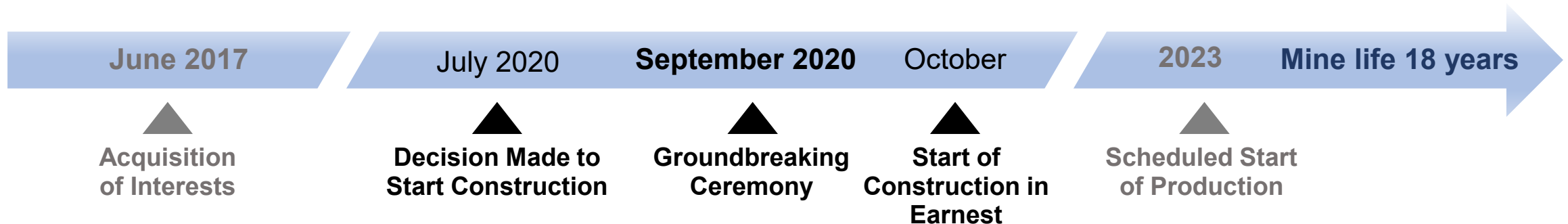
Cote Gold Project Progress

- ◆ 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.



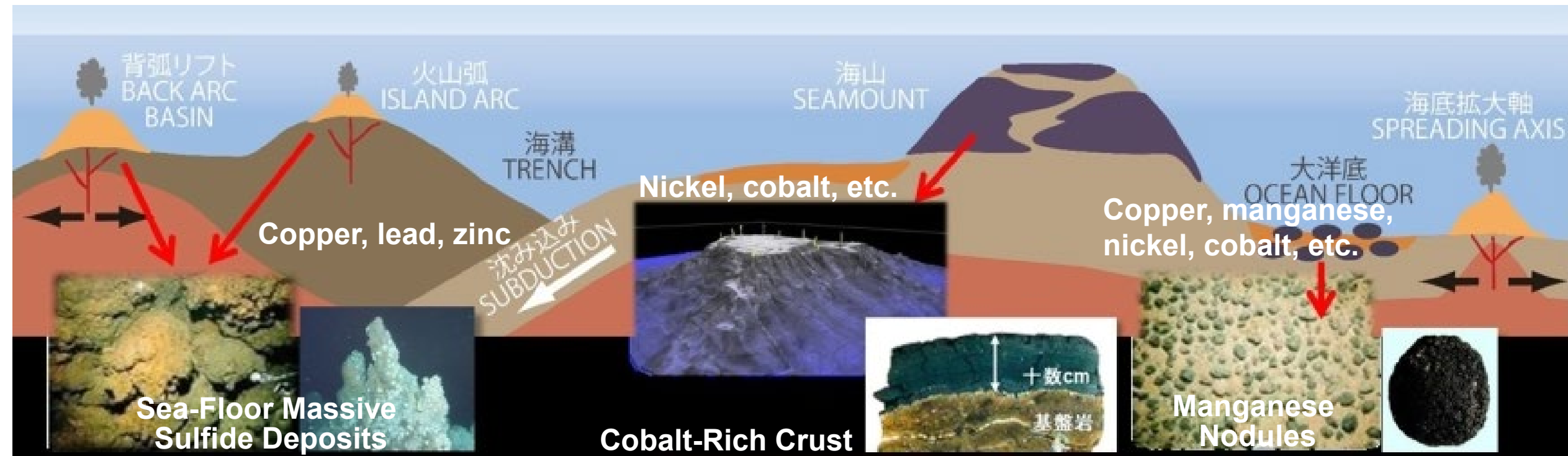
Groundbreaking Ceremony: Explanation of the mineral processing area model

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



4. Research and Development

Marine resource development



Our Role

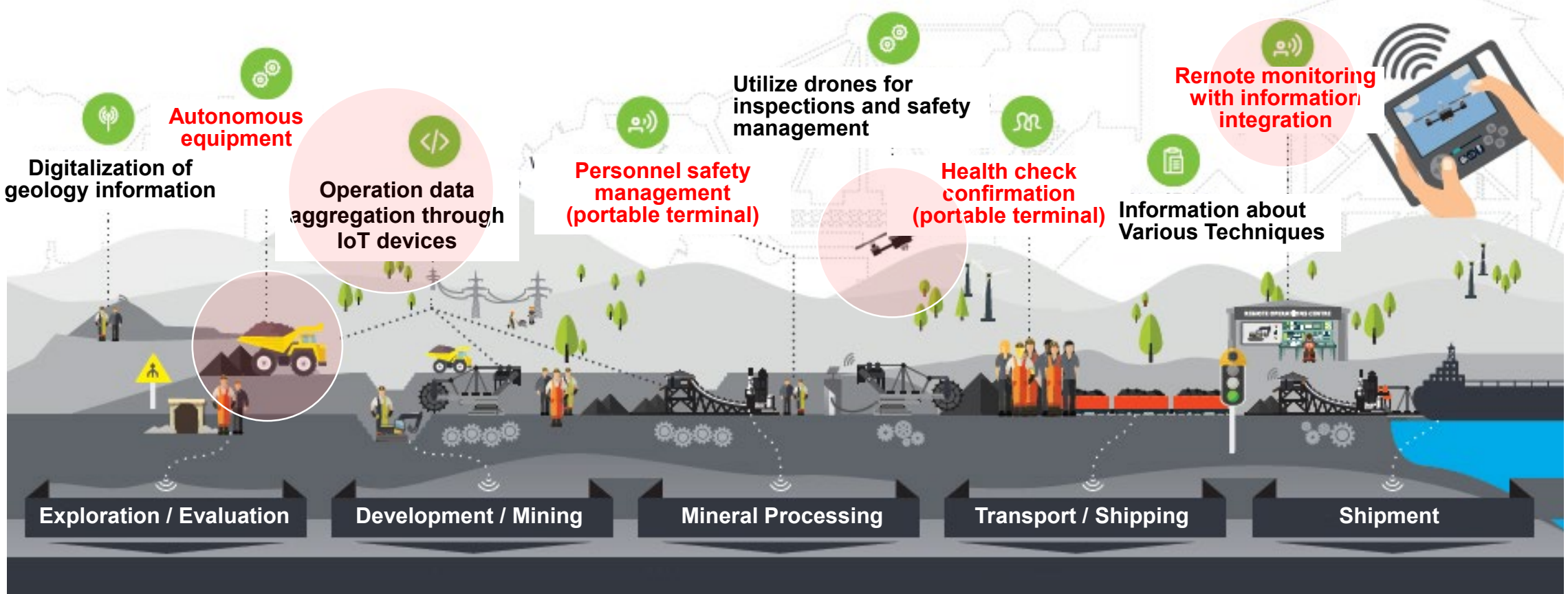
Overview of marine resource development Source: JOGMEC

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)

Initiatives towards new technology

Technological innovation in the mining business $\hat{=}$ 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

Note

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