

**DOWA Changes Ownership Interest in Los Gatos Mine**

DOWA METALS & MINING CO., LTD. ("DOWA", Headquarters: 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo; Capital: ¥1,000 million; President: SUYAMA Toshiaki), a subsidiary of DOWA HOLDINGS CO., LTD. (same address; Capital: ¥36,400 million; President: SEKIGUCHI Akira), engages in production at Los Gatos Mine in Chihuahua, Mexico, with Gatos Silver, Inc. ("GATOS", formerly, Sunshine Silver Mining & Refining Corporation; headquarters: Greenwood Village, Colorado, USA; President: Stephen Orr). GATOS has recently decided to exercise its right to repurchase its ownership interest in the project after raising capital through its initial public offering of stock. Accordingly, DOWA and GATOS have agreed to change their equity interest in the Mine to 30% for DOWA and 70% for GATOS. This change procedure will be completed by the end of March.

In December 2014, DOWA participated in the Los Gatos silver-zinc-lead project in which GATOS was a beneficiary owner, and then acquired a 30% ownership interest in the Mine by contributing US\$50 million in June, 2016. The capital necessary to develop the project were financed through equity contributions by DOWA and GATOS and a loan from DOWA. DOWA also provided a loan covering a portion of the equity contribution by GATOS until GATOS was able to complete the equity contribution.

Since the time necessary for GATOS to raise the capital was longer than expected, DOWA and GATOS agreed to adjust the amounts of equity contributions and ownership interests in the Mine in June 2019 by transferring a portion of the loan provided by DOWA. As a result of this agreement, DOWA's interest increased from 30% to 48.5%, and GATOS's interest decreased from 70% to 51.5%. At the same time, GATOS acquired rights including an option to repurchase its 18.5% project equity interest before June 30, 2021 from DOWA at a premium.

As the result of the repurchase of the equity interest, DOWA's interest will decrease from 48.5% to 30%, and GATOS's interest will increase from 51.5% to 70%. In other words, the ownership stakes of the two companies will be readjusted to their June 2016 levels when DOWA acquired an ownership interest. After this readjustment of ownership interest, there is no change in DOWA's off-take right to purchase all of the zinc concentrate produced at Los Gatos Mine.

Los Gatos Mine, which currently is in the process of increasing its operation rate, will seek to achieve a stable production of 2,500 tonnes per day as planned when the development of the Mine was commenced.

The DOWA group, while moving forward with the strengthening of the foundations of its smelting business, will continue to stably supply nonferrous metals, including zinc, to society over the long term.

<References>

Related releases:

JUN 14, 2019 "DOWA Changes Ownership Interest in Los Gatos Project"

<https://ir.dowa.co.jp/en/ir/news/news84056421516639380.html>

NOV 7, 2017 "DOWA initiates the development of Los Gatos Project in Mexico"

<https://ir.dowa.co.jp/en/ir/news/news4849571832283372425.html>

JUN 8, 2016 "DOWA acquires a 30% Interest in Los Gatos Project in Mexico"

<https://ir.dowa.co.jp/en/ir/news/news-6912879489067115322.html>

DEC 18, 2014 "Execution of a Partner Agreement of Los Gatos Project in Mexico"

[https://ir.dowa.co.jp/en/ir/news/news-1310094992910218954/main/0/link/release141218\\_e.pdf](https://ir.dowa.co.jp/en/ir/news/news-1310094992910218954/main/0/link/release141218_e.pdf)

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