

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

DOWA METALS & MINING CO., LTD. ("DOWA," Headquarters: 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo; Capital: ¥1,000 million; President: Toshiaki Suyama), a subsidiary of DOWA HOLDINGS CO., LTD. (same address; Capital: ¥36,400 million; President: Akira Sekiguchi), has been advancing the Los Gatos silver-zinc-lead project (the "Project") in Chihuahua, Mexico, with Sunshine Silver Mining & Refining Corporation ("SSMRC," headquarters: Denver, Colorado, USA). As a result of discussions with SSMRC, DOWA and SSMRC have agreed to change the ownership interest in the Project.

DOWA and SSMRC are beneficial owners of Minera Plata Real, S. de R.L. de C.V. ("MPR," headquarters: Mexico City, Mexico), which is the vehicle to develop and operate the Project. Those capital costs necessary to develop the Project are financed through equity contributions by DOWA and SSMRC and a loan facility from DOWA. DOWA has also made available a loan to MPR which covers a portion of the equity contribution by SSMRC until SSMRC completes such equity contribution.

SSMRC has approached DOWA with a request to defer completion of this equity contribution since more time is required. As a result of discussion with SSMRC, DOWA and SSMRC have agreed to change the amount of equity contribution by the parties and to adjust the equity interest in MPR. Accordingly, DOWA's interest will increase to 48.5% from 30.0% and SSMRC's interest will decrease to 51.5% from 70.0%.

Because this transaction is to convert part of the loan DOWA has already made to MPR to DOWA's equity in MPR, there is no additional cash contribution by DOWA. After the change in ownership interest, SSMRC may repurchase until June 30, 2021 its 18.5% project equity interest now diluted back from DOWA at a premium.

The development of the Project is on schedule and is expected to start production as Los Gatos Mine in July 2019. DOWA has the right to off-take total production of zinc concentrate for processing at AKITA ZINC CO., LTD., a refinery of DOWA group in Japan, which will greatly contribute to DOWA's zinc business by doubling the tonnage of the concentrates from its invested mines.

A profile of Los Gatos mine is as follows:

1. Location : 120 km SSW of Chihuahua City, Chihuahua State, Mexico
2. Operator : MPR, 48.5% owned by DOWA, 51.5% owned by SSMRC  
(after the change in ownership interest)
3. Type : Underground
4. Reserves : 9.8 million tonnes, 247 g/t silver, 4.8% zinc and 2.3% lead
5. Processing : 2,500 tonnes/day
6. Production : Approx. 50k tonnes/y for zinc concentrate and 30k tonnes/y for lead concentrate
7. Mine Life : Approx. 12 years from July 2019

<References>

Related releases:

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

<http://www.dowa.co.jp/en/ir/news/2017/20171107.html>

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

<http://www.dowa.co.jp/en/ir/news/2016/20160608.html>

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

[http://www.dowa.co.jp/en/ir/news/pdf/2014/release141218\\_e.pdf](http://www.dowa.co.jp/en/ir/news/pdf/2014/release141218_e.pdf)

Location:

