

**DOWA initiates the development of Los Gatos Project in Mexico**

DOWA METALS & MINING CO., LTD. ("DOWA", Headquarters: 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo; Capital: ¥1,000 million; President: Akira Sekiguchi), a subsidiary of DOWA HOLDINGS CO., LTD. (same address; Capital: ¥36,400 million; President: Masao Yamada), 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 the feasibility study of the Project, which has completed last January, including a pilot plant metallurgical test using bulk ore samples encountered in the decline of 1,400 m length constructed during the study, we have concluded that the Project is feasible enough as also considering the Environmental Impact Assessment. DOWA has agreed with SSMRC to initiate the development of the Project which will take about 2 years since Minera Plata Real, S. de R.L. de C.V. ("MPR", headquarters: Mexico City, Mexico, 30% owned by DOWA), who owns the Project successfully obtained all of necessary approvals and permits, including the Environmental Impact Assessment, which are essential to initiate the development.

The present development plan of the Project is as follows,

1. Location : 120km SSW of Chihuahua city, Chihuahua state, Mexico.
2. Name : Los Gatos Mine
3. Operator : MPR, 30% owned by DOWA, 70% owned by SSMRC
4. Type : Underground
5. Reserves : 9.8 million tonnes, 247 g/t silver, 4.8% zinc and 2.3% lead
6. Processing : 2,500 t/d
7. Production : 50k tonnes/y for zinc concentrate and 30k tonnes/y for lead concentrate
8. Mine Life : Approx. 12 years from second half in 2019
9. Capex : US\$316 million

DOWA has the right to off-take all of the high grade zinc concentrate, which will be processed at DOWA group's AKITA ZINC refinery in Japan and it will significantly contribute to Dowa's zinc business as the percentage of concentrates from own invested mines will be doubled by adding Los Gatos concentrate together with the one from Tizapa also from Mexico which DOWA owns a 39% interest and has been processed at AKITA ZINC refinery.

<Reference>

Related releases:

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 map:

The Project is approximately 120 km south-southwest of the Chihuahua City.

