

Dowa Metals & Mining Reaches Agreement on Commencement of Works to Boost Mexico Zinc Mine Production by 40%

TOKYO, March 6, 2008 – Dowa Metals & Mining Co., Ltd., a subsidiary of Dowa Holdings Co., Ltd., today announced that it has reached agreement on the commencement of works to boost production at the working Tizapa mine in Mexico in which it holds a 39% stake. Agreement was reached with Dowa's partners in the mine – Industrias Penoles, S.A. de C.V., Mexico's largest non-ferrous mining company (51% ownership), and Sumitomo Corporation (10% ownership).

The Tizapa mine is one of Mexico's leading zinc mines, and in the 14 years since the commencement of mining in 1994 it has produced over five million tons. As a result of careful bore-based exploration in the vicinity of the deposits around the working mine, it has been established that there is an estimated reserve of approximately 13.5 million tons. Based on this information, a decision has been made to expand operations at the Tizapa mine from the current 570,000 tons per annum to 800,000 tons per annum by the end of 2010, an increase of approximately 40%.

As a result of this step, it is expected that the Tizapa mine will be able to achieve a level of competitiveness that will allow it to withstand market fluctuations. From the perspective of Dowa Metals & Mining Co., Ltd., zinc from the Tizapa mine is supplied to the Iijima Refinery operated by its subsidiary, Akita Zinc Co., Ltd., and the increase in production is also aimed at securing a stable supply of raw materials for that business.

The expansion works are expected to take three years, starting in 2008, at a total investment of around US\$54 million. As a result of this expansion in production, the Tizapa mine will continue to serve as the key source of zinc raw materials for Dowa Metals & Mining Co., Ltd., and the company is confident of its ongoing support.

Background to Tizapa mine

1. Location: South-western part of Mexico State. Approximately 120 km (straight line distance) from Mexico City
2. Mine owner: Minera Tizapa, S.A. de C.V. (Dowa Metals & Mining Co., Ltd. 39%, Minas Penoles, S.A. de C.V. 51%, and Sumitomo Corporation 10%)