

The Depository Trust Company

IMPORTANT

B#: 1576

DATE: March 05, 2001

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers and Reorganization Managers

SUBJECT: Unique Stock Distribution: Sunshine Mining & Refining Co.
Cusip:867833501 R/D:02/23/01 P/D:02/28/01 EX:03/01/01
Spin-off New common Shares Sunshine Mining & Refining Co.
Cusip:867833600 Rate: 3.52% (holders of 100 or more shs)

***** WARNING TIME CRITICAL*****

This Important Notice is to inform participants of the special processing requirements that will be implemented by DTC in order to appropriately allocate the above distribution to participants.

Distribution Background

Pursuant to a plan of Reorganization, Sunshine Mining and Refining Company is issuing new common stock CUSIP 867833600 ("New Common Stock") to each record holder of Sunshine Mining and Refining Company's common stock, CUSIP 867833501 ("Old Common Stock") as of the close of business on record date February 23, 2001. It should be noted that there are special terms relative to those shareholders entitled to receive the distribution. Only holders of 100 or more shares of Old Common Stock are eligible to receive the New Common Stock at the rate of 3.52 for every 100 shares of Old Common Stock held by such holder. All fractional entitlements will be rounded up to the next whole share. DTC has reached an agreement with the Company that will extend the roundup feature down to the beneficial owner level.

The company will not issue common stock to any shareholder holding less than 100 shares.

DTC will allocate New Common Shares on March 6, 2001 to participants, which is based on their settlement date positions on March 5, 2001. All fractional entitlements will be rounded up to the next whole share at the participant level. All participants having less than 100 shares in total will have their allocation reversed via SADJ on March 6, 2001.

DTC's Special Processing Requirements

DTC will carry interim on this issue and pick up delivery orders (receives and deliveries) up to and including March 5, 2001 (the settlement date). Participants' certifications will be based on their entitlement position, (i.e., record date position +/- due bill activity).

Because of the special terms of this distribution, participants will be required to notify DTC as to the total quantity of shares (100 shares or more) for beneficial owners, eligible to receive the New Common Stock.

Participants must submit their election instructions over the Participant Terminal System (PTS) through the Elective Dividend System (EDS) function (optional dividend). The EDS window for certification will commence on March 6, 2001 and end on March 12, 2001.

There will be two election boxes for participants to certify. Election box #1- to be completed for shareholders with 100 or more shares and box #2- to be completed for shareholders with less than 100 shares (99 shares or less).

All participants certifying that they have beneficial owners with less than 100 shares will have the allocation reversed via SADJ on March 13, 2001.

Fractional Round up share instructions down to the beneficial owner level.

The enhanced Cash-in-Lieu (CIL) and Fractional Round up service (CRS) will be available via the PTS function EDS based on their settlement date positions on March 6, 2001. **Cut-off for the CRS elections will be March 12, 2001.**

DTC was informed by NASDAQ that an ex-dividend date of March 1, 2001 was declared. The Old Common Stock was suspended from trading before the opening on March 1, 2001. Deliveries of the Old Common Stock made prior to March 1, 2001 should have been evidenced by due bills representing the new common shares.

The Company did not require the surrender of Old Common Shares to receive the New Common Shares. All Old Common Shares have been deemed canceled, retired and eliminated. Participants wishing to remove their positions at DTC should utilize the PTS Function "PREM" which should be available on March 6, 2001.

To confirm Record Date positions Participants should access the Dividend and Allocation History (DPAL) Option, via the PTS Dividend Announcements Inquiry (DIVA) function.

If there are any questions regarding this Important Notice or the processing of related instructions via EDS, Participants should contact Mr. John Mc Carthy or Mr. Neil Drepaal of DTC's Dividend Department at (212) 855-4521/4532.