

Listed Company Name: **Chugai Mining Co., Ltd.**  
Stock Code Number: 1491  
Stock Exchange: Tokyo Stock Exchange (2nd Section)  
Website: [www.chugaikogyo.co.jp](http://www.chugaikogyo.co.jp)  
Representative: Katsutoshi Haga, CEO and President  
Contact: Isao Sakuraba, IR Center (Telephone: (03)3201-1541)

## **Notice on Reduction in the Amount of Stated Capital and Appropriation of Surplus**

This notice is to inform you as follows that at the board of directors' meeting of the Company held today, it was decided to place a reduction in the amount of stated capital and the appropriation of surplus on the agenda of the 124th ordinary general meeting of shareholders to be held on June 29, 2016.

### **1. Purpose of reduction in the amount of stated capital and appropriation of surplus**

The Company regrettably posted, for the period ending March 31, 2016, current net loss of 473,104,494 yen and therefore, 6,533,138,303 yen loss has been brought forward from the previous term.

In order to set off loss carried forward in this period as well as to achieve a healthier financial platform and enable dividends of surplus and share repurchase to allow distributions to our shareholders in the future, the Company will carry out reduction in the amount of stated capital under Companies Act Article 447(1) and appropriation of surplus under Article 452.

These measures not result in any change in the number of issued shares, nor will they affect the number of shares held by each shareholder. The amount of the Company's net assets will not be changed, and the net asset value per share will remain unchanged.

### **2. Outline of reduction in amount of stated capital**

(1) Amount to be reduced

Stated capital of 12,782,064,884 yen will be reduced by 6,533,138,303 yen to make it 6,248,926,581 yen.

(2) Method of reduction

It will be reduction of capital without compensation, with no change made in the total number of issued shares. Only the amount of stated capital will be reduced and otherwise appropriated to other capital surplus.

### **3. Outline of appropriation of surplus**

(1) Amount to be appropriated

Under the condition that the reduction of capital reserve to be in effect, the total amount of other capital surplus amounting to 6,533,138,303 yen will be fully reduced and the deficit will be filled by transferring the other capital to the account of earned surplus carried forward in accordance with the provision of Article 452 of the Companies Act. As a result, the amount of other capital surplus will be nil (zero yen).

(2) Item and amount of surplus to be reduced

Other capital surplus 6,533,138,303 yen

(3) Item and amount of surplus to be increased

Earned surplus 6,533,138,303 yen

#### 4. Schedule

(1) Date of resolution at the board of directors meeting	May	26, 2016	
(2) Date of resolution at the ordinary general meeting of shareholders	June	29, 2016	(planned)
(3) Notice to creditors on submission of objections	June	30, 2016	(planned)
(4) Deadline for creditors to make objections	August	1, 2016	(planned)
(5) Effective date	August	12, 2016	(planned)

#### 5. Outlook

The reduction in the amount of stated capital and the set off of the loss carried forward only involve a transfer within the items of the net asset section, and hence, there will be no change in the amount of net assets and has no impact on the business performance of the Company.

These measures are subject to the resolution at the ordinary general meeting of shareholders scheduled to be held on June 29, 2016.

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*This is an English translation of the financial report created in Japanese.*

*Should there be any discrepancies between the Japanese original and the English translation, the Japanese original shall prevail.*

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