

Listed Company Name: Chugai Mining Co., Ltd.
(Stock code no.: 1491, Tokyo Stock Exchange Standard Market)
Representative: Takeo NISHIMOTO, CEO and President
For Inquiry: Isao SAKURABA, IR Center (Telephone: 03-3201-1541)

**Announcement regarding the consolidation of shares
and a partial amendment to the Articles of Incorporation**

At a meeting of the Board of Directors held today, the Company resolved to submit a proposal for consolidation of shares and partial amendment of the Articles of Incorporation to the 133rd Ordinary General Meeting of Shareholders to be held on June 27, 2025 (hereinafter referred to as the "Ordinary General Meeting of Shareholders") and hereby announces the details as follows.

I. Consolidation of shares

1. Purpose of consolidation of shares

As of March 31, 2025, the total number of shares issued by the Company is 289,747,982 shares, which is relatively high compared to other companies listed on the Tokyo Stock Exchange Standard Market. In addition, with a stock price level in the double digits, the stock price volatility per share is relatively high, making it susceptible to sharp fluctuations in stock price as a speculative investment target, and the Company recognizes that this situation may have a significant impact on general investors.

In light of this situation, the Company has decided to reduce the total number of outstanding shares and adjust the investment unit of our shares to an appropriate level, as well as to implement a consolidation of shares of 20 shares into 1 share in order to realize more flexible shareholder return measures.

2. Consolidation of shares details

- 1) Class of shares to be consolidated:
Common stock
- 2) Consolidation ratio:
The shares are consolidated at a ratio of 20 shares for 1 share.
(The number of shares held by shareholders registered or recorded in the share register as of September 30, 2025 is used as the basis for calculation).
- 3) Effective date:
October 1, 2025
- 4) Total number of shares authorized for issuance as of the effective date:
57,945,000 shares
The provisions of the Articles of Incorporation regarding the total number of shares authorized to be issued will be amended on the effective date of the consolidation of shares pursuant to Article 182 (2) of the Companies Act.
- 5) Number of shares reduced by merger:

Total number of shares issued prior to the merger (as of March 31, 2025)	289,747,982 shares
Number of shares reduced by the merger	275,260,583 shares
Total number of shares issued after the merger	14,487,399 shares

Note: The "number of shares reduced by merger" and "total number of shares issued after the merger" are theoretical values calculated based on the total number of shares issued prior to the merger and the merger ratio.

3. Consolidation of shares schedule

May 15, 2025 (Thursday): Date of the Board of Directors' meeting.

June 27, 2025 (Friday), tentative: Date of the Annual Ordinary General Meeting of Shareholders

October 1, 2025 (Wednesday), tentative: Effective date of the merger

4. Treatment of fractions of shares less than one share

Assuming the above shareholder composition, if a consolidation of shares is carried out and fractions of shares arise that are less than one share, these fractions shall be disposed of in a lump sum in accordance with Article 235 of the Companies Act. The proceeds from this disposal shall then be distributed to shareholders who held these fractions, in proportion to what they held.

5. Number of shareholders to be reduced as a result of the consolidation of the shares:

The composition of the shareholders, based on the register of shareholders as of March 31, 2025, is as follows:

	Number of shareholders (percentage)	Number of shares owned (percentage)
Total number of shareholders	37,834 persons (100%)	289,747,982 shares (100%)
Less than 20 shares	3,705 persons (9.8%)	13,270 shares (0.0%)
20 or more and less than 100 shares	2,925 persons (7.7%)	136,768 shares (0.0%)
100 or more and less than 2,000 shares	22,811 persons (60.3%)	10,380,282 shares (3.6%)
2,000 or more shares	8,393 persons (22.2%)	279,217,662 shares (96.4%)

In the event of a consolidation of shares, shareholders who own fewer than 20 shares will lose their status as shareholders. Additionally, shareholders who own 100 to 1,999 shares will lose their trading opportunities on the stock exchange and their voting rights at shareholders' meetings. Shareholders who own fractional shares may request the repurchase of such shares. Furthermore, subject to the approval of the amendment to the Articles of Incorporation, shareholders may request the sale of fractional shares. For specific procedures, please contact your securities company or our shareholder registry agent (Sumitomo Mitsui Trust Bank, Limited).

6. Conditions for the merger of shares:

The merger of shares is subject to approval of the proposal at the Ordinary General Meeting of Shareholders.

II Partial amendment of the Articles of Incorporation

1. Reasons for amendment of the Articles of Incorporation

- 1) Change in the total number of authorized shares to be issued:
In connection with the reduction of the Company's total number of issued shares due to consolidation of shares, the Company will amend Article 6 of the Articles of Incorporation to reduce the total number of authorized shares. Please note that this amendment will take effect on October 1, 2025, the effective date of the consolidation of shares, subject to the approval and adoption of the resolution regarding the consolidation of shares.
- 2) Introduction of a System for Purchasing Additional Shares of Less Than One Unit:
To enhance the convenience of shareholders holding fractional shares, the Company is introducing a fractional share purchase system, as stipulated in Article 194, Paragraph 1, of the Companies Act. To this end, we will amend Article 10 of the current Articles of Incorporation, as well as Article 9. Please note that these amendments will take effect on October 1, 2025.

2. Details of the changes

The details of the changes are as follows.

Current Articles of Incorporation	Proposed Amendment
(Total Number of Authorized Shares) Article 6: The Company is authorized to issue a total of <u>1,158,900,000 shares</u> .	(Total Number of Authorized Shares) Article 6: The Company is authorized to issue a total of <u>57,945,000 shares</u> .

<p>(Rights Regarding Shares Less Than One Unit)</p> <p>Article 9: Shareholders of the Company may not exercise any rights with respect to fractional shares held by them other than the following:</p> <ol style="list-style-type: none"> 1. The rights listed in each item of Article 189, Paragraph 2 of the Companies Act. 2. The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act. 3. The right to receive an allocation of newly issued shares and stock subscription rights, proportionate to the number of shares held by the shareholder. <p style="text-align: center;">(newly added)</p> <p style="text-align: center;">(newly added)</p> <p>Articles <u>10-38</u> are omitted.</p> <p>Supplementary provision (newly added)</p> <p style="text-align: center;">(newly added)</p>	<p>(Rights Regarding Shares Less Than One Unit)</p> <p>Article 9: Shareholders of the Company may not exercise any rights with respect to fractional shares held by them other than the following:</p> <ol style="list-style-type: none"> 1. The rights listed in each item of Article 189, Paragraph 2 of the Companies Act. 2. The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act. 3. The right to receive an allocation of newly issued shares and stock subscription rights, proportionate to the number of shares held by the shareholder. 4. <u>Right to make a claim as specified in the following article.</u> <p><u>(Request for Sale of Fractional Shares)</u></p> <p><u>Article 10: Shareholders who hold fractional shares of the Company may request that the Company sell them a number of fractional shares such that, when combined with the shares they already hold, they constitute a whole share. This request is referred to as a "Request for Sale." However, this shall not apply if the Company does not hold the number of treasury shares necessary to fulfill the request.</u></p> <p>Articles <u>11</u> to <u>39</u> (no change)</p> <p style="text-align: center;"><u>Supplementary Provisions:</u></p> <p><u>The amendments to Articles 6 (Total Number of Shares Authorized to Be Issued), 9 (Rights Regarding Shares Less Than One Unit), and 10 (Request for Sale of Shares Less Than One Unit) will take effect on October 1, 2025. Furthermore, these supplementary provisions shall be deleted once the amendments to Articles 6, 9, and 10 have taken effect.</u></p>
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3. Schedule

May 15, 2025 (Thursday): Date of the Board of Directors' meeting.

June 27, 2025 (Friday), tentative: Date of the Annual Ordinary General Meeting of Shareholders

October 1, 2025 (Wednesday), tentative: Effective date of the merger

This is an English translation of the Financial Report prepared in Japanese.

In the event of any discrepancy between the Japanese original and the English translation, the Japanese original shall prevail.

Attachment

(Reference material: Q&A regarding the merger of shares)

Q1: What is consolidation of shares?

A1: A consolidation of shares is an act stipulated by the Companies Act in which multiple shares are combined into fewer shares. In this case, the Company plans to consolidate 20 shares of common stock into one.

Q2: What will happen to the number of shares owned and voting rights?

A2: After the consolidation of shares, the number of shares owned by shareholders will be the current number of shares multiplied by 1/20 (one-twentieth). Any fraction less than one share will be rounded down. Additionally, shareholders will have one voting right for every 100 shares owned after the consolidation.

Specifically, the number of shares owned and voting rights will be as follows:

	Before the effective date		After effective date		
	Number of shares owned	Number of voting rights	Number of shares owned	Number of voting rights	Fractional shares
Example 1	20,000 shares	200	1,000 shares	10	None
Example 2	2,202 shares	22	110 shares	1	0.1 share
Example 3	200 shares	2	10 shares	None	None
Example 4	15 shares	None	None	None	0.75 share

* Shareholders who fall under Example 1 are not required to take any special measures.

The Company will dispose of any fractional shares arising from Examples 2 and 4 in accordance with Article 235 of the Companies Act. The proceeds from this disposition will be distributed to shareholders who received fractional shares in proportion to what they received. This distribution is scheduled for early December 2025.

Shareholders in cases under Examples 2 and 3 may use the "Purchase of Fractional Shares" system to eliminate fractional shares resulting from consolidation of shares. Alternatively, shareholders may use the "Purchase of Additional Shares" system with the approval of an amendment to the articles of incorporation.

Please contact your securities company or the company's shareholder registry administrator, Sumitomo Mitsui Trust Bank, Limited, for specific procedures and to answer any questions you may have. Additionally, shareholders who own fewer than 20 shares before the effective date (see Example 4 above) will lose shareholder status because all their shares will become fractional due to consolidation of shares. Thank you for your understanding.

Q3: Will the reduction in the number of shares owned due to consolidation of shares affect asset value?

A3: As a result of the consolidation of shares, the number of shares owned by shareholders will decrease to one-twentieth. However, the Company's assets and capital will remain unchanged before and after the consolidation. Therefore, except for fluctuations in stock market conditions and other factors, the consolidation will not affect the asset value of the shares owned by shareholders. Note that, in theory, the stock price after consolidation will be 20 times the price before consolidation.

Q4: Is there a way to avoid fractional shares?

A4: You can avoid fractional shares by using the "Purchase of Fractional Shares" system before October 1, 2025, the effective date of the consolidation of shares. Alternatively, pending approval of the amendment to the Articles of Incorporation, you can use the "Purchase of Additional Shares" system. Contact the securities company through which you conduct transactions or our shareholder registry agent, Mitsui Sumitomo Trust Bank, Limited, for specific procedures.

Q5: Will consolidating my shares reduce their number, and will this affect the dividends I receive?

A5: Due to the consolidation of shares, the number of shares owned by shareholders will decrease to one-twentieth. After the consolidation takes effect, however, the Company will determine the dividend per share based on the number of shares held after consolidation. The total amount of dividends received will not change due to the consolidation. However, dividends will not be paid on fractional shares resulting from the consolidation that are less than one share.

Q6: Will the consolidation of shares result in the creation of fractional shares? Will the "purchase of fractional shares" and "purchase of additional fractional shares" systems be available after the consolidation?

A6: The "buyback of fractional shares" system will remain available after consolidation of shares. Alternatively, you may use the "Purchase of Additional Fractional Shares" system, pending approval of amendments to the articles of incorporation. Contact the securities company with which you conduct transactions or our shareholder registry agent (Mitsui Sumitomo Trust Bank, Limited) for specific procedures.

Q7: What is the investment unit (minimum investment amount)?

A7: Assuming a closing price of 71 yen per share on the Tokyo Stock Exchange as of May 14, 2025, the investment units before and after consolidation of shares will be as follows:

Before consolidation: 71 yen × 100 shares = 7,100 yen

After the merger, it will be 1,420 yen per share × 100 shares = 142,000 yen.

*The price per share will theoretically increase by 20 times as a result of the merger.

Q8: Please provide a specific schedule moving forward.

A8: The schedule is as follows:

May 15, 2025 (Thursday): Board of Directors meeting

June 27, 2025 (Friday)—tentative: Ordinary General Meeting of Shareholders

September 30, 2025 (Tuesday)—tentative: record date for consolidation of shares.

October 1, 2025 (Wednesday)—tentative: effective date of consolidation of shares.

Q9: Do shareholders need to take any action?

A9: No special action is required. However, you may be eligible to use the "Purchase of Fractional Shares" or "Purchase of Additional Fractional Shares" systems, pending approval of amendments to the Articles of Incorporation.

Contact the securities company with which you conduct transactions or our shareholder registry administrator (Mitsui Sumitomo Trust and Banking Co., Limited) for details on the specific procedures to follow.

【Contact Information】

For inquiries about the consolidation of shares, contact the securities company where your account is held or the shareholder registry administrator listed below.

【Shareholder Registry Administrator Contact Information】

Securities Agency Department, Mitsui Sumitomo Trust Bank, Limited

Address: 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063

Phone Number: 0120-782-031 (toll-free)

Business hours: 9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays, and national holidays)