

December 30, 2024

RE: 3rd Letter to Shareholders from CEO of Korea Zinc Company

Dear Shareholders,

In this third letter to our esteemed shareholders, I am writing to seek your support for the current management and the Board of Directors of Korea Zinc Company, Ltd. (“Korea Zinc” or the “Company”) at the upcoming Extraordinary General Meeting (the “EGM”) on January 23, 2025. The upcoming EGM will decide the future of Korea Zinc, whether to succumb to the hostile takeover attempt by MBK Partners (“MBK”) and Young Poong Co., Ltd. (“Young Poong”), or to empower the current management of Korea Zinc to continue its journey of maximizing shareholder returns and growth, which we call Troika Drive. I would like to begin by outlining some of the key considerations to help you make an informed decision.

Key Agendas by Korea Zinc for the Upcoming EGM on January 23, 2025

“Enhancing Governance and Protecting Shareholder Rights”

As emphasized in our first letter to you, dated December 10, 2024, Korea Zinc’s current management strongly believes that the corporate governance requires a commitment to continuous improvement, and that is the same for our Company, as we strive to improve continuously. Staying true to this commitment, **Korea Zinc’s Board of Directors decided to propose the following key EGM agenda for shareholder voting, focusing on shareholder-friendly and rights-protective measures, which we believe will further enhance the independence, transparency, and supervisory authority of the Company’s Board of Directors and improve our communication with our shareholders:**

1. Introduction of Cumulative Voting System

Under the proposed cumulative voting system, our shareholders will have multiple votes corresponding to the number of board seats available. They will be able to allocate these votes to one candidate or distribute them among several candidates as desired. This system empowers our minority shareholders by allowing them to concentrate their votes on specific candidates, increasing their chances of securing representation on the Company’s board, which results in a more diverse board of directors with varying views promoting more balanced and well-informed decisions.

We believe that the cumulative voting system will encourage minority shareholders to participate more actively in the voting process, as they will have a realistic chance of influencing the Company’s board composition. *This system is widely regarded as the most effective mechanism for challenging the dominance of majority shareholders with relatively low shareholdings, thus making it an essential tool for protecting minority shareholder rights.*

2. Setting the Maximum Number of Directors to 19

Upon our supermajority shareholder approval at the upcoming EGM, the Company, by amending its by-laws, plans to set the upper limit on the number of directors to serve on our Board to 19. This proposition is designed to ensure our Board remains functional, effective, cohesive, and cost-efficient while maintaining sufficient seats to promote board diversity. This limit provides clarity in the Company’s governance framework by well-defining board composition and reducing ambiguity around board appointments, as well as minimizing the risk of excessive expansions in the future.

If MBK and Young Poong’s proposal to appoint 14 additional directors is approved, the Board would expand to nearly 30 members – an excessively large, unwieldy, and inefficient structure, which is

unprecedented both domestically and internationally. In contrast, Korea Zinc’s proposal to cap the number of directors at 19 aligns with recommendations from global governance advisory firms.

Global proxy advisory firms are concerned that if a board of directors becomes excessively large, the responsibilities and authority of directors may be weakened, and the board’s deliberative function could be hindered. *Studies show that an 11-member board is most common in the US while the average board size is around 13-member in Europe.* If the existing 13-member board selects the additional 14 candidates nominated by MBK and Young Poong, along with the 7 candidates nominated by Korea Zinc, the Board size could increase to a total of 34 members, potentially creating an “overly large and inefficient board,” which would be unprecedented globally.

3. Nomination of Additional 7 Independent Director Candidates

The Company conducted a thorough review of potential director candidates, consulting external governance and investment stewardship expert firms. These professional organizations helped us evaluate and shortlist director candidates who will promote further board diversity and bolstering the Board’s skillset.

In particular, the Company’s management had proposed nominating a director candidate with foreign nationality. This initiative aims to enhance corporate governance, increase transparency, and augment access to the Company by global investors and stakeholders. This step reflects our commitment to expanding ourselves into global markets and reinforces Korea Zinc’s reputation on the international stage.

In addition, *we made a proposition to nominate field experts as our director candidates, especially in the areas of finance, technology, and risk management.* We believe that this approach will help us assemble a leadership team with a more diversified expertise and cultural perspectives.

- Additional 7 Independent Director Candidates Nominated by Korea Zinc

Name	Education	Current Position & Past Key Experiences
Sanghoon Lee	<ul style="list-style-type: none"> • UC Berkeley, BS in Chemical Engineering 	<ul style="list-style-type: none"> • Hankook & Company, Independent Director* • SSG.COM, Non-Executive Director • Kyobo Life Independent Director (Audit Committee) • Hyundai Card, Independent Director (Risk Management, Audit and Compensation Committee) • Affinity Equity Partners, Head of Korea • McKinsey & Company, Seoul / New York
Hyeong-Kyu Lee	<ul style="list-style-type: none"> • University of Göttingen (Germany), PhD in Law • Hanyang University, BA and MA in Law 	<ul style="list-style-type: none"> • Incheon City Gas, Independent Director* • Hanyang University School of Law, Honorary Professor* • Doha Law Firm, Advisor* • National Human Rights Commission of Korea, Arbitration Committee Member • Korea Listed Companies Association, Advisor • KOSDAQ Listed Companies Association, Advisor • Korea Corporate Governance Service, Committee Member • Korea Exchange, Securities Dispute Mediation Committee Member
Kyeongwon Kim	<ul style="list-style-type: none"> • Columbia University, PhD in Business Administration • University of Wisconsin, MBA • Seoul National University, BA in English Literature 	<ul style="list-style-type: none"> • Hanjin, Independent Director* • Sejong University, Dean and Professor, School of Business Administration* • Daesung Group Partners, President (Merged to Daesung Holdings) • D-Cube City, CEO • CJ Group, Vice President, Head of Strategic Planning • Samsung Economic Research Institute, Senior Managing Director of Global Research Division, Financial Division

James Andrew Murphy	<ul style="list-style-type: none"> • Australian National University, MA in Public Law • University of Sydney, BA in Law • University of New South Wales, BA in Economics and History 	<ul style="list-style-type: none"> • Oliver Wyman, Senior Advisor* • Office of the Premier of Queensland, Former Chief of Staff to Premier Anastasia Palaszczuk • Queensland Treasury – Under Treasurer • ANZ Bank, Executive for Strategy and Policy • Office of the Prime Minister of Australia, Former Chief of Staff to Prime Minister Kevin Rudd • Australian Federal Treasury, Deputy Secretary, Markets Group (Awarded Public Service medal by Australian Government) • International Monetary Fund (IMF), Advisor
Tammy Chung	<ul style="list-style-type: none"> • Seoul National University, PhD in Business Administration • Ewha Womans University, MBA • Ewha Womans University, BA in English Language and Literature 	<ul style="list-style-type: none"> • UNID, Independent Director* • Myongji University, Professor and Dean, Department of Business Administration* • WCD Korea, Chair of Strategy and PR Committee* • The Export-Import Bank of Korea, Chairperson of the Risk Management Committee • Samjong KPMG, Advisory Professor, Audit Committee Support Center • Ministry of Economy and Finance, Advisory member of, National Accounting Standards Review Committee • Korean Accounting Association, Vice President (Planning) • Korea Financial Investment Association, Member, Self-Regulatory Committee • Ministry of Strategy and Finance, Member of the National Accounting System Review Committee
Jaiyong Lee	<ul style="list-style-type: none"> • Iowa State University, MS and PhD in Computer Engineering • Yonsei University, BS in Electronic Engineering 	<ul style="list-style-type: none"> • Codeit, Independent Director* • Angels’ Haven (Social Welfare Juridical Person), Director* • National Academy of Engineering of Korea, Regular Member / Emeritus Member* • Ulsan National Institute of Science and Technology (UNIST), Invited Distinguished Professor, Department of Electrical and Electronics Engineering* • Yonsei University, Honorary Professor, Department of Electrical and Electronics Engineering* • Ulsan National Institute of Science and Technology (UNIST), Vice President • Ministry of Science, ICT, and Future Planning, Planning Commissioner, IITP; Chairperson, 5G Strategy Promotion Committee; Chairperson, Giga Korea Foundation
Jaesik Choi	<ul style="list-style-type: none"> • University of Illinois, PhD in Computer Science • Seoul National University, BS in Computer Engineering 	<ul style="list-style-type: none"> • KAIST, Professor, Kim Jaechul Graduate School of AI* • KAIST, Director of Seongnam Research Center, Kim Jaechul Graduate School of AI; Director of Explainable AI (XAI) Research Center* • INEEJI, CEO and Registered Director* • National Academy of Engineering of Korea, Member* • POSCO, Steel Specialist Professor • UNIST, Director of Industrial AI Research Center • UNIST, Assistant Professor, Department of Electrical and Electronics Engineering

Note: * denotes current position; if otherwise, past key experiences

4. Executive Officer System - Taking a Good Idea No Matter Where It Came From

The current management of Korea Zinc is singularly driven to improve governance of Korea Zinc, and we are open to all good ideas from others. At the board meeting held on December 23, 2024, the Korea Zinc Board of Directors expressed its openness to reviewing MBK and Young Poong’s proposal for an executive officer system. Despite differences in intent, the proposal to enhance responsibility, expertise, and the Board’s supervisory function was considered worth evaluating. However, MBK and Young Poong, through the media, appear fixated on securing management control at any cost, opposing even rational reforms. The executive officer system is expected to improve board efficiency and

governance by assigning legal accountability to non-registered officers as executive officers and strengthening the board's supervisory function.

Korea Zinc's current management and Board of Directors are sincerely committed to adopting measures that benefit both the Company and its shareholders. *We hope that MBK and Young Poong, through this EGM, will collaborate with us as partners in enhancing corporate governance and pursuing the Company's future growth and development.*

5. 10:1 Stock Split of Issued Shares

As you are aware, liquidity constraints, following the two tender offer processes, have become a growing concern, which reduced the free float to approximately 16.6% stake. Moreover, the two competing parties have continued to accumulate Korea Zinc shares from the market, further exacerbating liquidity challenges.

Implementing a 10:1 stock split would significantly increase the number of shares in circulation, improving liquidity, attracting a broader shareholder base, and potentially leading to a market value increase.

6. Protection of Minority Shareholders

Korea Zinc's management affirms that our shareholders shall have the rights as a single shareholder and minority shareholder, which shall be respected, pursuant to the Korean Commercial Code and other relevant laws and regulations. Any shareholder of Korea Zinc may demand in writing specifying reasons for their inquiry, requiring the Company to provide explanations regarding the execution of duties by the directors, financial condition, and other material matters concerning the management of the Company. The Company will respond in writing within 15 days thereof unless there is a concern that the explanation by the Company would materially impair the interests of the Company or the common interests of the shareholders or that confidential information of the Company could be disclosed thereby.

This protection mechanism is designed to ensure fair treatment, corporate accountability, and enhanced transparency while preventing abuses of power and reducing conflicts, aligning with global standards. It also empowers minority shareholders to participate in some of key corporate decisions, access vital information, and seek legal remedies when their rights are violated.

7. Separation of CEO and Chairperson of the Board of Directors

In Korea, it is quite common for one individual to serve as both CEO and Chairperson of the Board of Directors. Currently, I fulfill both roles. *However, taking recommendations from various shareholders and corporate governance experts, the Company proposes amending the by-laws at the upcoming EGM to separate the roles of CEO and Chairperson.* The Chairperson, who leads the Board in monitoring and guiding the Company's strategic direction, will be chosen from among our independent directors. This change will enhance the Board's independence and ensure the Company is managed in the best interests of our shareholders.

8. Change of Dividend Record Date with Board Resolution

The Company proposed greater flexibility in adjusting the dividend record date, with its board resolution and two weeks' prior public notice. This adjustment will reduce confusion among shareholders about the timeline for holding shares to qualify for dividends, fostering better investor relations and trust in Korea Zinc's governance. Additionally, this change could help mitigate stock price volatility caused by unexpected changes in dividend schedules, thereby stabilizing Korea Zinc share prices around the dividend declaration period.

9. Revision of Dividend Payment to Quarterly Basis

Currently, the Company distributes dividends bi-annually. We propose amending our by-laws at the upcoming EGM to shift to quarterly dividend payments. If approved, our shareholders will benefit from more frequent income throughout the year. This change signals the Company's financial stability and ability to generate strong cash flows, potentially enhancing shareholder value, attracting investors, and increasing stock demand.

Conclusion

The list of agendas for the EGM which are mentioned and explained above represents our fortified and unwavering commitment to Korea Zinc's shareholders. Through the implementation of the aforementioned agenda, and through the contribution of the new members of the Board of Directors, we, the current management of Korea Zinc, vow to listen to you more closely than before, to keep our promises to you, to continue to deliver results for you like we have been for the last 50 years, and to respect and serve you better.

We humbly look forward to your enthusiastic support on January 23, 2025. Thank you.

Sincerely,



Yun B. Choi
Chief Executive Officer
KOREA ZINC COMPANY, LTD.