

January 30, 2025

RE: 6th Letter to Shareholders from CEO of Korea Zinc Company

Dear Shareholders,

I would like to take a moment to express my sincere gratitude to all our shareholders for your unwavering support, encouragement and even criticism. Since the unsolicited and surprise tender offer on September 13, 2024, the hostile takeover attempt by MBK Partners (“MBK”) and Young Poong Co., Ltd. (“Young Poong”) has raised significant concerns for the employees of Korea Zinc Company, Ltd. (“Korea Zinc” or the “Company”) and its affiliates, the citizens of Ulsan, the political community, and the broader public. However, with the extraordinary general meeting (the “EGM”) held on January 23, 2025, we have entered a pivotal new chapter.

This letter aims to outline the results and significance of the recent EGM and share the future that the current Korea Zinc management is planning to ensure the Company’s growth, enhance its global competitiveness, and maximize long-term shareholder value.

SMC’s Protective Measure – Acquisition of Young Poong Shares

As you may be already aware, Sun Metals Corporation Pty Ltd (“SMC”), Korea Zinc’s zinc smelting arm in Australia, independently through its board resolution, decided to acquire a 10.3% stake in Young Poong at a price approximately 30% lower than the market value. This acquisition of Young Poong shares was part of SMC’s efforts to protect itself from the hostile takeover attempt, and such decision was made in anticipation of the EGM, which had been convened at the request of MBK and Young Poong.

The primary concern behind this decision was the possibility that should the hostile takeover succeed, the scale of SMC’s operations and/or its required capital expenditures would likely be shriveled, or its renewable energy and green hydrogen projects in Australia might be scaled back, prematurely sold or discontinued entirely at the sole discretion of MBK and Young Poong. Such actions would jeopardize SMC’s future competitiveness.

In addition, the fact that Young Poong’s share price was near an all-time-low, trading approximately at 760 billion KRW of market capitalization and that its price-to-book ratio was 0.1x¹—one of the lowest in the Korean market—were other key considerations. While these indicators implied that the stock was significantly undervalued, they also presented high upside potential, particularly through unlocking the value of Young Poong’s substantial assets, including its 25.4% stake in Korea Zinc, valued approximately at 4.4 trillion KRW, and its real estate holdings.

As a consequence of SMC’s acquisition of Young Poong shares, the restriction on cross-shareholding voting rights under the Korean Commercial Act² was applied, limiting Young Poong’s ability to exercise voting rights on its 25.4% stake in our Company at this EGM.

¹ 1) the value of the investment real estate is assumed to be 1.5 trillion KRW, 2) the market price is used for listed stocks, and the book value as of the end of 3Q24 is applied for the unlisted stocks

² Under Korean Commercial Act, if a company, its parent company, or a subsidiary holds more than one-tenth of the total issued shares of another company, the shares held by that other company in the company or its parent company shall have restricted voting rights.

Establishing a Foundation for Minority Shareholder Protection and Governance Improvement

At this EGM, six amendments to Korea Zinc's by-laws were approved, shaping the future of the Company. These amendments included:

- (i) *Introduction of a cumulative voting system*
- (ii) *Board size limitation*
- (iii) *10:1 stock split of issued shares*
- (iv) *Appointment of an independent director as chairperson of the board*
- (v) *Changes to the dividend policy*

These resolutions generally received strong endorsements from domestic and international proxy advisory firms and overwhelming support from our shareholders, including the National Pension Service.

However, it is unfortunate that two significant proposals—the codification of minority shareholder protections proposed by Korea Zinc's Board of Directors and *the introduction of the executive officer system originally proposed by MBK and Young Poong*—were rejected due to unexpected opposition from MBK and Young Poong, for reasons that remain unclear. As we look ahead to the upcoming Annual General Meeting, our Board of Directors will continue prioritizing shareholder rights, enhancing the Board's independence and diversity, and proposing measures to further strengthen governance.

Key Resolutions and Their Significance

i) Introduction of a Cumulative Voting System

The adoption of the cumulative voting system marks a transformative step, enabling minority shareholders to secure representation on the Board and thereby foster the consideration of a wider range of viewpoints in decision-making.

ii) Board Size Limitation: Setting the Maximum Number of Directors at 19

The resolution to cap the upper limit on the number of directors at 19 was also approved. All five major domestic and international proxy advisory firms, including ISS, Glass Lewis, the Korea ESG Research Institute, the Korea Institute of Corporate Governance and Sustainability, and Sustainvest, unanimously recommended limiting the board's size to prevent inefficiencies and ensure its effectiveness. By setting this limit, Korea Zinc has laid the groundwork for aligning its governance with global standards.

iii) 10:1 Stock Split of Issued Shares

With the approval of the stock split resolution, the number of issued shares will increase tenfold. This measure is expected to improve stock liquidity and thereby expand the shareholder base, addressing the sharp reduction in free-floating shares caused by the two tender offer processes and ensuing market competition between the major shareholders. Additionally, this increase in liquidity is anticipated to contribute to a rise in market value.

iv) Appointment of an Independent Director as Chairperson of the Board

The resolution to appoint an independent director as the Chairperson of the Board also received strong support from our shareholders. In alignment with this decision and as previously promised, I will step down from the position of Chairman of the Board at the next Board meeting. By appointing an independent director to this role, we aim to significantly enhance the Board's independence and oversight capabilities, ensuring that the Board decision will be made in the best interests of our shareholders.

v) Changes to the Dividend Policy: Dividend Record Date and Quarterly Dividend Payments

Lastly, the amendments to change the dividend record date and implement quarterly dividends were approved. These changes will increase predictability regarding dividends for our shareholders and mitigate stock price volatility. These also underscore the Company's robust financial stability and ability

to generate strong cash flows, which are expected to attract more investors and increase stock demand, potentially leading to a rise in long-term corporate value.

Strengthening Board Expertise and Independence

At this EGM, all seven independent director candidates, including a foreign national, recommended by Korea Zinc's Board of Directors were newly appointed. These appointments were carefully made with a focus to enhance diversity and strengthen the Board's overall skill sets, with candidates vetted by professional institutions both domestically and internationally. As a result, the new Board now includes experts in finance, investment, risk management, and technology, positioning it to make more independent and well-informed decisions.

In particular, the inclusion of a foreign independent director is a noteworthy step in enhancing governance and transparency. This appointment is expected to build greater trust with global investors and international stakeholders while also playing a crucial role in advancing Korea Zinc's global market presence and reinforcing its position in international markets.

Commitment to Improve Governance

The resolutions introduced by Korea Zinc's Board—including the adoption of cumulative voting, stock split, the codification of minority shareholder protections, and the appointment of a foreign independent director and an independent Board chair—received strong support from proxy advisory firms. *These shareholder-friendly initiatives underscore our commitment to continuously improving governance and protecting minority shareholder interests.*

The current management of Korea Zinc firmly believes that the resolutions passed at this EGM will: expand the shareholder base and increase minority shareholder participation; enhance the diversity, independence, transparency, and expertise of the Board; and strengthen oversight functions and improve communication with shareholders. Our commitment to advancing governance remains steadfast, and we assure you that these efforts will continue.

We humbly acknowledge concerns regarding insufficient communication with shareholders and the market in the process of allocating capital for investment and financial management purposes. Moving forward, the newly constituted Board of Directors, formed at this EGM, will establish clearer investment criteria and strengthen related internal control systems. These measures aim to enhance transparency and trust in the decision-making processes and to identify and manage potential risks more thoroughly in advance.

Strengthening communication with shareholders cannot be overemphasized. At this EGM, foreign and financial experts were appointed as independent directors, bringing expertise that will enable the Company to further engage with and incorporate the perspectives of institutional investors—including domestic and international pension funds, leading financial institutions, and individual shareholders. Moving forward, both the management and independent directors will play an active role in shareholder engagement. To ensure greater transparency and alignment with shareholder interests, regular shareholder meetings and investor briefings will be held. These sessions will provide detailed insights into management strategies, financial performance, and future outlook, while also ensuring that the voices of shareholders are heard more attentively. We believe such commitment to open and transparent communication with shareholders will play a pivotal role in translating the 'Troika Drive' initiatives into tangible and visible results.

Proposal for a New Beginning

The EGM held on January 23, 2025, and the events leading up to it have been the culmination of Korea Zinc's collective desire and efforts over the years to transform itself into a "world class" national enterprise. It has also served as an essential step in preparing for a new beginning.

I, alongside the Korea Zinc management team, wish to reiterate that this EGM is not the conclusion but rather a starting point. Since the unexpected tender offer on September 13, 2024, the hostile takeover attempt has caused immense anxiety and distress—not only to the employees of Korea Zinc and its affiliates but also to their families, partner companies, and customers. It has even disrupted the ordinary lives of those involved.

Korea Zinc does not belong to any single individual; rather, it is a company that must serve all of its shareholders equally and fairly. It is a critical national industry and a valuable strategic asset that plays a vital role in Korea's future, particularly in supplying key materials for secondary batteries and advanced technologies. It is now time for all shareholders to unite and work together to preserve and grow this invaluable asset.

We believe that it is now in everyone's interests to end the perennial state of conflicts and disputes. We must work toward a rational, agreeable solution—not only for our Company but for our shared vision of long-term growth and success. Despite the unforgettable and traumatizing ordeal of the last 140 days, Korea Zinc's employees, technical experts, and labor union are fully committed to open communication and constructive dialogue to find a path forward.

Our love for Korea Zinc far outweighs the wounds we have suffered, and we are prepared to embrace MBK not as an adversary but as a new partner for a better future. To strengthen the independence and diversity of our board, as emphasized by domestic and international proxy advisory firms and the National Pension Service, *we are open to considering MBK's participation in Korea Zinc's Board. Furthermore, we are willing to explore opportunities for MBK to contribute to Korea Zinc's development by leveraging their extensive expertise and experience in the financial market through active involvement in our management.*

This invitation is sincere, genuine and rational. It originates from our duty to our shareholders, to maximize shareholder value, regardless of our "feelings." *We sincerely hope that MBK will also recognize the damage caused by this adversarial and exhausting conflict—not only to Korea Zinc, its employees, and its regional community but also to Korea Zinc's status as a critical part of our national industry. We urge MBK to step away from hostility and instead step forward to engage in open-minded discussions with Korea Zinc's management to find ways for meaningful collaboration to build a brighter future of Korea Zinc.*

Closing Remarks

The current management team and I are fully committed to successfully implementing the resolutions passed at the EGM to enhance the governance of Korea Zinc and further protect shareholder rights. The newly constituted Board is dedicated to healing the wounds caused by 140 days of disputes and conflicts and will strive to listen more closely and carefully to our shareholders' voices. We are dedicated to enhancing shareholder value and ensuring Korea Zinc's sustainable growth.

We are deeply grateful for your trust and support and promise to turn our 'Troika Drive' vision into tangible results. Thank you for your continued confidence.

Sincerely,



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