

January 1st, 2026

8th Letter to Shareholders from CEO of Korea Zinc

Dear Shareholders,

We extend our sincere appreciation to our shareholders for your continued trust and support. Over the past 51 years, Korea Zinc Co., Ltd. (“Korea Zinc” or the “Company”) has consistently prioritized responsible and disciplined growth, strengthened its leadership in global non-ferrous metals industry, and strived to enhance long-term shareholder value.

As we now enter the next phase of Korea Zinc’s development, this letter seeks to explain the strategic rationale behind our decision to invest in a new, fully integrated non-ferrous metals smelter in the United States—a project designed to capture the accelerating demand for critical metals in the world’s largest industrial market, enhance the resilience and diversification of our global supply chain, and position Korea Zinc as a reliable strategic partner in securing essential materials for the United States and its allies.

We are fully aware that our shareholders may hold a range of views and perspectives regarding the appropriateness of the subscription price of the new shares to be issued in connection with the aforementioned smelter investment. As such, through this letter, we also intend to provide a clear and transparent explanation of the structure and economic substance of the capital increase, including those aspects that may be perceived as involving a discounted issuance, in order to address any misunderstanding and reaffirm our firm commitment to protecting shareholder value.

A Strategic Step Forward in a Transforming Global Supply Chain

Global demand for critical metals is entering a phase of structural growth, driven by the rapid diffusion of artificial intelligence technologies, the expansion of the semiconductor industry, the energy transition and advances in high-tech manufacturing. As governments and major corporations increasingly regard these metals as strategic national security assets, they are moving to reduce dependence on China in smelting and refining and to build stable, alliance-based supply chains.

The United States—the world’s largest market for critical metals—is expected to experience sustained growth in demand for critical metals as key industries such as artificial intelligence, data centers, defense, electric vehicles and batteries continue to expand. At the same time, the closure of aging smelters and tightening of environmental regulations are constraining global supply, thereby deepening imbalance between supply and demand. Accordingly, for Korea Zinc, selecting the United States as a strategic production base represents a significant business opportunity to reliably capture surging demand and achieve sustainable growth.

Against this backdrop, the U.S. government has identified Korea Zinc as a trusted partner in developing independent and stable critical metals supply chains. In response, **Korea Zinc has resolved a strategic decision to establish a fully integrated non-ferrous smelting operation in the United States. Through this investment, we seek not only to expand our global production footprint but also to enhance the long-term supply-chain stability of allied industries while effectively mitigating risks to the global supply chain arising from geopolitical uncertainties, export controls, and other disruptions.**

Project Crucible and the Structure of Our Capital Commitment

Through this initiative, Korea Zinc is committed to establishing a world-class integrated non-ferrous smelter in the United States. Drawing on more than five decades of proven technological expertise and operational excellence, the Company plans to replicate the capabilities of the Onsan Smelter at roughly

half the scale, creating a sustainable production base that meets the rigorous standards of leading industrial customers worldwide.

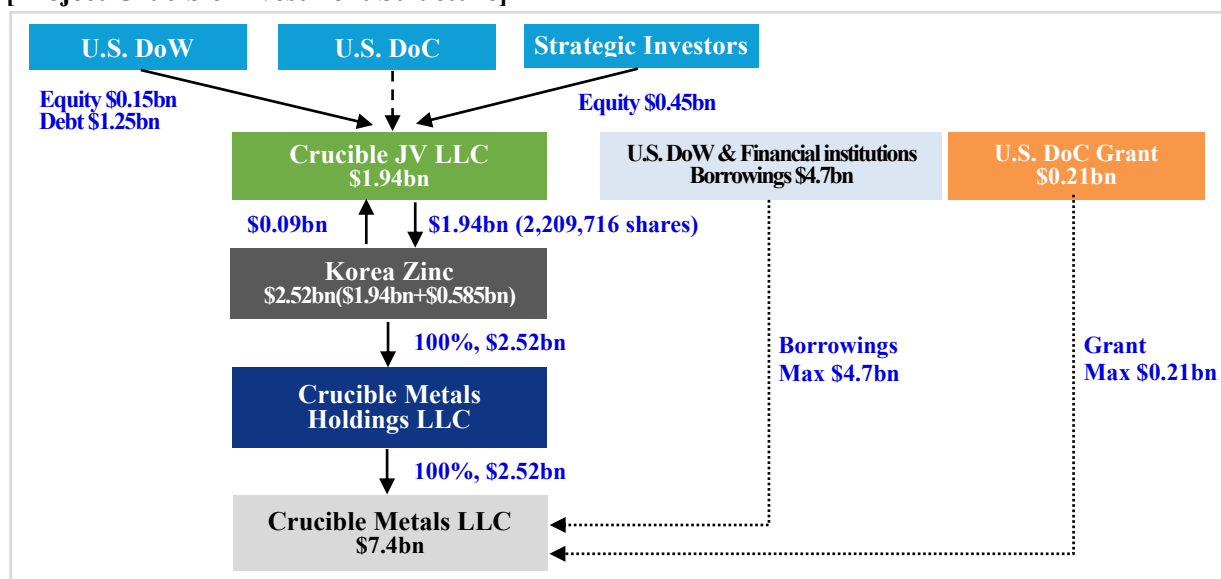
Project Crucible (the “Project”) is fully aligned with U.S. policy objectives to build independent and resilient supply chains and will further strengthen Korea Zinc’s position as a trusted partner supporting the industrial and security needs of the United States and its allies. **Producing a broad range of base, precious, and rare metals for advanced and strategic industries, the Project is expected to generate an EBITDA margin of approximately 17–19%¹⁾ over the project life, reflecting its attractive profitability profile and potential to enhance long-term shareholder value.**

The Project will be supported by a capital structure combining policy-based support from the U.S. Department of War and the U.S. Department of Commerce with participation from strategic investors. The total investment of approximately USD 7.4 billion has been structured so that **the U.S. government and strategic investors collectively bear more than 90% of total capital commitments, significantly reducing the financial burden on Korea Zinc shareholders.**

More specifically, investors including the U.S. government will contribute USD 1.94 billion to establish a foreign joint venture (the “JV”), which will then acquire approximately 2.21 million newly issued common shares of Korea Zinc, representing a 10.59% equity interest, through a third-party allotment paid-in capital increase. In addition, Korea Zinc will also form a wholly owned U.S. subsidiary, Crucible Metals Holdings LLC (“Crucible Metals”), into which, USD 2.52 billion will be invested through a combination of JV proceeds and Korea Zinc’s direct equity contribution of USD 585 million by 2029. **Crucible Metals is expected to secure approximately USD 4.7 billion in policy-backed and commercial financing from the U.S. Department of War and financial institutions, and to receive up to USD 210 million in CHIPS Act grant from the U.S. Department of Commerce.**

We recognize that the issuance of new shares may naturally raise questions regarding dilution and effective pricing. In structuring the financing for the U.S. integrated smelter project, our foremost priority has been to ensure fair, transparent, and shareholder-aligned economic terms. A central element of this structure is the U.S. Department of Commerce CHIPS Act grant of up to USD 210 million. Under U.S. law, CHIPS Act grant funding must be contributed directly to the project company and cannot be invested through the JV or used to subscribe for Korea Zinc shares. Accordingly, the U.S. Department of Commerce contributes grant capital directly into Crucible Metals. In return, the Department of Commerce will hold a membership interest in the JV proportionate to its grant contribution, which, in economic substance, represents an equity interest in Korea Zinc indirectly through the JV structure.

[Project Crucible Investment Structure]



¹⁾ Based on conservative metal price assumptions (Zn: USD 2,625/ton, Pb: USD 2,063/ton, Cu: USD 10,487/ton)

From the perspective of Crucible Metals, both the capital injected by the JV and the CHIPS Act grant received directly from the U.S. Department of Commerce represent cash contributions to fund the project. **While the funding sources are different, the economic effect is the same in that both sources of funding strengthen the project's capital base, thereby reducing the capital that would otherwise need to be borne by Korea Zinc.**

While the subscription price for the newly issued shares has been determined in accordance with Korean regulatory standards and within the permitted discount limit of up to 10% from the reference market price, we acknowledge that, on its face, the transaction may appear to involve a discounted issuance. **However, when the U.S. Department of Commerce CHIPS Act grant—mandated under U.S. law to be paid directly to Crucible Metals LLC—is reflected in the overall funding structure, the capital increase is, in economic substance, effectively equivalent to a market-price issuance.** This structure not only significantly mitigates dilution for existing shareholders but also ensures that the financial responsibility for developing this nationally strategic asset is appropriately shared with our U.S. government partners, while Korea Zinc retains full operational and technological leadership of the Project.

Advancing Allied Supply Chains with Responsible Global Leadership

Project Crucible marks an important milestone in the longstanding economic partnership between Republic of Korea and the United States. Based on close collaboration with the U.S. government and strategic investors, Korea Zinc is contributing to the reinforcement of resilient critical metals supply chains that support semiconductors, clean energy, and defense industries across both countries. Through the establishment of the smelter, Korea Zinc intends to make a tangible contribution to the achievement of these multi-stakeholder objectives, while at the same time securing a clear pathway to establish itself as a trusted partner within the U.S. industrial ecosystem.

The Project also marks the new chapter in Korea Zinc's global leadership. **Built on decades of technological innovation, disciplined execution, and strong governance, the U.S. integrated smelter will enhance our strategic position in the global critical metals market while establishing a stable platform for long-term profitability and growth.** By combining our proven operating capabilities with substantial policy and financial support from U.S. government, we have designed a structure that mitigates early-stage risks and promotes durable values for our shareholders, customers, employees, and partners.

Your continued trust and support have been and will remain essential to Korea Zinc's progress. As we enter a new phase of growth, in a critical metals sector with strong prospects for sustainable development, we look forward to continuing this journey together with you as our company ascends to become a true global leader.

Thank you once again for your unwavering trust and support.

Sincerely,



Yun B. Choi

Chief Executive Officer
KOREA ZINC COMPANY, LTD.