



11 January 2024

Dear Advance ZincTek Limited Shareholders

FIRST SUPPLEMENTARY BIDDERS' STATEMENT

Advance ZincTek Limited (ANO) (ASX: ANO) refers to the recommended off-market takeover bid made by Ankla Pty Ltd (**Ankla**) to acquire all of the outstanding issued shares in ANO.

ANO has today received from Ankla a First Supplementary Bidders' Statement which has been lodged with Australian Securities and Investments Commission. A copy is attached.

Yours faithfully
Advance ZincTek Limited

Geoff Acton
Company Secretary

ENDS

This announcement was authorised for release by the Board of Directors of Advance ZincTek Limited.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

It should be read in its entirety, together with the Bidder's Statement dated the 11th of December 2023 and if you do not understand it or are in doubt as to its contents or how to act, please contact your professional adviser immediately.

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

This document is the First Supplementary Bidder's Statement under section 643 of the *Corporations Act 2001 (Cth)* (**First Supplementary Bidder's Statement**) to the Bidder's Statement dated 11th of December 2023 issued by Ankla PTY LTD. This First Supplementary Bidder's Statement is dated 11th of January 2024.

INTRODUCTION

This First Supplementary Bidder's Statement is issued by Ankla PTY LTD (**Ankla**) in relation to the off-market takeover offer to acquire all the shares in Advance ZincTek (ANO). A copy of this First Supplementary Bidder's Statement has been lodged with ASIC on the 11th of January 2024. Neither ASIC nor any of its officers take any responsibility for the contents of this First Supplementary Bidder's Statement and should be read together with, the Bidder's Statement lodged with the Australian Securities and Investments Commission (ASIC) on 11 December 2023 (**Bidder's Statement**). This First Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

Unless the context requires otherwise, terms defined in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement. In addition, this First Supplementary Bidder's Statement uses the same headings, subheadings and numbering as used in the Bidder's Statement.

DISCLAIMER AS FORWARD-LOOKING STATEMENTS

Some of the statements appearing in this Supplementary Bidder's Statements may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which operates as well as general economic conditions, prevailing exchange rates, interest rates and conditions in financial markets. Actual events or results may differ materially from events or results expressed or implied in any forward-looking statement.

None of Ankla or any of their respected related bodies corporate, any of the officers of an employees of any of them or any persons named in this Supplementary Bidder's Statement with their consent or involved in the preparation of this Supplementary Bidder's Statement makes any representation or warrant (express or implied) as to the accuracy or likelihood of fulfillment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

The forward-looking statements in this Supplementary Bidder's Statement reflected views held only as the date of this supports Bidders' Statement.

1. Authorization and consents 1.7.2

ASIC takes no responsibility for the content of the Bidder's Statement, as required by s636(1)(e) of the Corporations Act.

2. PUBLICLY AVAILABLE INFORMATION ABOUT ADVANCE ZINCTEK LIMITED (ANO)

ANO is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, ANO is subject to the ASX Listing Rules which require continuous disclosure of information ANO has concerning that a reasonable person would expect to have a material effect in the price or value of its securities. For information concerning the financial position and affairs of ANO, you should refer to information that has been disclosed by ANO in accordance with these obligations.

ASX maintains files containing publicly disclosed information about all listed companies. ANO's file is available for inspection at ASX during normal business hours or online at <https://www.asx.com.au/>.

In addition, ANO is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by ANO may be obtained from, or inspected at an ASIC office.

Further information about ANO (including copies of its financial statements) is available at <https://www.advancezinctek.com/>

In particular we ask you to please read the Investor Presentation dated the 10th of October 2023 and the annual report for ANO for the year ended June 2023, in conjunction with the Supplementary Bidder's Statement and the Bidder's Statement before you make any decision.

To Ankla's knowledge, as of the date of the Supplementary Bidder's Statement dated the 11th of January 2024, all publicly available information is up to date.

3. FUNDING ARRANGEMENTS – 1:3.1

Ankla confirms that it has 22.5 Million in cash to fund the acquisition and the remaining 9.2 Million will be funded through the sale of some shares in the following ASX listed companies:

- YAL.AX
- WHC.AX
- TEL.AX
- SHJ.AX
- S32.AX
- NHC.AX
- IPL.AX
- ELD.AX
- BY2.AX
- APM.AX
- LAU.AX

4.0 RISKS – Section 1.1.8

4.1 RISKS ASSOCIATED WITH ACCEPTING THE OFFER

A) Possibility of future ANO Share price appreciation

- a. Some of the current Board initiatives, as discussed in the investor presentation at the AGM, positively impact earnings.
- b. FDA and/or TGA ban some of the chemical UV filters which would positively impact zinc sales.
- c. Further cost reduction initiatives improve profitability.

B) Taxation Consequences

There may be tax consequences of accepting the Offer and ANO Shareholders should consult with their tax adviser regarding the tax implications of accepting the Offer, given their own particular circumstances.

C) Unknown Risks

Other risks may not be known to ANO and some currently believed to be immaterial may subsequently turn out to be material. One or more of a combination of these risks could materially impact ANO's businesses, its operating and financial performance, the price or value of ANO Shares or the dividends (if any) paid in respect of ANO Shares.

D) No Interest in equity upside

If you accept the Offer, you will lose your interest and exposure in future profits and dividends (if any) association with owning ANO Shares.

4.2 RISKS ASSOCIATED WITH NOT ACCEPTING THE OFFER

A) ANO Share price may fall

- a. current initiatives negatively affect current distributors sales and/or customers sales.
- b. Company fails FDA and/or TGA audit.
- c. Cost reduction initiatives result in decline in sales.
- d. New and existing competitors offer significant discount and/or develop better performing products.

B) Liquidity of ANO Shares

If the Offer is successful, the outcome is likely to be a reduction in the ANO Shares that would typically trade on the ASX. In this situation, there is a risk that there may be a decrease in the liquidity of ANO Shares traded in the ASX which could result if ANO Shareholders having difficulty in selling as quickly as they would otherwise be able if there was greater liquidity.

C) Special Resolution if in excess of 75% ANO Share acquires

If Ankla acquires 75% or more of ANO Shares, it would be able to pass special resolutions of the company (where it is entitled to vote). This would enable Ankla to, amongst other things, change the Company's constitution.

D) Creeping acquisition

If Ankla holds less than 90% of the ANO Shares on issue, under the Corporations Act it will be entitled to acquire up to 3% of the ANO Shares on issue every 6-month period without making an offer to all ANO Shareholders which could result in Ankla gaining the compulsory acquisition rights described above over time.

4.3 SELECTED RISKS ASSOCIATION WITH AN INVESTMENT IN ANO

There are risks which are specific to ANO and other risks which apply to similar investments generally, which may adversely affect the future operating and financial performance of ANO and the price or value of ANO Shares.

A non-exhaustive list of risks that could impact the operating performance and value of ANO Shares in the future include:

- Changes in the competitive environment in which ANO operates;
- The general economic climate (both domestically and internationally) in which ANO operates may experience changes, which may adversely affect the price of ANO Shares and ANO's operating and financial performance. Factors that may influence the general economic climate include, but are not limited to, changes in government policies, taxation, and other laws; the strength of equity and share markets in Australia and throughout the world; changes in investor sentiment toward particular market sectors; movement in, or outlook on, exchange rates, interest rates and inflation rates; industrial disputes in Australia and overseas; financial failure or default by an entity with which ANO may become involved in a contractual relationship; and natural disasters, social upheaval, global pandemics or war; and
- There is no guarantee that dividends will be paid in the future as there is a matter to be determined by the ANO Board in its discretion. The ANO Board's decision will have regard to, among other things, ANO's financial performance and position, relative to its capital expenditure and other liabilities. Moreover, to the extent ANO pays dividends it may not have sufficient franking credits in the future to frank dividends. To extent to which a dividend can be franked will depend on ANO's franking account balance and level of distributable profits. The franking account balance is contingent upon it making Australian taxable profits and will depend on the amount of Australian income tax paid by ANO on those Australian taxable profits. The value and availability of franking credits to an ANO Shareholder will be dependent on the ANO Shareholder's particular tax circumstances.

5. Clarification to 1.4.1 (a) – Consideration for feasible operational enhancements

Changes to target's business

ANKLA and related entities held over 51% of shares in ANO prior to the takeover offer and Lev Mizikovsky, Sole Director of Ankla, is also the Chairman of ANO and is the majority shareholder with currently 57% voting power in ANO.

Consideration for feasible operational enhancements

- A review of all manufacturing opportunities including new additional products as disclosed in the investor presentation on October, 10th 2023
- A review of all significant costs within the business e.g. Electricity, Wages, looking for potential savings

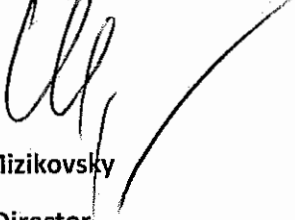
6. UNCONDITIONAL STATUS OF THE OFFER BID CONDITIONS

Ankla Pty Ltd confirms it has sent a notice to ANO that is pursuant to section 650 (f) of the *Corporations Act 2001 (Cth)* the takeover offer which is free from all conditions.

7. AUTHORISATION

This First Supplementary Bidder's Statement is dated the 11th of January 2024 (being the date that the Supplementary Bidder's Statement was lodged with ASIC) and has been approved by Lev Mizikovsky.

Signed for and on behalf of Ankla PTY LTD:



Lev Mizikovsky
Sole Director

Ankla PTY LTD