

# Robert Williamson And Talmage Adams Propose Alternatives To Dilutive Transaction At Zimtu Capital

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TORONTO, Feb. 6, 2023 - Robert Williamson and Talmage Adams ("Concerned Shareholders") report an update to their discussions with management of [Zimtu Capital Corp.](#) ("Zimtu" or "the Company"), listed on the TSX Venture Exchange (TSXV: ZC).

The Concerned Shareholders state: "On January 23, we filed an Early Warning Report and Press Release indicating our intention to engage constructively with management to discuss value-enhancing strategies, including active management of Zimtu's portfolio and shareholder capital returns via accretive share repurchases.

"On January 25, two days later, the Company announced a \$1,000,000 private placement ("the Dilutive Placement") of Units consisting of one Common Share at \$0.07, and one Full Warrant at \$0.09, which management proposes to issue to, among others, "close personal friends and close business associates of directors and officers of the Company".

"We subsequently presented to Zimtu Directors analysis demonstrating that liquid securities held by Zimtu, with aggregate value \$2.6 million, could be disposed in less than 1 month, with minimal market impact, and no adverse change to the Company's business. Proceeds would suffice to fund investments equal to Zimtu's average annual capital investment during the past 5 years, with enough cash remaining to complete a full annual Normal Course Issuer Bid in 2023. Therefore, Zimtu currently has no need to raise equity.

"Management's proposal to issue 14,285,714 Shares plus 14,285,714 Warrants would result in a 109% increase in Zimtu's fully-diluted shares outstanding, at a more than 80% discount to Net Asset Value Per Share ("NAVPS"). Thereby, it would cause an immediate decline of more than 40% in fully-diluted NAVPS, permanently impairing the value of existing shareholders' investment.

"Given Zimtu's lack of need for equity, and the conspicuous timing of this extremely value-destructive transaction, the Dilutive Placement would seem to serve no proper business purpose.

"While we argue against issuing equity, if management is determined to raise it, as an alternative to the Dilutive Placement, we propose the following alternative transaction ("the Offering"):

1. Zimtu offer a maximum of 11,111,111 Units at \$0.09, each consisting of one Common Share and no Warrant.
2. Zimtu extend this offer only to existing shareholders ("Shareholders").
3. Each Shareholder be entitled to subscribe by specifying the number of Units the Shareholder wishes to purchase, up to a maximum of the fraction of 11,111,111 Units equal to the Shareholder's percentage ownership of Common Shares immediately prior to the Offering.
4. Williamson and Adams, with management and BoD, would have to agree to Backstop the Offering. This Backstop would be conditional upon the appointment of Williamson and Adams as two of four Directors of Zimtu. Williamson and Adams have provided Zimtu proof of sufficient funds.

"The Offering would allow each Shareholder to maintain his/her percentage interest in Zimtu. It therefore would be fair to all existing Shareholders, while satisfying management's stated need for capital for "new opportunities". Moreover, since this transaction would be at a 29% premium to the price of the Dilutive Placement, with no Warrants, the Offering would be 60% less dilutive to the share capital of the Company, and 45% less dilutive to the Company's NAVPS. Compared to the Dilutive Placement, the Offering constitutes a superior offer.

"Alternatively, Zimtu may pursue a Rights Offering, which would have similar economic effect, and be fair to all Zimtu Shareholders. Such Rights Offering would be subject to the same conditions as in (4) above."

SOURCE Talmage Adams

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