

20 January 2015



**ZincOx Resources plc**  
("ZincOx" or the "Company")

### **Korean Recycling Plant Update and Appointment of HCF International Advisers Ltd**

ZincOx is pleased to announce considerable progress with the ramp up of its wholly owned Korean Recycling Plant (KRP) and with the pursuit of new projects.

#### **KRP**

Since the plant restarted it has been operating consistently above target. The feed rate is now at approximately 97% of target while maintaining zinc recovery at about 90%, which is 95% of the target. Taken together, this equates to an underlying performance of about 90% of target. As a result 15,200 tonnes of EAFD was processed over the past 30 days, a record for such a period.

The underlying performance of the plant is continuing to improve. As previously reported, during November there was a closure to repair the refractory at and near the offtake of the furnace and to replace the refractory of the drop boxes. As a result electric arc furnace dust (EAFD) throughput amounted to 6,017 tonnes for November resulting in the sale of 1,840 tonnes of zinc-in-concentrate.

In December, another small refractory failure led to feed suspension. The cause was quickly identified and the damage has been fully repaired. EAFD throughput amounted to 10,405 tonnes for December resulting in the sale of 2,337 tonnes of zinc-in-concentrate.

Notwithstanding the lower than expected throughput for December, the KRP generated a positive EBITDA<sup>1</sup> of over US\$185,000.

#### **Performance in 2014**

Revenue for 2014 was over US\$37 million (2013: US\$27.1million); zinc-in-concentrate produced was 28,564 tonnes (2013: 24,577 tonnes) and EAFD processed was 119,124 tonnes (2013: 103,420 tonnes)

#### **New Projects**

KRP is now demonstrating a level of performance in terms of operating costs and process efficiency that enables the Company to consider the development of the next plant. It is planned that this plant will involve a Rotary Hearth Furnace (RHF) as at KRP but will incorporate upgrading facilities for both the zinc concentrate (CML) and iron briquettes (SAF melter) by which these intermediate products will be transformed into zinc oxide of an industrial chemical grade and pig iron. These upgraded products would more than double

the revenue generated per tonne of EAFD. The RHF together with upgrading equipment is known as the “Full Cycle” approach.

Preliminary cashflow analysis for a Full Cycle plant treating 100,000 tonnes of EAFD per annum indicates a pre-finance internal rate of return of approximately 25%. The capital cost for such a project is expected to be in the range US\$105-120 million. Further details of the Full Cycle concept are given in the latest Company presentation on the website [www.zincox.com](http://www.zincox.com) Piloting of the CML and SAF processes will be carried out before a development decision is taken. The SAF piloting would enable its installation at KRP to be evaluated.

ZincOx is, therefore, actively seeking a strategic investor for the development of the next project. To assist in this, the Company has recently appointed HCF International Advisers Ltd (HCF). Dr Rod Beddows, ZincOx Chairman, is a director of HCF.

HCF is a leading independent corporate finance advisory boutique based in London and focused on the global Metals and Mining sector and associated infrastructure. [www.hcfintl.com](http://www.hcfintl.com)

Commenting on progress reported today, Andrew Woollett, ZincOx’s Chief Executive said *“While we were naturally disappointed by the small refractory failure in December, since the restart we have made very good progress with internal combustion in the furnace, having reduced gas consumption and increased the temperature and feed rate with improved plant availability. At the current production rate we are confident of the attractiveness of a new project and so we can begin to look for a suitable partner. In that regards, we look forward to working with HCF in identifying a strategic partner”*

<sup>1</sup> Earnings before interest, tax, depreciation and amortization (adjusted to exclude foreign exchange gains and losses)

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