30 September 2015

ZincOx Resources plc

("ZincOx", the "Company" or the "Group")

Half Yearly Results for the six months ended 30 June 2015

ZincOx Resources plc (AIM Ticker: ZOX), the developer and operator of one of the world's largest zinc recycling plants, is pleased to announce its half yearly results for the six months ended 30 June 2015, a period of increasing production and revenue from its Korean Recycling Plant ("KRP").

Highlights

Korean Recycling Plant (KRP)

- US$2.85 million EBITDA[1] for period
- KRP revenues increased by 28% to US$22.4 million (2014 H1: US$17.5 million)
- Improved operational performance
- Recovery over 90% of target
- Non-Korean EAFD supply secured
- Heat exchangers on schedule for October removal
- Development Loan rescheduled, interest reduced

Other

- Vietnamese project approved by government
- Zinc oxide suitability for major markets confirmed
- Group overhead expenses reduced

Post Period End

- Placing and Open Offer raises £2.8m (US$4.4m) net of expenses
- Sale of Big River Zinc's assets
- Repayment date for Loan Notes extended by 12 months
- Importation permission obtained and collection of non-Korean EAFD commenced

Commenting on the half yearly results, Dr Rod Beddows, Chairman, said
"The huge improvement in consistency and performance at KRP has turned around the profitability of the operation, and the importation of feed and removal of the heat exchangers will enable us to realise the full potential of this flagship plant"

[1] *Earnings before interest, tax, depreciation and amortisation (in accordance with the revenue recognition policy of the Company and adjusted to exclude foreign exchange gains and losses)*

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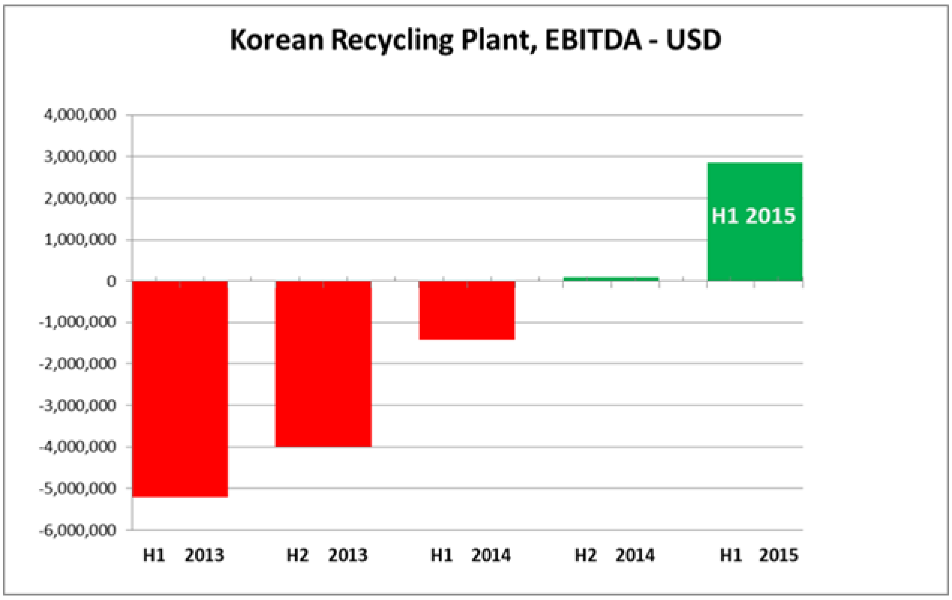
Chief Executive's Review

Korean Recycling Plant (KRP)

The first half of 2015 has been a turnaround period for the Korean Recycling Plant, KRP. Improving operational performance and running time has resulted in a positive EBITDA of almost US$3 million for the operation for the first six months of the year which compares to a positive EBITDA of US$100,000 for the previous half year and an EBITDA loss of US$1.4 million for the first half of 2014.



The performance of the process at KRP is being steadily improved so that zinc recovery and throughput are increasing and even at high throughputs recovery is close to the 95% target. Additional process optimisation to further improve recovery is planned over the coming months.

As previously announced, due to mill closures and reduced steel production, as well as growth in competitive pressures in Korea, KRP's daily throughput has been constrained since the spring by a shortfall in the raw material feed, Electric Arc Furnace Dust ("EAFD"). Notwithstanding the feed supply constraint, the plant achieved 89% of target throughput in August and a similar tonnage is expected to be treated in September. Unfortunately this strong operational performance is not reflected in the EBITDA due to the fall in the zinc price. Throughput in June and July was compromised by a planned plant closure for the maintenance of the heat exchangers that lasted for 17 days and straddled both months.

During remediation periods, however, a stockpile of EAFD can be built up, which has been used to run the plant at its full nominal capacity for restricted periods. We are, therefore, increasingly confident that the plant can operate at full nameplate capacity of 200,000 tonnes per annum on an annual basis.

	June	**July**	**August**
• EAFD throughput, tonnes (target 17,600):	10,501	9,199	15,860
• Zinc recovery (target 95%):	94%	89%	90%
• Zinc in concentrate produced, tonnes:	3,128	2,047	3,472
• Average monthly LME Zinc price, US$/tonne:	2,087	2,001	1,809
• EBITDA for KRP, US$:	344,233	(97,171)	178,288

As a result of competitors' operations there is no further EAFD available in Korea and in order to fill the plant, management has negotiated overseas supply contracts. Since EAFD contains lead and cadmium it is classified as a hazardous waste. In order to prevent the improper disposal of hazardous waste in less developed countries with lax environmental protection, its cross-border transport is governed by international law under the Basel Convention. This enables EAFD to be transported internationally provided there has been bilateral agreement by the authorities in both the exporting and importing countries. This agreement has taken longer than anticipated, but the Korean government has now granted ZincOx formal permission to import up to 48,000 tonnes per year of EAFD. As a result, the collection of EAFD from outside Korea commenced on 28 September, with the first deliveries expected to reach KRP during October.

The other constraint on reaching full annual throughput is the quarterly stoppages required to maintain the primary heat exchangers. This has been costly both in lost production and repair work. In order to avoid such stoppages, modifications to the plant have been designed, that will enable the heat exchangers to be removed entirely. The modifications will require a three week closure of the plant which is scheduled to commence in the second half of October this year. Once this work is completed, the plant should be able to run continuously with only a single three week annual maintenance closure.

Well before the stockpile of EAFD, created during the remediation in October, is exhausted, imports will have grown to a point that full production can be maintained.

The removal of the heat exchangers is expected to cause an increase in the energy required to be used in the plant. This can be offset by the installation of a new, more efficient, briquette feeding system and by using additional coal in the process, the energy from which will reduce the overall gas requirement, leading to reduced operating costs thereby increasing the EBITDA of KRP. The additional coal will require specialist safety equipment that has a longer manufacturing lead time than originally anticipated and which will not be ready for installation until early 2016. However, it will be installed without disrupting production.

New Projects

As previously stated, new projects based on Rotary Hearth technology will be hugely enhanced by the upgrading of the zinc concentrate. Upgrading of iron would also be possible but would not currently be attractive given the prevailing low price for scrap and iron raw materials. Design work for the next project is underway and while this will include a provision in the layout for an iron melter, its development is foreseen in a second construction phase to be undertaken when iron and steel markets have sufficiently recovered.

The zinc concentrate produced by the rotary hearth furnace can be upgraded to an industrial chemical quality with a zinc oxide purity of 99.7%, suitable for most industrial applications and approximately doubling the value of the contained zinc units. In order to confirm that this zinc oxide can be used as an industrial raw material, testwork has been carried out at internationally recognised laboratories that qualify material for two of the largest end markets, ceramics and rubber. In both cases these laboratories confirmed the suitability of ZincOx's zinc oxide.

In order to further demonstrate the suitability of the upgraded concentrate, commercial scale samples will be provided to potential customers. These samples will be generated in a pilot operation that is scheduled for December this year.

The Company is focusing on Thailand or Vietnam for the next plant. The plans for Vietnam became considerably more advanced when, in August this year, the project obtained the approval of the Provincial Government and which was announced as part of David Cameron's visit to the country.

There is a concentration of scrap recycling mills in an industrial estate to the south east of Ho Chi Minh City and land has been offered to the Company in the same area. Labour, transport, gas and electricity are all less expensive than in Korea. Vietnam is a major producer of natural rubber with a thriving rubber products industry that is a major consumer and importer of zinc oxide. There would, therefore, be a strong domestic market for zinc oxide produced at a Vietnamese Recycling Plant. The Company is continuing its search for strategic investors to participate in the development of this plant.

As our attention focuses more on new projects in the Far East, our other potential projects have been reviewed, and this led to the sale of Big River Zinc's assets in July 2015. We have also decided to dispose of our land in Turkey, but an early sale was thwarted by the uncertainty created by the inconclusive national election result in June 2015, with a new election scheduled for 1 November 2015. As a consequence, the Loan Notes secured against this land were extended for a further year.

Financial Review

Group Results

The Group improved revenues by US$4.9 million for the six month period, an increase of 27% from the comparative six month period to June 2014. This helped the Group turn around an EBITDA loss of US$3.9 million for the first half of 2014 into an EBITDA gain of US$0.8 million for the first half of 2015.

This significant improvement in the Group result is largely due to the improved performance at KRP, both in terms of throughput but also in terms of operational performance. This has resulted in a positive EBITDA at KRP of US$2.85 million for the first six months of the year, building on the US$0.1 million positive EBITDA from the second half of last year.

Despite a foreign exchange loss for the Group of US$1.2 million (H1 2014: gain of US$2.1 million), the Group was still able to report a slightly reduced net loss attributable to shareholders of US$6.2 million (H1 2014: US$7.6 million) for the first half of the year. The foreign exchange loss is due mainly to the US Dollar appreciating against the Korean Won, and the impact that has on third party loans in the Korean subsidiary. The exchange rate moved from KRW/USD 1,090.99 to KRW/USD 1,116.94 for the six months to June 2015 (KRW/USD 1,051.08 to KRW/USD 1,013.17 for the comparative period to June 2014).

The Group hopes to build upon these operational improvements in the second half of 2015 with further optimisation of KRP, but this is threatened by the recent fall in the zinc price. The average LME zinc price for the first half of 2015 was US$2,133 per tonne compared to a current LME closing price as at 29 September of US$1,632 per tonne.

Liquidity and Funding

Towards the end of 2014 it became apparent that it would be unlikely for KRP to have generated sufficient cash to meet its debt obligations to Korea Zinc. As a consequence, following detailed due diligence, Korea Zinc agreed to reschedule the debt in consideration of a two year extension to the existing zinc concentrate offtake agreement. Under the new repayment plan, certain accrued interest was rolled into the Development Loan, which now stands at US$19.4 million but attracts a reduced interest rate of 9.5% and which is scheduled for repayment in six equal instalments commencing in February 2016.

Liquidity was further improved in July 2015 with the successful negotiation of a twelve month extension to the £4.2 million Loan Notes with a revised redemption date in August 2016.

In July 2015, additional equity was raised by the Company to enable the modifications to be carried out at KRP and to begin to work on the next recycling project. The funding was undertaken as a private placing followed by an open offer to all shareholders and this raised US$4.4 million, net of expenses.

Going Concern

Fundamental changes are working their way through China's economic system. These are having a dramatic effect on commodity prices. The reduction in debt available to the steel sector is leading it to reduce inventory levels of raw materials, thus reducing purchases more than any decline in production would indicate. The directors believe there will need to be an increase in purchases to refill the supply chain in the near future and that these dynamics are affecting the zinc market. Over the past two months LME stocks have risen steeply, which is believed to be due to the consequential sales by financial investors and traders, rather than any change to the underlying trend of diminishing stocks resulting from the mine supply lagging behind industrial consumption. There has been a major impact on the zinc price, which is now trading at five year lows of US$1,632 per tonne. Since July, the LME zinc price has averaged US$1,764 per tonne compared with an average LME zinc price of US$2,138 per tonne, over the first seven months of 2015. The directors believe, therefore, that the current weak zinc price is a short-term anomaly and that the zinc market deficit expected by analysts and forecasters will support the recovery of prices in the near term.

The directors have reviewed the future forecasts and funding requirements of the Group, based on the expected efficiency of KRP and the projected zinc price, as well as other key performance indicators. Taking these factors into consideration, the directors continue to adopt the going concern basis in preparing these financial statements. If these assumptions prove incorrect, and in particular, if there is no material recovery in the zinc price, then the Company may need to review its financing options including raising further capital.

However, the existence of material uncertainties may cast significant doubt over the Group's ability to continue as a going concern and, therefore, as a result, it may be unable to realise its assets and discharge its liabilities in the normal course of business. If this were the case, the presentation of the Group financial statements on the going concern basis would be inappropriate and the Group financial statements would need to be represented on a break-up basis.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group have not changed from those disclosed in the Annual Report 2014.

Outlook

The key focus of the Group remains the optimisation of KRP so that the cashflow from it will be able to repay the loans when they fall due and to provide a cashflow to the Group.

Andrew Woollett
Chief Executive

30 September 2015

Forward Looking Statements

The Operations Review contains discussion of future operations and financial performance by use of various forward looking words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and terms of similar substance. These forward looking statements are based on management's current expectations and beliefs about future events but as with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances which could cause the Group's actual activities and results to differ materially from those contained in the forward looking statements.

ZincOx Resources plc
Consolidated Interim Income Statement
for the period ended 30 June 2015

	Notes	6 months to 30 Jun 2015 unaudited $'000	6 months to 30 Jun 2014 unaudited $'000	Year ended 31 Dec 2014 audited $'000
Revenue		22,689	17,775	38,151
Cost of sales		(21,796)	(21,100)	(43,413)
Gross profit/(loss)		893	(3,325)	(5,262)
Administrative expenses (net of gains and impairments)	4	(4,445)	(1,685)	(22,648)
Operating Loss		**(3,552)**	**(5,010)**	**(27,910)**
Underlying EBITDA Gain/(Loss)		**811**	**(3,948)**	**(5,975)**
Other gains		154	765	1,119
Impairment provisions		-	-	(13,970)
Foreign exchange (loss)/gain		(1,235)	2,070	(1,257)
Depreciation and amortisation		(3,282)	(3,897)	(7,827)
Operating Loss		**(3,552)**	**(5,010)**	**(27,910)**
Finance income		2	1	3
Finance costs		(2,611)	(2,546)	(5,322)
Loss before tax		**(6,161)**	**(7,555)**	**(33,229)**
Taxation		(38)	-	-
Net Loss		**(6,199)**	**(7,555)**	**(33,229)**
Basic and diluted loss per ordinary share (cents)	5	(3.73)	(5.09)	(21.11)
Adjusted loss per ordinary share (cents) *	5	(3.73)	(5.09)	(12.24)

* *adjusted loss per ordinary share calculation excludes impairment provisions*

ZincOx Resources plc
Consolidated Interim Statement of Comprehensive Income
for the period ended 30 June 2015

	6 months to 30 Jun 2015 unaudited	6 months to 30 Jun 2014 unaudited	Year ended 31 Dec 2014 audited
	$'000	$'000	$'000
Loss for the period	**(6,199)**	**(7,555)**	**(33,229)**
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations	(1,465)	2,345	(3,068)
Total comprehensive income for the period	**(7,664)**	**(5,210)**	**(36,297)**

ZincOx Resources plc
Consolidated Interim Balance Sheet
at 30 June 2015

	as at 30 Jun 2015 unaudited	as at 30 Jun 2014 unaudited	as at 31 Dec 2014 audited
	$'000	**$'000**	**$'000**
Assets			
Non-Current Assets			
Intangible assets	8,837	16,983	8,615
Property, plant and equipment	110,552	136,380	115,681
Investments	101	109	100
Trade and Other receivables	-	11	10
	119,490	153,483	124,406
Current Assets			
Inventories	1,894	1,822	1,651
Trade and other receivables	5,033	5,557	4,405
Restricted cash	1,398	1,457	1,476
Cash and cash equivalents	1,159	3,303	1,195
	9,484	12,139	8,727
Assets held for sale	2,540	843	3,107
Total Assets	**131,514**	**166,465**	**136,240**
Liabilities			
Current Liabilities			
Trade and other payables	(14,728)	(14,428)	(14,368)
Loans and borrowings	(6,357)	(4,487)	(12,238)
	(21,085)	(18,915)	(26,606)
Non-Current Liabilities			
Trade and other payables	(5,074)	(4,242)	(4,598)
Loans and borrowings	(60,540)	(59,909)	(52,739)
	(65,614)	(64,151)	(57,337)
Total Liabilities	**(86,699)**	**(83,066)**	**(83,943)**
Net Assets	**44,815**	**83,399**	**52,297**
Equity			
Share capital	46,310	46,310	46,310
Share premium	181,371	181,371	181,371
Retained losses	(159,508)	(127,802)	(153,491)
Foreign currency reserve	(23,358)	(16,480)	(21,893)
Total Equity	**44,815**	**83,399**	**52,297**

ZincOx Resources plc
Consolidated Interim Cash Flow Statement
for the period ended 30 June 2015

	6 months to 30 Jun 2015 unaudited	6 months to 30 Jun 2014 unaudited	Year ended 31 Dec 2014 audited
	$'000	$'000	$'000
Loss before taxation	**(6,161)**	**(7,555)**	**(33,229)**
Adjustments for:			
Depreciation and amortisation	3,282	3,897	7,827
Interest received	(2)	(1)	(3)
Interest expense	2,611	2,546	5,322
Impairment of intangible assets	-	-	7,503
Impairment of property, plant and equipment	-	-	6,467
Share based payments	182	345	330
Increase in trade and other payables	1,124	822	2,130
Increase in trade and other receivables	(618)	(2,028)	(875)
Increase in inventories	(243)	(419)	(248)
Foreign exchange losses/(gains)	1,235	(2,070)	1,257
Other gains	(154)	(765)	(1,119)
Cash generated/(utilised) in operations	**1,256**	**(5,228)**	**(4,638)**
Interest paid	(1,325)	(1,652)	(2,571)
Taxation	(1)	-	-
Net cash flow from operating activities	**(70)**	**(6,880)**	**(7,209)**
Investing activities			
Net proceeds from disposal of assets	387	1,424	1,895
Net proceeds from disposal of scrapped assets	3	10	10
Purchase of intangible assets	(333)	(268)	(596)
Purchase of property, plant and equipment	(662)	(1,446)	(2,639)
Interest received	2	1	3
Net cash used in investing activities	**(603)**	**(279)**	**(1,327)**
Financing activities			
Proceeds from borrowings	572	1,507	1,270
Restriction of cash	-	(790)	(809)
Release of restricted cash	78	-	-
Net proceeds from issue of ordinary shares	-	4,942	4,942
Net cash received from financing activities	**650**	**5,659**	**5,403**
Net decrease in cash and cash equivalents	**(23)**	**(1,500)**	**(3,133)**
Cash and cash equivalents at start of period	1,195	4,752	4,752
Exchange differences on cash and cash equivalents	(13)	51	(424)
Cash and cash equivalents at end of period	**1,159**	**3,303**	**1,195**

ZincOx Resources plc
Consolidated Statement of Changes in Shareholders' Equity
at 30 June 2015

	Share capital $'000s	Share premium $'000s	FX reserve $'000s	Retained losses $'000s	Total equity $'000s
Balance at 1 January 2014	**45,795**	**176,944**	**(18,825)**	**(120,592)**	**83,322**
Share based payments	-	-	-	345	345
Issue of share capital	515	4,427	-	-	4,942
Transactions with owners	**515**	**4,427**	**-**	**345**	**5,287**
Loss for the period	-	-	-	(7,555)	(7,555)
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	2,345	-	2,345
Total comprehensive income for the period	**-**	**-**	**2,345**	**(7,555)**	**(5,210)**
Balance at 30 June 2014– unaudited	**46,310**	**181,371**	**(16,480)**	**(127,802)**	**83,399**
Share based payment credits	-	-	-	(15)	(15)
Transactions with owners	**-**	**-**	**-**	**(15)**	**(15)**
Loss for the period	-	-	-	(25,674)	(25,674)
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	(5,413)	-	(5,413)
Total comprehensive income for the period	**-**	**-**	**(5,413)**	**(25,674)**	**(31,087)**
Balance at 31 December 2014 – audited	**46,310**	**181,371**	**(21,893)**	**(153,491)**	**52,297**
Share based payments	-	-	-	182	182
Transactions with owners	**-**	**-**	**-**	**182**	**182**
Loss for the period	-	-	-	(6,199)	(6,199)
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	(1,465)	-	(1,465)
Total comprehensive income for the period	**-**	**-**	**(1,465)**	**(6,199)**	**(7,664)**
Balance at 30 June 2015 – unaudited	**46,310**	**181,371**	**(23,358)**	**(159,508)**	**44,815**

Notes to the Consolidated Financial Interim Statements

1. Basis of Preparation

These interim condensed consolidated financial statements are the unaudited Consolidated Financial Statements of ZincOx Resources plc, for the six months ended 30 June 2015. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the Companies Act 2006, applicable to companies reporting under IFRS. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

These interim financial statements were approved by the Board on 29 September 2015. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2014, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

These financial statements have been prepared under the historical cost convention and the consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies.

The financial information for the six months ended 30 June 2015 and 30 June 2014 is unaudited.

2. Significant Accounting Policies

The accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied by the Group in the preparation of its Annual Report for the year ended 31 December 2014.

3. Critical Accounting Estimates and Judgements

The Group performs an annual assessment of the recoverability of assets to see whether any of the projects have suffered impairment. This assessment is only done at the end of each year unless there are indicators of impairment apparent in the period.

4. Administrative Expenses (net of gains and impairments)

	6 months to 30 Jun 2015 unaudited	**6 months to 30 Jun 2014 unaudited**	**Year ended 31 Dec 2014 audited**
	$'000	**$'000**	**$'000**
Administrative costs (excl. depreciation/amortisation)	(3,330)	(3,873)	(7,262)
Other gains	154	765	1,119
Impairment provisions	-	-	(13,970)
Foreign exchange (loss)/gain	(1,235)	2,070	(1,257)
Depreciation and amortisation	(34)	(647)	(1,278)
	(4,445)	**(1,685)**	**(22,648)**

5. Loss per Share

The calculation of basic and diluted loss per ordinary share is based on the loss attributable to ordinary shareholders of US$6,199k (period to 30 June 2014: US$7,555k, year to 31 December 2014: US$33,229k) divided by the weighted average number of shares in issue during the period of 166,305,778 (period to 30 June 2014: 148,324,222, year to 31 December 2014: 157,388,897).

An adjusted loss per ordinary share for the year ended 31 December 2014 has been presented to exclude the impairment provisions made in the year of US$13,970k. It has been calculated based on an adjusted loss attributable to ordinary shareholders of US$19,259k.

There is no dilutive effect of the share options in issue.

6. Post Balance Sheet Events

In July 2015, the Company sold the land, plant and equipment owned by its wholly owned subsidiary Big River Zinc Corporation for US$750,000.

In July and August 2015, the Company raised US$4.4 million (£2.8 million), net of expenses, by way of a conditional Placing and Open Offer.

In July 2015, the Company announced that the redemption of Loan Notes, totalling £4.2 million and issued in August 2013, had been extended by twelve months to 20 August 2016. The share warrants were re-priced to 25 pence and following the Placing and Open Offer, and in line with the terms of the original warrant instrument, the number increased to 17,345,498 as compensation for the additional shares issued since the Loan Notes were granted.

7. Further copies of this statement

Copies of this statement are available for download from the Company's website at www.zincox.com or on request from the Company Secretary, ZincOx Resources plc, Knightway House, Park Street, Bagshot, Surrey, GU19 5AQ, United Kingdom.