



29 April 2016

**ZincOx Resources plc**  
(“ZincOx” or the “Company”)

**Completion of the transfer of 90% of the Korean Recycling Plant  
to Korea Zinc: Business Up-date**

Further to the announcement on 29 December 2015, the Company announces that it has now completed the transfer of 90 per cent of the shares of ZincOx (Korea) Limited (“ZincOx Korea”), owner of the Korean Recycling Plant (“KRP”), to Korea Zinc Co Ltd (“Korea Zinc”).

**KRP Transfer**

Following the announcement in December, the legal process for the transfer in Korea has now been completed with Korea Zinc having been issued new shares in ZincOx Korea through conversion of the outstanding loans into equity, such that Korea Zinc now owns 90 per cent of ZincOx Korea, which in turn owns 100 per cent of KRP. The Company now holds a 10 per cent interest in ZincOx Korea and through this, therefore, an indirect 10 per cent interest in KRP.

Since the December announcement, ZincOx has continued to assist with the operation, as required, so as to enable a smooth transition into management by Korea Zinc. Korea Zinc has provided financial support through this transition period with a loan to KRP amounting to US\$5.4 million. There is no recourse to the Company in respect of this loan to ZincOx Korea.

The Directors believe the US\$5.4 million loan required during the transition period is likely to be capitalised, which would have the effect of reducing the Company’s interest in ZincOx Korea and KRP from 10 per cent to approximately 9.2 per cent.

ZincOx Korea’s share structure has been reorganised so that 90 per cent of the shares will be valued at US\$57.1 million giving an imputed value to ZincOx Korea of US\$63.4 million of which ZincOx holds 10 per cent. In addition, apart from the loan of US\$5.4 million referred to above there is no further debt in ZincOx Korea.

The zinc price has improved significantly since the low point of US\$1,461 per tonne in December 2015, to an average price of US\$1,840 per tonne to date in April 2016. Following the installation of the coal injection, expected at the end of April 2016, at the current zinc price (US\$1,880 per tonne) and subject to certain other assumptions, the operation should generate a positive monthly EBITDA.

**Business Up-date**

The Company is continuing its discussions with potential strategic and project specific partners for the development of new recycling projects.

Following the transfer of 90 per cent of the shares in ZincOx Korea, in addition to its residual 10 per cent shareholding in ZincOx Korea and its valuable proprietary technology “know-how”, ZincOx also has net cash of approximately £360,000. All the directors have taken pay cuts while a new project for the Company is identified. The Company estimates that this should provide operating cash for up to a further 12 months on a significantly reduced overhead basis.

## **Share Trading**

As previously announced in December 2015, following completion of the transfer, under Rule 15 of the AIM Rules for Companies (“AIM Rules”), the Company must carry out a reverse takeover within six months of the date of transfer, being 28 October 2016. In the event that the Company does not find a major project to replace KRP within six months, its shares will be suspended on AIM. If the shares remain suspended on AIM for a further six months, under Rule 41 of the AIM Rules, the admission of the shares to AIM will be cancelled. The Company may thereafter consider re-applying to have its shares admitted to trading on AIM, however it is unlikely to follow this course unless it has identified a suitable major project. It should be pointed out that there is no certainty that the Company will be able to secure a major project in the foreseeable future.

In order to maintain a trading platform for the shares of the Company so that shareholders are able to trade the shares, without interruption, the Company plans to adopt a dual listing on the ICAP Securities & Derivatives Exchange (ISDX) where a high proportion of the Company’s shares are already traded on a daily basis.

Commenting on the announcement, Rod Beddows the Chairman of the Company said “The recent bounce in the zinc price has rekindled interest in zinc, the fundamental supply and demand balance of which remains encouraging, as evidenced by declining stocks. The management are working extremely hard to find a way forward for the Company with several avenues being investigated and I look forward to updating shareholders in due course”

All defined terms in this announcement shall have the meanings ascribed to them in the announcements of 30 November 2015 and 29 December 2015.

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