12 May 2016

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

Final Results for the year ended 31 December 2015 &
Restructuring of Loan Notes

ZincOx Resources plc (AIM:ZOX), developer of the Korean Recycling Plant (KRP), one of the largest electric arc furnace dust recycling facilities in the world, today announces its results for the year ended 31 December 2015 and restructuring of its corporate Loan Notes.

Highlights

2015

- Funds raised to remove heat exchangers, removal improves reliability and performance
- EAFD imported into Korea
- KRP restructuring at 30 December 2015
    - Korea Zinc Company Ltd Offtake and Development Loans converted into equity
    - Cancellation of the guarantee given by the Company in respect of the loans to KRP
    - Company reduced to 10% interest in KRP

Post Year End

- Corporate Loan Notes restructured and extended to January 2018
- Recycling project approved by Vietnamese government
- Zinc price recovers to US$1,942 (29 April 2016) per tonne from a low of US$1,461 in December 2015
- Group overheads substantially cut back
- Legal completion of transfer of 90% of shares in KRP to Korea Zinc Company Ltd

Commenting on the announcement Dr Rod Beddows, ZincOx's Chairman said:

"2015 was an extremely challenging and frustrating year for the Company. However, having proven the technology at KRP, we are now moving forward to find and assess new projects where the technical intellectual property developed by the Company can be used in the future".

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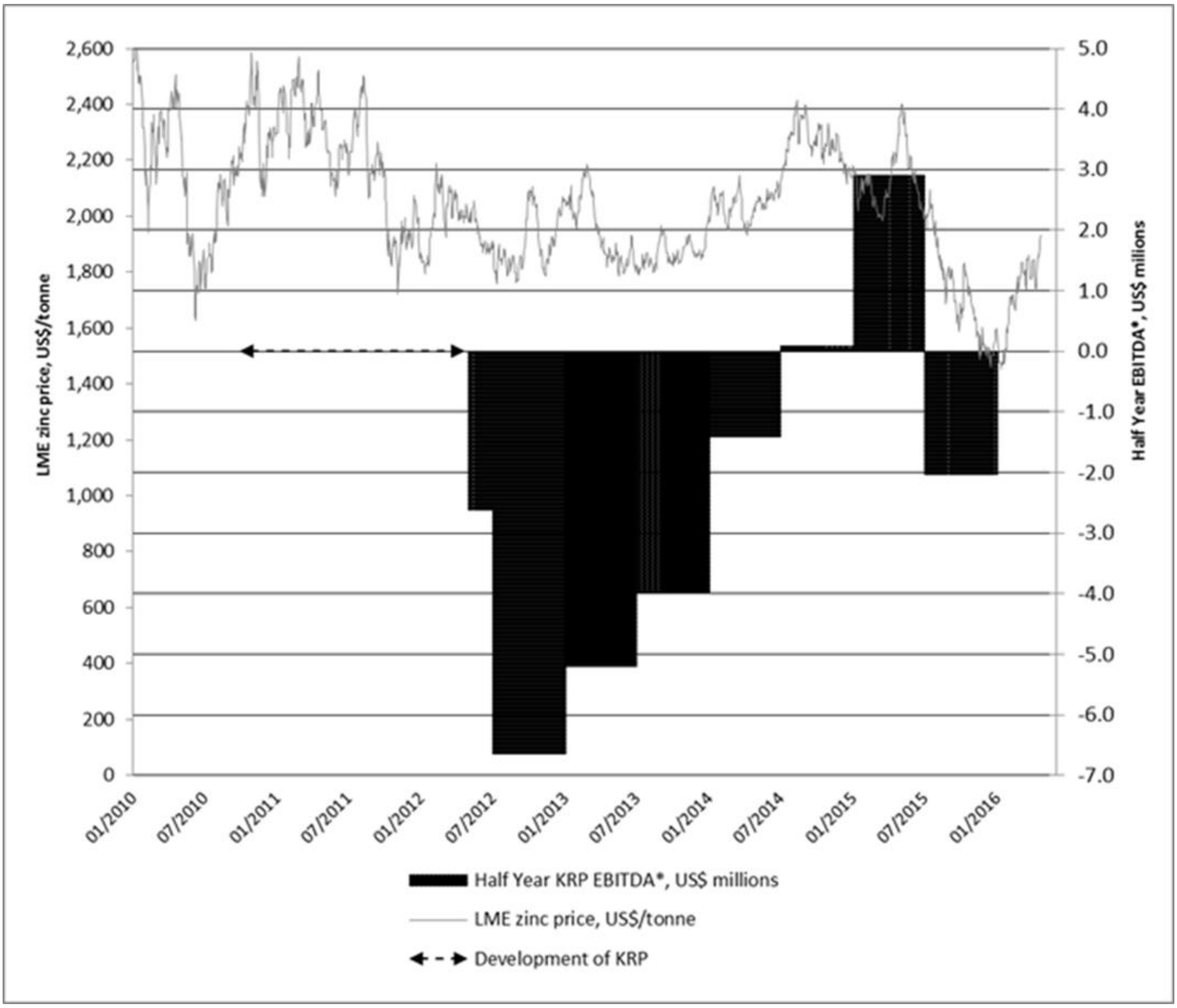
Chairman's Statement

2015 was an extremely difficult and frustrating year for the Company. Notwithstanding successful modifications to the Korea Recycling Plant ("KRP"), the commodity price crash in the second half of the year led to continuous losses for the Group as a whole which, in the absence of additional funding, has led to a major restructuring of our ownership of the KRP asset, the result being that our interest was effectively reduced to 10% at 31 December 2015. Your management team is now working extremely hard to find a new project around which the Company can effectively be re-launched and a number of opportunities are under consideration.

While the stocks of many commodities have been rising, indicating a supply-demand imbalance, this is not the case for zinc, where one sees a steady decline in LME zinc stocks reported on most days. Hence reduced demand has been more than offset by a reduction in output due to the exhaustion of some of the world's largest mines. The outlook for zinc, therefore, remains positive. Notwithstanding these fundamentals, in the latter half of 2015, the general market sentiment for commodities was so poor that the price of zinc was dragged down and from September through December 2015, the price averaged only US$1,639 per tonne as opposed to an average of US$2,077 per tonne for the previous five years. The fall in the price of zinc had a catastrophic impact on the Company's cash flow in Korea leading to the Company suffering heavy monthly losses.

The zinc price began to pick up in early 2016 and during April 2016 it averaged over US$1,850 per tonne, although day to day prices remain volatile. It is extremely unfortunate that having finally resolved the technical issues at KRP we were faced with the lowest price of zinc as can be seen from the graph below and the poorest sentiment towards commodities for over five years so that insufficient shareholders were willing to commit further support for the Company.

This graph below shows in detail the extent of the zinc price fall during the second half of 2015. In early 2016, although the zinc price remains very volatile, the market sentiment for zinc is more positive with the zinc price having increased significantly from the low point last year. The underlying EBITDA* at KRP for each of the half years since the operation started to trade in 2012 had been improving up until the second half of 2015, as can be seen from the chart below, which shows the half yearly underlying EBITDA profile against the zinc prices over the period. The first half of 2015 generated a positive underlying EBITDA of US$2.9 million which was offset in the second half of the year by an underlying EBITDA loss so that KRP operation had a cumulative underlying EBITDA profit of US$863k in the year.



Following the loss of control and restructuring of KRP, the carrying value of the Company's investment in KRP has been reduced to US$6.4 million resulting in a one off loss of US$36.7 million which is reflected in the total net loss figure for the Group of US$47.0 million.

As announced in the press release on 29 December 2015, under the recently revised AIM Rule 15, the restructuring of our interest in KRP completed on 29 April 2016 is "deemed to be a disposal resulting in a fundamental change of business" and the Company would need to carry out an acquisition which constitutes a reverse takeover within six months of the date of completion of the restructuring being 28 October 2016 otherwise the shares of the Company will be suspended from AIM. It is our aim to have a substantial new project in place within six months so that it can form the basis of either maintaining the quotation of the Company's shares on AIM or a re-application to AIM. A substantial amount of the current trading in ZincOx's share is already carried out on ISDX, as it is the preferred exchange for many market makers. It is our intention to seek a dual listing on the ISDX market so that in the event that there was a period while the quote for our shares was suspended on AIM, shareholders could continue to trade our shares on the ISDX market. The ISDX is a relatively new independent market which has attracted several high growth junior companies with the largest company having a market capitalisation approaching £1 billion.

The fall in the zinc price has obviously had a dramatic impact on the Company's business. However, the management team are determined to try to rebuild value for shareholders and, during this time, have agreed to take a very significant pay cut. I am concerned that we need to maintain as much incentive as possible for management and at the same time align, as strongly as possible, their interests to those of the shareholders and given the current financial position of the Company, there are few options open to us. We have used share options to incentivise management in the past and have a policy allowing them to hold 10% of issued shares under option. However, the exercise price for these is so far from the current share price that they no longer provide a meaningful incentive for management, all of whom have agreed to substantially reduced remuneration packages. We will, therefore, cancel all outstanding share options with a view to reissuing them in due course following this announcement. With good fundamentals supporting the zinc price, a now proven technical process for EAF dust recycling, considerable in-house technical expertise and your strong and dedicated management team I believe there is a good chance that we can identify a new project around which we can rebuild the Company.

It has been an extremely difficult period for you, our shareholders, all our staff, your management team and the Board. I would like to take this opportunity to thank our staff and management for their efforts and to reassure shareholders that every possible effort was made to maintain the Company's interest in KRP, and as we move forward no less effort is being made to find a new project and create value for you all.

Finally I would like to thank our loyal shareholders for their support over the past year, especially during the fundraising last Summer.

Dr Rod Beddows
Chairman

11 May 2016

**KRP 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)*

Chief Executive's Review

Since first production in April 2012, the profitability of KRP has been compromised by the frequent stoppages required to repair the heat exchangers. In the first half of 2015, we redesigned the gas handling system in a way that enabled the heat exchangers to be removed with relatively little additional capital. The heat exchangers were designed to pre-heat the furnace's combustion air thereby reducing gas consumption, so that their removal led to higher gas usage and increased operating costs. However, during the first half of the year we completed trials that demonstrated that about 40% of the total gas could be replaced by injecting pulverised coal. As the cost of energy in the form of coal is about quarter of that which it is for gas this would lead to a significant operating cost saving which would more than compensate for the additional energy required by the absence of the primary heat exchangers.

In July 2015, under extremely difficult conditions and against a backdrop of continuing losses, the Company raised GBP 2.9 million (net of expenses) to carry out the modifications and provide a modest budget for the pursuit of new projects.

The modifications to the plant were completed by the end of November and the plant successfully restarted. The installation of the coal injection was postponed pending additional vendor quotations.

Unfortunately, soon after the funds had been raised, the price of all commodities collapsed. This was a result of the fears of a Chinese slowdown compounded by the concerns that Glencore, one of the world's largest resource companies, might face insurmountable debt obligations, something which has proved not to be the case.

In the Autumn, as the zinc price collapsed, it became increasingly obvious that the Company would not be in a position to meet its debt repayment obligations to Korea Zinc in that it required a tranche of principal repayment at the end of January 2016. We entered into discussions with our debt provider, Korea Zinc, and it agreed to postpone capital repayments and interest by one year, provided the Company could raise sufficient new equity to see it through 2016, and consequently the loan renegotiation was conditional on a US$5 million capital increase into ZincOx Korea. Korea Zinc, the loans of which were fully guaranteed by both KRP and ZincOx Resources plc, also offered to restructure the ownership of the project, essentially converting their debt to equity on a formula that would leave ZincOx with a 10% interest in a KRP, and no debt owing to Korea Zinc.

In spite of your management's determined efforts to raise the necessary new equity from new investors and existing shareholders, the history of underperformance at KRP and weak market sentiment for commodities prevented the necessary funds being raised which led to the ownership in KRP being restructured along the lines proposed by Korea Zinc. Since the end of the year KRP has continued to suffer losses and Korea Zinc has undertaken further modifications and other expenses, so that it has loaned US$5.4 million to KRP. Korea Zinc notified the Company that the restructuring was legally completed on 29 April 2016 and we understand that it is the intention of Korea Zinc to convert these additional funds into equity, so that ZincOx's interest in KRP will be reduced to about 9.2%.

On 11 May 2016, the repayment date on the £4.2 million corporate Loan Notes, which ZincOx issued in 2013, was extended from July 2016 to January 2018 (the "Transaction"). These corporate Loan Notes are also secured against a plot of land for heavy industrial use in Turkey which had originally been earmarked for the development of a new Electric Arc Furnace Dust (EAFD) treatment plant. The land was put up for sale at the start of last year, however the political uncertainty in Turkey over the past twelve months has discouraged new investment and the plot has not yet been sold. Efforts to sell the plot are ongoing but in the event that it is not sold or the receipt from its sale are inadequate to cover the cost of its repayment then ZincOx's interest in KRP will be used to further secure the position of Noteholders. The Company plans to sell the land over the next few months. Should there be any shortfall on the Loan Notes following the sale of the land in Turkey, then corporate Noteholders remain fully guaranteed by the Company, however, there is no certainty that the Company will have sufficient assets to satisfy any shortfall. Further details of the amendments to the Loan Notes are set our below including details in relation to the warrants attached to them. The Noteholders include two directors of the Company, Andrew Woollett and Gautam Dalal ("Lending Directors"), who hold £877,500 and £450,000 of the Notes respectively. Due to the involvement of the Lending Directors, the Transaction constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The Independent Directors (the directors of the Company excluding the Lending Directors), having consulted with Peel Hunt, the Company's Nominated Adviser, consider that the terms of the transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

We now look forward to relaunching the Company using its broad and deep experience of zinc recovery processes. In the meantime, however, in order to give management time to find a suitable project, the overheads of the Company have been reduced to an absolute minimum, the Belgian office has been closed and most of the staff made redundant with executive directors on a greatly reduced salary and non-executive directors foregoing any salary.

We believe the Rotary Hearth Furnace is an attractive technology for treating Electric Arc Furnace Dust ("EAFD"), provided its zinc concentrate is further processed using our Consecutive Metal Leaching ("CML") technology for the recovery of a high quality zinc oxide chemical, an option that was not available to us in Korea because the zinc concentrate was already contracted for sale to Korea Zinc.

In August 2015, we learned that the Company had won, against international competition, approval to build an EAFD recycling plant near Ho Chi Minh City in southern Vietnam. Vietnam has had one of the fastest growing steel recycling industries and annual steel capacity would generate over 100,000 tonnes per annum of EAFD. The government of Ba Ria Vung Tau province, where most of the steel is recycled, were concerned about the generation of EAFD and sought proposals from various companies. Following the approval of our proposal we obtained our Investment Registration Certificate in February 2016 and are currently finalising a purchase option over a suitable site.

We are currently seeking partners to join us in the finalisation of a Bankable Development Study that could form the basis of project financing. An incoming partner could earn a significant interest in the project and at the same time, therefore, reduce the capital required by ZincOx for its development. Notwithstanding the excellent economic returns presented by the project, the slow ramp up at KRP and the continuing general sentiment towards commodities, creates a very tough environment in which to find partners for the project.

In addition to the Vietnamese project, the Company is examining other projects and is actively engaged in discussions with corporate strategic partners.

Andrew Woollett
Chief Executive

11 May 2016

Strategic Report

The directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report, as approved by the whole Board, for the year ended 31 December 2015. The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the Company.

Principal Activities

The principal activity of the Group is to undertake activities for the production of high grade zinc concentrate by the recycling of EAFD. The Company acts as a recycling, development and holding company. A detailed review of the business and future developments is included in the Chief Executive's Review and the Operational Review section of the Strategic Report.

Business Model

Scrap iron and steel is mostly recycled in electric arc furnaces ("EAF") where the volatile constituents (Zn, Pb, Cl, Na etc) are driven off as fine particles and gasses, together with fine particles of rust. This EAFD needs to be filtered from the flue gases. Steel is generally protected from corrosion by galvanising, a process whereby a thin coating of zinc is applied to the surface of the steel. This coating insulates the steel from reaction with air and so prevents corrosion. Steel scrap is, becoming increasingly galvanised and since zinc is a volatile element, it constitutes part of the EAFD. The zinc content of the EAFD is generally between 20% and 25%, and also contains 25% to 30% iron, both of which occur largely as oxides. In addition, the EAFD contains lead, cadmium and arsenic, all these toxic elements are to some extent soluble in water, which therefore makes EAFD a hazardous waste. EAFD is probably the world's largest inorganic hazardous waste problem.

The steel mills need to dispose of the EAFD either in landfill or to processors which recover the zinc. Process plants based on existing technology have never been developed unless a significant disposal fee has been paid by the steel mills.

The breakthrough technology used by ZincOx recovers the zinc using a rotary hearth furnace (RHF). The zinc forms a unique high quality zinc oxide concentrate (HZO), an iron intermediate product (ZHBI). This means that there will be no solid waste entering landfill.

The ZHBI can be further processed into pig iron and a clean slag that can be used by the cement industry. It has recently been demonstrated that the exceptional quality of the HZO will enable it to be upgraded to a zinc oxide chemical. The upgrading would greatly enhance revenue and profitability. When developed with the rotary hearth furnace as an integrated operation, together with ZHBI upgrading the technology is referred to as the "Full Cycle" approach.

The HZO which was produced by KRP proved to be a high value material with significant benefits over other zinc concentrates. The opportunity to further upgrade the HZO to an industrial zinc oxide will be incorporated into future projects to significantly improve the economic returns.

Operational Review

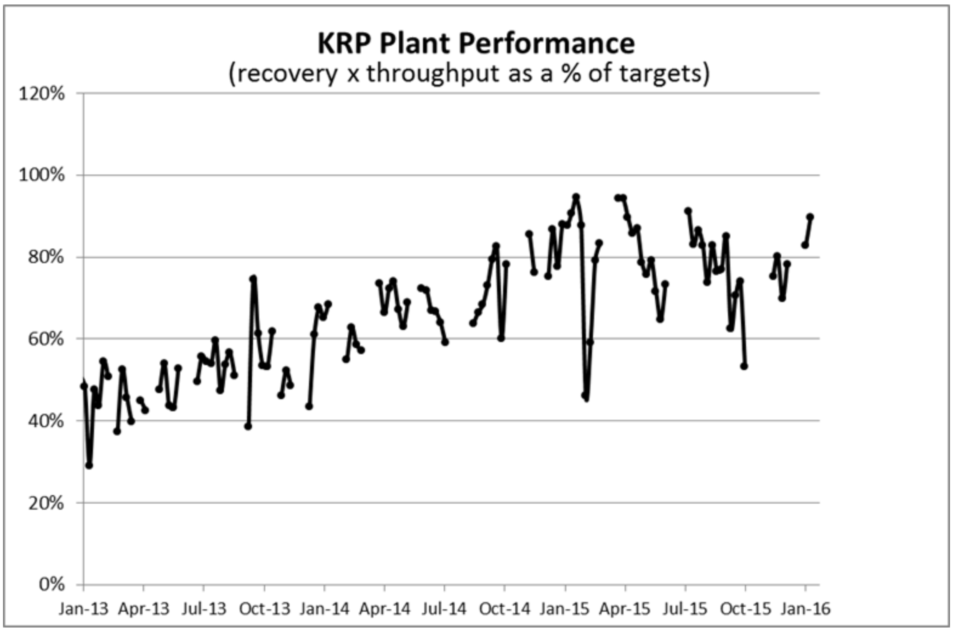
Korean Recycling Plant (KRP)

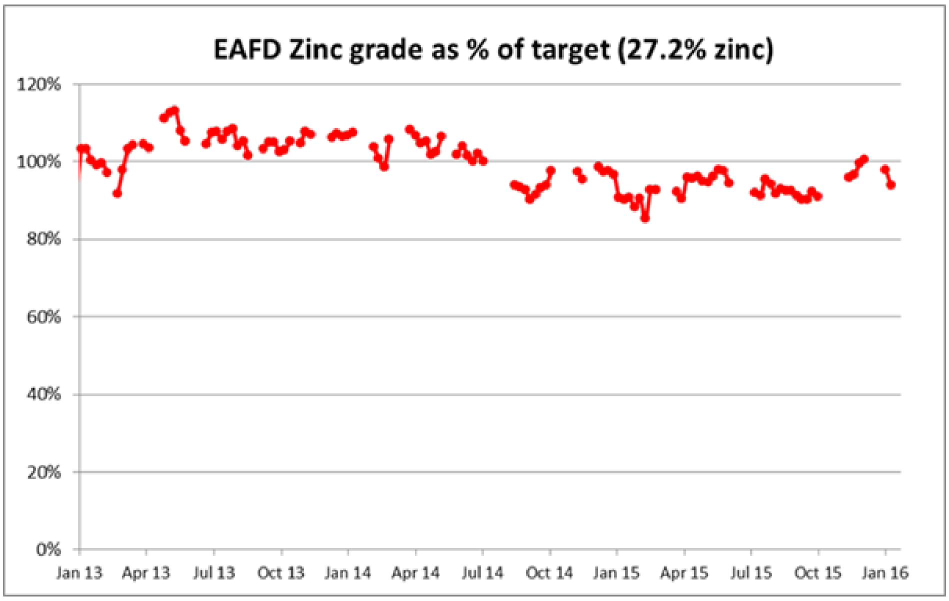
The Korean Recycling Plant, KRP is one of the world's largest EAFD recycling facilities, having a nominal capacity of 200,000 tpa EAFD for the production of about 70,000 tpa zinc concentrate (HZO) and 100,000 tpa of iron product (ZHBI). KRP has exclusive long term EAFD supply agreements with eight steel companies that have targeted output of 175,000 tpa. The plant commenced production in April 2012.

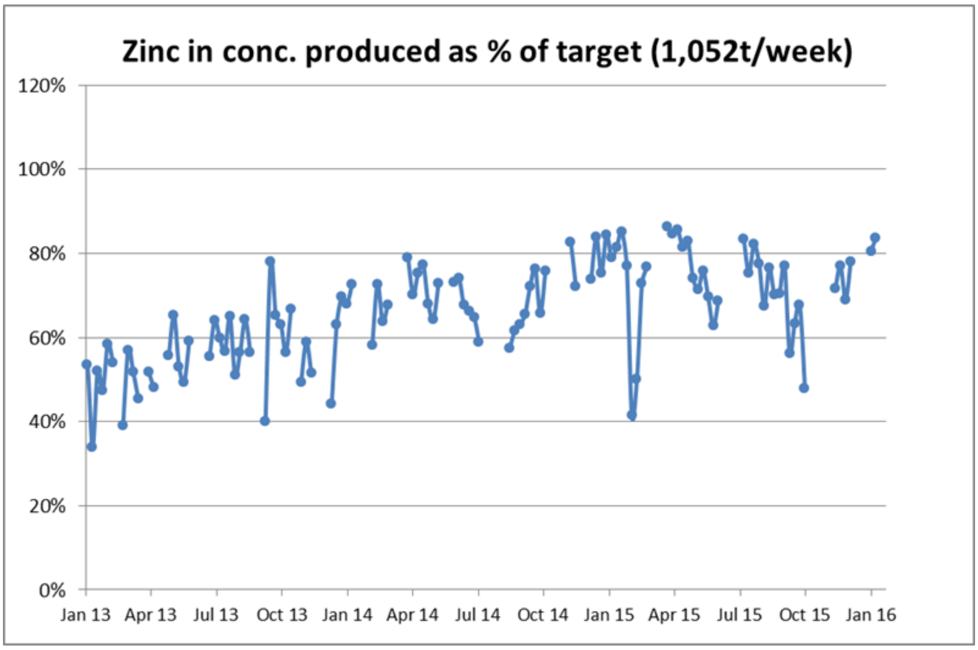
During the year the plant processed 145k tonnes of EAFD producing 50,538 tonnes of high quality HZO with an average grade of 66.4% which is equivalent to 33,490 tonnes of zinc. The EAFD processed was an increase of 21% over the previous year. And although the recovery improved during 2015 the zinc grade in the EAFD fell by 6% from an average grade of 27.2% to 25.6% with the result that the zinc shipments improved by 17% during the year from 28,564 tonnes to 33,490 tonnes of zinc contained.

The well documented issues with the heat exchangers were finally resolved during the plant closure at the end of October 2015. This work allowed the four primary heat exchangers on the plant to be replaced with refractory lined tubes which meant that the ongoing problem of heat exchanger corrosion could not recur. The baghouse was also expanded in order to compensate for the additional cooling air required, as a consequence of the cooling effect lost by heat exchanger removal. In the future, the energy input lost as a result of the removal of the heat exchangers will be more than compensated for by coal injection so that gas consumption will reduce. The installation of coal injection is expected to be completed in May 2016.

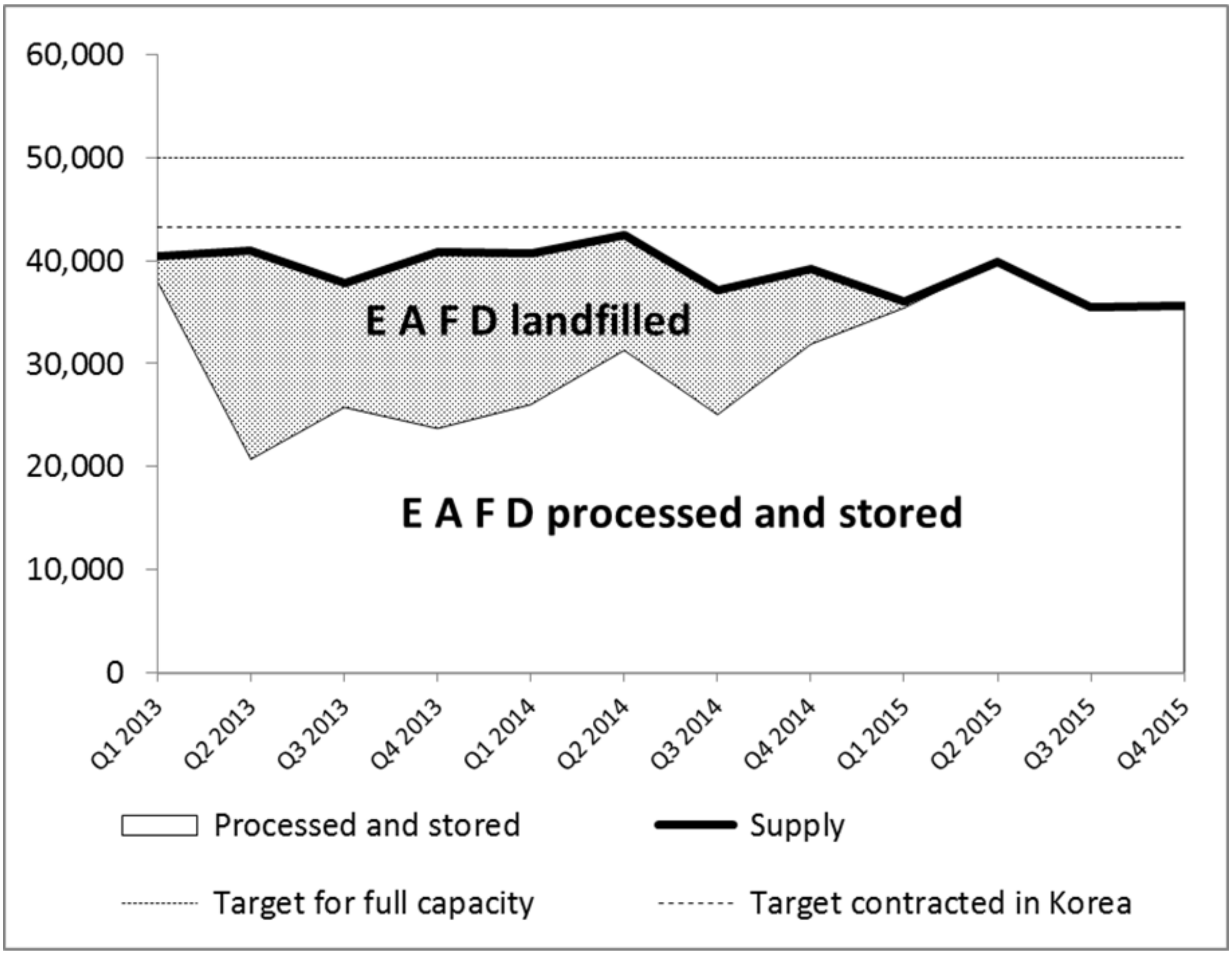
Following the restart in November 2015 the process began to settle down to its new operating conditions and progress was being made to make continual improvements as can be seen by the weekly production charts shown below:







Steel production in Korea fell significantly in 2015 with proportionally less EAFD being generated. Indeed since the start of 2015 our throughput was limited by EAFD supply, and during most of the year we had to run at a reduced feed rate, so that in addition to stoppages for Heat Exchanger problems, the plant was very significantly constrained by the availability of EAFD. This is illustrated on the following graph showing the history of EAFD availability since 2013. The target quantity of EAFD is 16,666 tonnes per month, whereas the actual deliveries averaged 12,210 tonnes per month for the year. In previous years, however, the slow ramp-up led to throughput significantly less than 12,000 tonnes per month and KRP had been obliged to send contracted EAFD to landfill, whereas there was no landfill in 2015.



In order to address the shortfall in EAFD, the Company arranged for its importation. As a hazardous waste, the import and export of EAFD is governed by the Basel Convention, an international treaty designed to prevent the dumping of such waste in countries where there may be less strict and well managed environmental protection. Compliance with the procedures laid down in the Basel convention is a protracted exercise, however the Company successfully obtained the necessary permission and imports from two overseas mills commenced towards the end of the year. A number of overseas mills were contacted with a view to exporting EAFD to KRP so that the plant could work at full capacity by the middle of 2016.

The KRP plant has now been operating for four years and all the lessons that have been learned in Korea to build and develop the RHF will be incorporated into any new RHF projects.

Technology

The Company has always reviewed new developments in technology being used to treat EAFD to make comparison of these with our RHF/CML approach. We still feel that the best way of creating long term value is by using RHF technology and the upgrading of its products, zinc and iron bearing products. Definitive progress has been made with both these upgrades during 2015.

Zinc Concentrate (HZO) Upgrading

During 2014 and 2015, testwork on KRP's zinc concentrate ("HZO") continued and confirmed the best way to upgrade it to an industrial quality zinc oxide chemical. The best process was designed by ZincOx's technical team and is called Consecutive Metal Leaching ("CML"). CML comprises a combination of existing technologies specifically configured to remove the halides, sulphates and deleterious base metals from the concentrate. The zinc oxide that remains after CML has a grade of about 99.7% zinc oxide, high enough to qualify for most industrial uses, including rubber and ceramics.

Laboratory scale CML testwork has provided samples of the zinc oxide. These samples have been used to make glazes for the ceramics industry and samples of rubber, by laboratories that specialize in the technical qualification of raw materials. In both cases the zinc oxide produced by upgrading the HZO was confirmed to be equally effective as leading market brands.

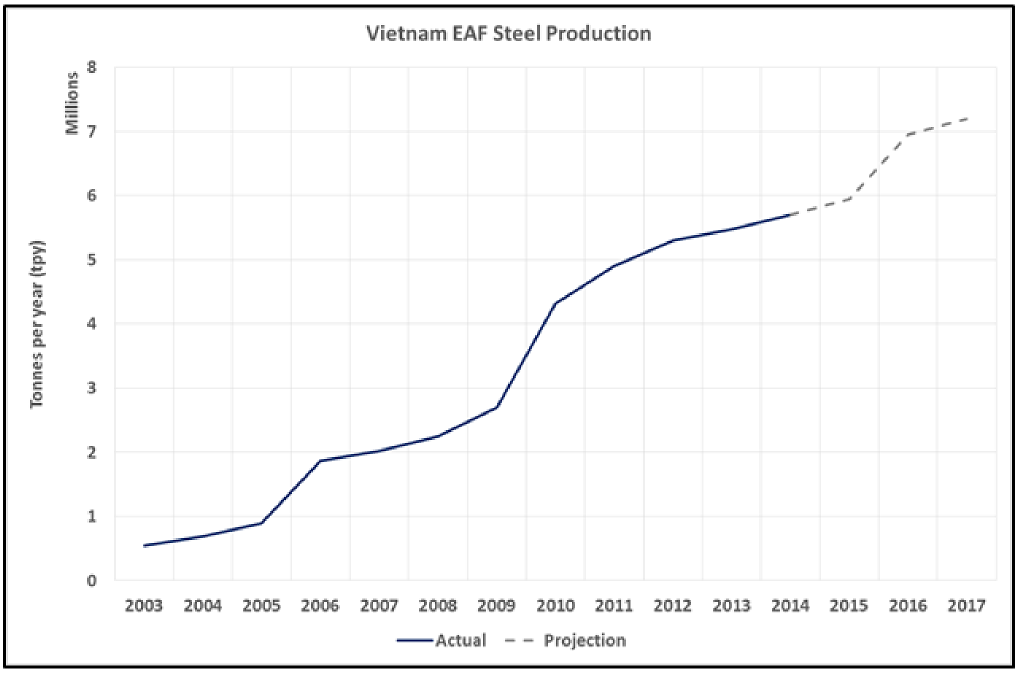
Iron Product (ZHBI) Upgrading

ZHBI, the iron product of the RHF, can be melted to produce pig iron and saleable slag. Several melting techniques were investigated and the Submerged Arc Furnace ("SAF") was found to be the most attractive. Representative ZHBI samples have been analysed and the results used to undertake sophisticated computer simulation of the SAF technology. The simulation was carried out by Mintek, an internationally recognised metallurgical laboratory. The computer modelling gives likely energy and reagent consumptions as well as iron, slag and fume compositions. This information has been used in developing a scoping study for the installation of a melter to work in combination with an RHF. The study was positive but due to the high proportion of slag and energy required for its melting development of such an installation would probably require a scrap price in excess of US$250 per tonne.

New Projects

ZincOx has been actively researching potential sites for recycling plants over the past eight years. Vietnam is likely to be the next development but considerable work has been undertaken elsewhere so that a series of developments could be envisaged.

Vietnam has a fast growing steel industry comprised of both primary steel making using blast furnaces and the recycling of steel scrap in EAF's.

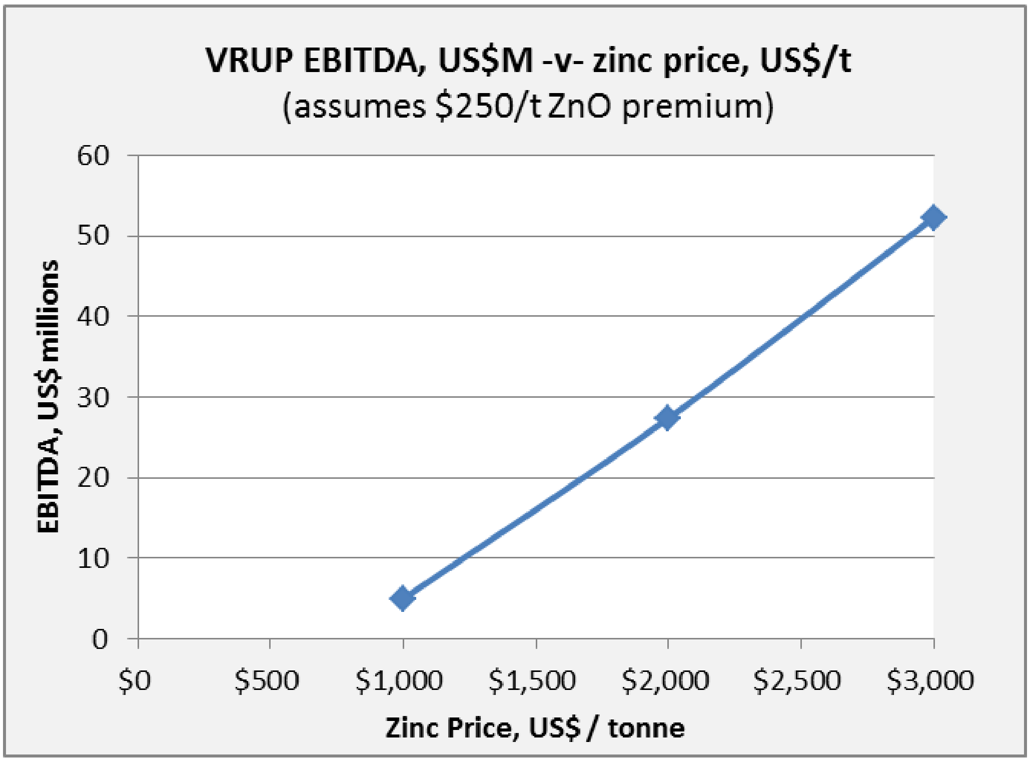


There are no large scale plants treating EAFD in Vietnam, the disposal of which presents a growing problem for the EAF operators. The bulk of the EAFs are located in the Phu My industrial zone, about 100km south-east of Ho Chi Minh City. The government of Ba Ria Vung Tau province invited bids to build a central EAFD treatment plant, and this was won by ZincOx in September 2015. The Company was awarded its Investment Registration Certificate in February 2016. A site for the VRUP has been selected on the Phu My 3 industrial zone and negotiations to purchase the land are well advanced.

The Vietnam Recycling and Upgrading Plant ("VRUP") is designed to have a capacity of 100,000 tpa EAFD and cost about US$107 million to develop. Economic indicators, assuming a zinc price of US$2,000 per tonne, pre-tax and ungeared, are as follows:

NPV (10% disc. rate), US$ million	89
IRR	23%
EBITDA, US$ million per annum	27

The sensitivity of the EBITDA of the operation to the zinc price is presented below:



The cost of producing zinc units, net of by-products and chemical premium, will place it among the lowest cost zinc producers in the world.

Other

In the USA, during the early part of 2015, the Group's Big River Zinc facility continued to provide services to third parties distributing sulphuric acid and diesel emission fluid. As was highlighted in the Annual Report last year the Company considered USA to be a low priority target because the capacity of EAFD recycling in North America was broadly in balance. Having explored many activities at Big River in recent years the directors took the decision to sell Big River and stop any drain on the resources required to support it and as a result the asset was disposed of in August 2015.

In Russia, the Company has a joint venture with the Magnezit Group, for the investigation of an EAFD recycling plant to service steel mills in the former Soviet Union. The investigation, which is at early stage, is still being led by the Magnezit Group.

Performance Review

Financial

Group Results Overview

The Group result for the year is a loss of US$46.7 million (2014: US$33.2 million). This includes the loss from KRP, which is classed as a discontinued operation, of US$36.7 million (2014: US$14.9 million) and the loss from the continuing operation of US$10.0 million (2014: US$18.4 million). The KRP result is for the period to the 30 December 2015, the date on which operational and accounting control of KRP was effectively lost.

Due to the collapse in the zinc price in the second half of the year, KRP was making losses that precluded repayment of the debt scheduled to begin at the end of January 2016. Korea Zinc were prepared to postpone repayment, provided the Company could inject at least US$5 million of new equity into KRP before the year end, in order to fund losses through to the middle of 2016. Due to the ongoing losses at KRP and the very negative investor sentiment towards commodities in the last quarter of 2015, the Company was unable to raise sufficient additional equity. Rather than miss a loan repayment date with Korea Zinc, the ownership of KRP was restructured, by prior agreement, such that the loans did not go into default. KRP is owned 100% by ZincOx Resources (Korea) Ltd ("ZincOx Korea"), which, up to 30 December 2015, was wholly owned by the Company.

The agreed restructuring achieves the following:-

- As at 31 December 2015, a reduced Company interest in ZincOx Korea of 10% was agreed, with the balance held by Korea Zinc. Legal completion of this position was notified to the Group on 29 April 2016.
- The conversion of Korea Zinc's Offtake and Development loans into equity, and
- The cancellation of all guarantees given by the Company, in respect of the Offtake and Development loans.

The restructuring will result in ZincOx Korea having a nominal share capital value of US$64 million, of which US$6.4 million (10%) is owned by the Company. This valuation will be used in future if loans to ZincOx Korea are to be converted to equity.

Since 30 December 2015, whilst the restructuring is being undertaken, KRP has, to date, required additional working capital of about US$5.4 million. This is being met through the provision of a new loan from Korea Zinc to ZincOx Korea, it is likely that Korea Zinc will convert this loan to equity in the near future. If this were to be done, ZincOx's interest in ZincOx Korea, and therefore KRP, would reduce to 9.2%. The Group financial result for the year, reflects the loss of operational and accounting control of ZincOx Korea on 30 December 2015, and as such, ZincOx Korea's result up to this point, has been consolidated and shown as a discontinued operation. The balance sheet of ZincOx Korea has been deconsolidated at the year end, with the Company's remaining 10% interest in ZincOx Korea being reclassified, within investments, as a "financial asset" under IAS 39.

When the discontinued activity for KRP is excluded, the Group made an underlying EBITDA* loss of US$4.2 million for the year to 31 December 2015 (2014: US$4.7 million). KRP finished the year with an underlying EBITDA gain of US$0.9 million (2014: underlying EBITDA loss of US$1.3 million) as detailed in note 5, and this improvement was due to a continuing improvement in the operational performance at KRP, although this has been masked by the collapse of the zinc price in the second half of the year.

Key Performance Indicators in relation to KRP

Building on the physical throughputs and operational performance, the Group sold 33,490 tonnes of zinc contained in concentrate in the year from KRP (2014: 28,564 tonnes). This was the plant's third full year in production and although it continued to have minor teething issues in the year, up until the heat exchangers were replaced during the November shutdown, the physical sale of final product increased by 17% in the year. In addition to stoppages due to the heat exchangers, throughput was, for almost all the year, constrained by a shortage of EAFD supply.

This increased production did not translate into increased revenues due to the collapse in the zinc price during the second half of the year. The average zinc price during the first half of the year was US$2,133 per tonne which reduced by 19% to an average of US$1,730 during the second half of the year.

The collapse in the zinc price began in early August and continued through to the end of the year, with a low point of US$1,461 per tonne during December. This compares to the low point during the first half of the year of US$1,984 per tonne during March. The low zinc price during the second half of the year triggered the restructuring of KRP discussions with Korea Zinc. The continuing low zinc price and uncertainty over when the price might rise, meant that raising new equity of US$5 million, as a condition of the loan refinance, was not possible and ultimately led to the agreement to restructure the Korea Zinc loans.

The fall in zinc prices during the second half of 2015 impacted the underlying EBITDA profit for KRP which fell from US$2.9 million at the half year to US$0.9 million for the full year.

Key metrics ("KPIs") were monitored through the year up to 30 December 2015 as well as other key economic operating factors through regular management meetings.

KPI's (KRP)	2015	2014	% change
Zinc in Concentrate sold (tonnes)	33,490	28,564	+17%
Average zinc price (US$/tonne)	1,927	2,164	-11%
Zinc revenue billed (US$ millions)	36.4	37.5	-3%
Underlying EBITDA (US$ millions)*	0.9	(1.3)	+169%
EAFD processed (tonnes)	144,679	119,124	+21%

**before any one-offs and foreign exchange impact*

The directors continued to monitor any hazards that were reported on operational sites during the year and review any accidents and incidents as part of the ongoing environmental health and safety procedure. During the year, the total number of man hours worked across the Group were 206,776, with no lost time incidents (2014: 182,000 hours and one lost time incident).

At the Group level, the directors continue to monitor the cash requirements of the business when compared to cash available. Following the loss of control of KRP, the directors have undertaken a cost cutting review for the period in which the Company is now considering its future options. New projects and initiatives are being pursued, with detailed consideration being given to any financing opportunities. At the same time, the search for strategic and or project partners is ongoing.

Funding

In March 2015, negotiations took place with Korea Zinc to amend the repayments due against the Development loan, replacing a bullet repayment in February 2016 with six equal payments of US$3.1 million, beginning in February 2016 and payable every six months. These instalments include the deferred interest that Korea Zinc had previously agreed to roll up and in recognition of this, the offtake agreement with Korea Zinc was increased to 1,050,000 tonnes.

In July 2015, the Group completed an equity fundraising of £2.9 million (equivalent to US$4.0 million) after expenses. These funds were raised to enable the removal of the heat exchangers at KRP and expansion of the baghouse and to allow for its further optimisation.

Following the significant drop in the zinc price during the second half of the year, the Development loan repayment, that fell due at the end of January 2016, was renegotiated during November 2015 to push the payment out by a further 12 months, conditional on the Group injecting a further US$5 million of equity into KRP before the end of 2015. This fundraising was unsuccessful due to the continued uncertainty over the expected future zinc price.

In Korea, the Group also made use of a rolling "receivables purchase agreement" during the year with Standard Chartered Bank Korea ("SCBK"), whereby it could receive funds in between the monthly receipts that are received from Korea Zinc.

Funding that has been required by KRP, since the Group lost operational and financial control on 30 December 2015, has been provided as a loan by Korea Zinc. Due to the continued low zinc price funding of US$5.4 million has been provided by Korea Zinc. It's expected that this continued support and funding by Korea Zinc will lead to a dilution of the Group's interest in KRP as discussed above.

In July 2015, the Group also completed a renegotiation with the corporate Noteholders to extend the redemption date by a further 12 months to July 2016. The corporate Loan Notes were initially issued in August 2013, amounting to £4.2 million, bearing interest at a rate of 10%. Security for the Loan Notes was provided by the Company and in addition a charge was taken over land in the heavy industrial zone at Aliaga in Turkey. During 2015, all the remaining land in the light industrial zone was sold, and in December an amount of £420k was paid off against the Loan Notes. The funds realized by the sales will also cover the interest payments on the Loan Notes until July 2016, when they were due to be repaid in full.

On 11 May 2016, the terms of the Loan Notes were renegotiated so as to extend the date to January 2018. The Company intends to sell the industrial land in Turkey against which the Noteholders have a charge. As a result of falling land values and the depreciation of the Turkish Lira, the land sale may not realize enough cash to cover completely the outstanding amount of the Loan Notes and the Company would be required to make good any shortfall. Furthermore, the Company has granted a charge to the Noteholders over ZincOx's shares in ZincOx Korea, although there is no certainty that the assets of the Company will be sufficient in such circumstances to satisfy such shortfall. After July 2016, the interest will continue at the same rate, 10% per annum, but will be rolled up into the principal amount of the Loan Notes until such time as the Noteholders are repaid in full. The Noteholders include two directors of the Company, Andrew Woollett and Gautam Dalal ("Lending Directors"), who hold £877,500 and £450,000 of the Notes respectively.

The Loan Notes have warrants attached, the amount and price of which are adjusted as new shares are issued, so as to maintain the interests of the Loan Note holders. As at 31 March 2016, the Noteholders were entitled to warrants over 19,217,840 shares at an exercise price of 25p. If, as would seem likely, the Company carries out further funding by issuing new equity over the life of the Loan Notes, additional warrants would need to be issued. In order to simplify the situation and reduce future dilution, it has been agreed in May 2016, that the number of warrants will be reduced to 9,450,000 with a new strike price of 5p.

Due to the involvement of the Lending Directors, the Transaction constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The Independent Directors (the directors of the Company excluding the Lending Directors), having consulted with Peel Hunt, the Company's Nominated Adviser, consider that the terms of the transaction are fair and reasonable insofar as the shareholders of the Company are concerned.

The interest charge for the year, in relation to the Loan Notes was US$0.6 million (2014: US$0.7 million) which accrues at a rate of 10% per annum.

Liquidity

The cash funds of the Group at 31 December 2015 were US$0.7 million (2014: US$1.2 million). These cash funds were held in a range of currencies at the year end, the most significant of which were US Dollars 0.5 million (2014: US$0.7 million), and Pounds Sterling 0.1 million (2014: £0.1 million).

Going Concern

Since the end of 2015 the directors have initiated a cost reduction programme covering all areas of the business whilst at the same time, investigating new projects around which the Company can be rebuilt. These cost reductions include significantly cutting the salary of all the directors.

The Company has been in discussions with potential strategic and project specific partners, for the development of new recycling projects, whilst looking at opportunities to use the intellectual property that has been developed, on other potential assets. The fundraising in February 2016 for £205,000 (before expenses), was completed to allow the Company time to explore these opportunities on a reduced overhead basis, as well as allowing enough time to realise value from KRP.

Following the loss of operational control of KRP, at the end of 2015, the Group now has a 10% holding of KRP in exchange for both the Development and Offtake loans being extinguished. Furthermore, accumulated losses brought forward in ZincOx Korea would need to be extinguished before any dividend can be paid out to the Company by ZincOx Korea. The timing of any dividend receipt is dependent on future profits of KRP which in turn are dependent upon the future zinc price and the directors have used consensus forecasts produced by 13 zinc analysts during March 2016 of US$1,793 per tonne for 2016, US$1,990 per tonne in 2017, US$2,296 per tonne in 2018, US$2,497 per tonne in 2019 and a long run zinc price of US$2,218 per tonne thereafter. On this basis and assuming the same operating metrics that were measured in the operation during 2015 and before any coal injection improvements, it is unlikely that a dividend would be paid before 2018. The low zinc price at the beginning of 2016 led to continuing losses. Korea Zinc has, however, continued to fund KRP and the Group will not be required to support KRP.

The ability of KRP to pay dividends in future periods may affect the ability of the Group to exploit its intangible assets in the future and as a result the carrying value of the intangibles will continue to be reviewed at future reporting dates to ensure the future viability of the Group permits their commercial exploitation.

The directors have assessed the material uncertainties concerning the Group's future funding requirement which may cast significant doubt upon the Group's ability to continue as a going concern and compared them with the levels of expected finance available and have a reasonable expectation that the Group has adequate financial resources to manage its business risks and continue in operational existence for the next twelve months from the date of this report. The directors considered various scenarios in reviewing the budgets and projections for 2016. These scenarios review the financial modelling of very low activity "hibernating" budget allowing time to realise value from KRP, through to new funds being raised so as to enable the development of new projects, whether that is using RHF/CML or other technology.

Financial Review of Operations

Korean Recycling Plant (KRP*)*

KRP sold 33,490 tonnes of zinc in concentrate to Korea Zinc in the year to 31 December 2015 (2014: 28,564 tonnes). All of the material was sold to Korea Zinc under the offtake agreement which had been signed in April 2011 as part of the financing of the project. This resulted in revenues of US$36.4 million (2014: US$37.5 million) as detailed in note 5. The quality of the product was higher during 2015 with an average zinc grade of 66.4% compared to 65.6% during 2014.

Monthly revenues at KRP are dependent on the London Metal Exchange (LME) zinc price because the product sold by KRP is a zinc oxide concentrate sold under an international pricing formula. For the first half of the year, the LME zinc price was in line with the range seen in the previous five years, with a high of US$2,400 per tonne. In the second half of the year, however, the price collapsed, reaching a low of US$1,461 per tonne, in December.

The analysts and forecasters who watch the zinc market generally agree that, as certain key mines have now been exhausted such as Century Mine in Australia and Lisheen in Ireland, there will be reduced supply. The weakening Chinese economy, however, is expected to have a significant impact on demand. One key indicator to support a rising zinc price expectation, is the LME zinc stocks, which were 690,825 tonnes at the start of 2015, dropping by 33% to 464,400 tonnes by the year end. The reduction has continued since the year end such that, by the end of April 2016, the stock had fallen a further 9% to 400,000 tonnes.

A further impact on the result for the year was the volatility in the foreign exchange rates. The sales of zinc concentrate are made in US Dollars and the majority of costs incurred at KRP are incurred in Korean won, the high point for this exchange rate in the year was 1,204 KRW per US$ (2014: 1,135 KRW per US$) and the low point was 1,070 KRW per US$ (2014: 1,010 KRW per US$) with an average for the year of 1,127 KRW per US$ (2014: 1,055 KRW per US$).

The underlying EBITDA gain for KRP included in discontinued activities (see note 5), prior to any foreign exchange movements, was US$0.9 million during the year (2014: EBITDA loss US$1.3 million).

EAFD is a waste which we receive from the Korean steel mills the quality of which is dependent up the scrap buying policies of the steel mills. The incremental production in the year was achieved in spite of the zinc grade in the EAFD reducing to an average of 25.6% from an average of 27.2% during 2014.

As has been noted, the plant had various stoppages through the year mainly to remediate the heat exchangers. Despite these stoppages the plant still managed to process 145,000 tonnes of EAFD in the year compared to 119,000 tonnes the year before. The impact of running the KRP below its capacity of 200,000 tonnes per annum was that certain operating consumptions were above the target levels. In addition, extra costs were incurred for remediation of the heat exchangers. It is expected Korea Zinc will make certain improvements during 2016 that had been planned for KRP, including coal injection to reduce the gas consumption in the plant.

Other Projects

USA

Following the impairment of the Big River Zinc smelter in USA at the end of 2014, the Group continued to seek alternative uses for the asset during the year as well as looking for opportunities to dispose of the asset, which would have the effect of removing any ongoing holding cost for the Group. As a result, the Big River Zinc smelter assets were sold on 24 August 2015, for a gross price of US$750,000.

In 2007, the Group purchased a 17 acre site in Ohio which was intended to be the site of the first RHF plant. The EAFD supply agreements in the USA are under relatively long term arrangements between the mills and existing recyclers and, as a result, the land in the USA is currently surplus to requirements. The land was put up for sale and subsequently sold, since the year end, realising US$187k, net of expenses. The land in Ohio is shown at the year end, as an asset held for sale in the Group balance sheet.

Turkey

Land held in Turkey within the light industrial zone, was fully disposed of during 2015, and this realised approximately £378k. Proceeds from land sales have been partially used to repay capital of £420k and interest of £417k in respect of the Loan Notes that were taken out in August 2013.

In view of the charge over the land in Turkey, in favour of the holders of the Loan Notes, any remaining funds are held in an escrow account, against the Loan Notes. At the end of December the balance in the escrow account was £262k (2014: £948k).

Environmental, Health, Safety & Quality

The Group believes that what is good for the planet is good for business and good for the communities in which ZincOx operates. There is an overriding commitment to Sustainable Development which is pursued through the effective management of Environment, Health, Safety and Quality ("EHSQ") using best practices from ZincOx and other third parties.

As the projects are progressed internationally, the directors remain relentless in their pursuit of an injury free environment for all employees and others who come onto ZincOx sites and the Group seeks to ensure that its business contributes lasting benefits to society through the consideration of health, safety, social, environmental, ethical and economic aspects in all decisions and activities.

During 2015, some 206,776 hours were worked in ZincOx worldwide, including projects, with no significant environmental incidents and no lost time incident. ZincOx's management believe that all incidents and injuries are preventable and strives to create a workplace culture where all employees and contractors share these beliefs.

Risks

Set out below are certain risks which may affect performance. Such risks are not intended to be presented in any order of priority. Although the directors and senior management have significant experience and take steps continually to mitigate and review risks under their control as far as possible and reasonably practicable, any of the risks set out below, as well as any other risks referred to in this annual report, could have a material adverse effect on business performance. In addition, the internal and external risks set out below are not exhaustive and additional risks, not presently known to the directors, or which the directors currently deem immaterial, may arise or become material in the future. The operational and financial risks which might relate to the operation of KRP are deemed as risks on the Group which may affect the ability of KRP to pay a dividend in the future.

Operational risks

- The ability of KRP to generate profits and hence pay dividends to the Company is dependent on:
    - Remediation at KRP which may impact future profitability of the plant,
    - Unexpected failure of equipment,
    - Failure of third party services which is managed by electrical back up on site,
    - Materials and equipment availability, in a timely manner, which is managed through regular dialogue with external suppliers and monitoring of equipment on the site by the maintenance team,
    - Environmental incidents are managed by routine monitoring and training of staff, and
    - Reduced availability of EAFD in Korea, which is being mitigated by finding new sources of dust for import.
- Health and safety incidents,
- Single project dependence,
- Reduced availability of EAFD in Korea, which is being mitigated by finding new sources of dust for import,
- Loss of key personnel, and
- Ability to exploit intangible assets in the future.

Financial risks

- Zinc price movement and associated volatility will affect the monthly profitability of KRP,
- Funding of any short term loans in KRP provided by Korea Zinc, as a result of operational issues or zinc price reduction, with a financial risk that it may dilute the Group's holding if the group does not follow its corresponding obligation,
- Zinc price movements will affect the amount of finance which may be available for the development of other projects within the Group. Any decline in zinc prices will therefore have an adverse impact on the business. No hedging is currently undertaken to mitigate this risk,
- Unscheduled loss of production at KRP will impact profitability which will impact on ability to pay a dividend to fund the Group,
- Foreign exchange movements; this is continuously monitored and no hedging is currently undertaken to mitigate this risk,
- Cost inflation is managed by reviewing alternative suppliers where appropriate,
- In KRP the renewal of a suitable receivable purchase agreement,
- Insurances may not cover all liabilities. Insurance policies are held both at the Group level and at the project level, and are reviewed annually,
- Sale of land in Turkey and the ability for the sale proceeds to cover the value of the Loan Notes, and
- Any legal proceedings.

All of these risks could materially affect the Group, its business, results of future operations or financial condition.

Uncertainties

Set out below are certain principal uncertainties which may affect potential growth across the Group.

- Dependence on the EAFD supply contracts, which is why the Group is aiming to sign up long term EAFD agreements with suppliers of EAFD within target territories for expansion,
- Availability of capital to fund other recycling projects. The directors continue to maintain a good relationship with prospective suppliers of finance,
- Ensuring intellectual property and know how is protected,
- Competitor technology and,
- Going concern.

The Group is further exposed to uncertainty connected with the political, fiscal and legal systems, including taxation and currency fluctuations in the territories in which the Group operates.

On behalf of the Board

Andrew Woollett
Chief Executive

11 May 2016

Forward Looking Statements

The Chairman's Statement, Chief Executive's Review and the Strategic Report contain 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.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 $'000	2014 $'000
Continuing operations			
Revenue		246	605
Cost of sales		(1,827)	(687)
Gross loss		(1,581)	(82)
Administrative expenses (net of gains and impairments)	3	(7,754)	(17,571)
Operating Loss		**(9,335)**	**(17,653)**
Underlying EBITDA Loss		**(4,213)**	**(4,687)**
Other gains		1,584	1,119
Impairment provisions	2	(2,364)	(13,917)
Foreign exchange (loss) / gain		(2,101)	1,531
Depreciation and amortisation		(2,241)	(1,699)
Operating Loss		**(9,335)**	**(17,653)**
Finance income		1	1
Finance costs		(643)	(699)
Loss before tax		**(9,977)**	**(18,351)**
Taxation		(36)	-
Loss for the year from continuing operations		**(10,013)**	**(18,351)**
Discontinued operations			
Loss for the year from discontinued operations	5	(36,651)	(14,878)
Net Loss		**(46,664)**	**(33,229)**
From continuing and discontinued operations			
Basic and diluted loss per ordinary share (cents)	4	(26.45)	(21.11)
Adjusted loss per ordinary share (cents) *	4	(24.43)	(12.24)
From continuing operations			
Basic and diluted loss per ordinary share (cents)	4	(5.67)	(11.66)
Adjusted loss per ordinary share (cents) *	4	(4.33)	(2.82)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 $'000	2014 $'000
Loss for the year	**(46,664)**	**(33,229)**
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	(2,460)	(3,068)
Total comprehensive income for the year	**(49,124)**	**(36,297)**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 $'000	2014 $'000	2013 $'000
Assets				
Non-Current Assets				
Intangible assets	6	4,242	8,615	16,352
Property, plant & equipment		22	115,681	134,078
Investments	7	6,560	100	106
Trade and other receivables		-	10	-
		10,824	124,406	150,536
Current Assets				
Inventories		-	1,651	1,403
Trade and other receivables		508	4,405	3,540
Restricted cash		389	1,476	667
Cash and cash equivalents		655	1,195	4,752
		1,552	8,727	10,362
Assets held for sale		1,970	3,107	1,484
Total Assets		**14,346**	**136,240**	**162,382**
Liabilities				
Current Liabilities				
Trade and other payables		(688)	(14,368)	(13,640)
Loans and borrowings	8	(5,611)	(12,238)	(2,026)
		(6,299)	(26,606)	(15,666)
Non-Current Liabilities				
Trade and other payables		(96)	(4,598)	(3,730)
Loans and borrowings	8	-	(52,739)	(59,664)
		(96)	(57,337)	(63,394)
Total Liabilities		**(6,395)**	**(83,943)**	**(79,060)**
Net Assets		**7,951**	**52,297**	**83,322**
Equity				
Share capital		46,679	46,310	45,795
Share premium		185,590	181,371	176,944
Retained losses		(199,965)	(153,491)	(120,592)
Foreign currency reserve		(24,353)	(21,893)	(18,825)
Total Equity		**7,951**	**52,297**	**83,322**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 $'000	2014 $'000
Loss before taxation due to continuing operations		(9,977)	(18,351)
Loss before taxation due to discontinued operations	5	(36,651)	(14,878)
Loss before taxation		(46,628)	(33,229)
Adjustments for:			
Depreciation and amortisation		8,253	7,827
Interest received		(4)	(3)
Interest expense		4,140	5,322
Impairment of intangible assets	2	2,011	7,503
Impairment of property, plant and equipment	2,5	1,225	6,467
Impairment of assets held for sale	2	285	-
Share based payments		190	330
Increase in trade and other payables		1,556	2,130
Decrease / (increase) in trade and other receivables		693	(875)
Decrease / (increase) in inventories		133	(248)
Foreign exchange losses		6,784	1,257
Loss due to loss of operational control of subsidiary		22,136	-
Other gains		(1,552)	(1,119)
Cash utilised in operations		**(778)**	**(4,638)**
Interest paid		(2,609)	(2,571)
Taxation		(37)	-
Net cash flow from operating activities		**(3,424)**	**(7,209)**
Investing activities			
Net proceeds from disposal of assets		660	1,895
Net proceeds from disposal of scrapped assets		3	10
Cash disposed of with loss of operational control of subsidiary		(5)	-
Purchase of intangible assets		(613)	(596)
Purchase of property, plant and equipment		(3,344)	(2,639)
Insurance proceeds received		300	-
Interest received		4	3
Net cash used in investing activities		**(2,995)**	**(1,327)**
Financing activities			
Proceeds from borrowings		1,271	1,270
Repayment of borrowings		(623)	-
Restriction of cash		-	(809)
Release of restricted cash		1,087	-
Net proceeds from issue of ordinary shares		4,588	4,942
Net cash received from financing activities		**6,323**	**5,403**
Net decrease in cash and cash equivalents		**(96)**	**(3,133)**
Cash and cash equivalents at start of year		1,195	4,752
Exchange differences on cash and cash equivalents		(444)	(424)
Cash and cash equivalents at end of year		**655**	**1,195**

The above cash flows aggregate those from continuing and discontinued operations. Separate disclosure has been made in note 5 for those cash flows relating to discontinued operations only.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Share premium $'000	FX reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 January 2013	**45,271**	**169,985**	**(18,536)**	**(94,638)**	**102,082**
Share based payments	-	-	-	377	377
Issue of share capital	524	6,959	-	-	7,483
Transactions with owners	**524**	**6,959**	**-**	**377**	**7,860**
Loss for the year	-	-	-	(26,331)	(26,331)
Other comprehensive income items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	(289)	-	(289)
Total comprehensive income for the year	**-**	**-**	**(289)**	**(26,331)**	**(26,620)**
Balance at 31 December 2013	**45,795**	**176,944**	**(18,825)**	**(120,592)**	**83,322**
Share based payments	-	-	-	330	330
Issue of share capital	515	4,427	-	-	4,942
Transactions with owners	**515**	**4,427**	**-**	**330**	**5,272**
Loss for the year	-	-	-	(33,229)	(33,229)
Other comprehensive income items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	(3,068)	-	(3,068)
Total comprehensive income for the year	**-**	**-**	**(3,068)**	**(33,229)**	**(36,297)**
Balance at 31 December 2014	**46,310**	**181,371**	**(21,893)**	**(153,491)**	**52,297**
Share based payments	-	-	-	190	190
Issue of share capital	369	4,219	-	-	4,588
Transactions with owners	**369**	**4,219**	**-**	**190**	**4,778**
Loss for the year	**-**	**-**	-	(46,664)	(46,664)
Other comprehensive income items that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations	-	-	(2,460)	-	(2,460)
Total comprehensive income for the year	**-**	**-**	**(2,460)**	**(46,664)**	**(49,124)**
Balance at 31 December 2015	**46,679**	**185,590**	**(24,353)**	**(199,965)**	**7,951**

Notes:

1. Preparation of non-statutory accounts

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 or 2013 but is derived from those accounts. Statutory accounts for 2014 and 2013 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) included a reference, without qualifying their report to an emphasis of matter in relation to going concern in 2015 and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) Impairment Reviews

Intangible assets

In accordance with the accounting policy stated above, the Group performs an assessment of the recognition and recoverability of intangible assets to see whether any of the Group's development expenditures have suffered impairment. This assessment is dependent on the future viability of the relevant technology and expected products, the methodology followed in order to assess the recoverable amount of an individual cash-generating project is to consider a cash flow model over 20 years or the life of the plant, whichever is shorter, and with appropriate assumptions for the zinc price, operating and capital development costs. In performing any cash flow analysis the Group uses risk adjusted discount rates based on support from third parties. It should be noted that, where discounting is used, the zinc price and the discount rate will have the most significant impact on the value in use calculations.

The intangible assets, which the Group is carrying at the end of 2015, relate to historic spend incurred on the development of the RHF technology, as a way to treat EAFD, but also for further development activities which has resulted in the CML technology being able to produce a commercial grade zinc oxide product, following the initial generation of the HZO from the RHF. As directors, we feel that we can monetise the carrying value of the Group's intangible assets in the future.

During the year, impairment reviews have taken place to impair any spends which were incurred on items which may not be expected to generate an expected future economic benefit, e.g. the carrying cost of development spends in relation to KRP2 (see table below). In addition the Company has also adopted FRS 102 in the year and has changed the amortisation of the intangible assets to a 10 year useful life. The table below summarises the impairment provisions made in the year and included in the Group income statement. In the event that any future development activity is abandoned or the directors cease to believe that the projects can be commercially exploited, then the expenditure associated with that project will be fully impaired through the Group income statement.

Impact on Group	Notes	KRP2 $'000	Other $'000	ORP $'000	Minor Projects $'000	Total Impairment $'000
Intangible assets	6	605	756	-	650	2,011
Property, plant & equipment		-	-	-	68	68
Assets held for sale		-	-	196	89	285
2015 provision		**605**	**756**	**196**	**807**	**2,364**

For the year ending 31 December 2015, the Group made impairments, on continuing operations, of US$2,011k against intangible assets, US$68k against property, plant and equipment and US$285k against assets held for sale. In addition, an impairment provision in the year of US$1,157k was made against property, plant and equipment in respect of discontinued operations (see note 5).

Carrying value of 10% holding in KRP

Following the Group's loss of control over KRP at the end of the year, the Group has adopted a carrying value for the 10% holding in KRP of US$6.4 million. This valuation, at 31 December 2015, uses the "price of recent investment" guidelines as described by the International Private Equity and Venture Capital Valuation Guidelines. Following the extinguishing of the Development and Offtake loans with Korea Zinc, the equivalent value of a 10% holding in KRP is US$6.4 million.

The Group has also followed the guidance in IAS 39, indicating that the 10% holding should be categorised as a "financial asset" within investments. The accounting treatment for this asset is that it should be recognised at its initial value and then subsequently fair valued with any adjustment booked to the income statement.

A cashflow was prepared, covering a 20 year period and expected future dividend receipts over that time, using a discount rate of 9%, reflecting the 10 year Korean government bonds and an equity risk premium. The cashflow also uses consensus zinc price forecasts of US$1,793 per tonne for 2016, US$1,990 per tonne in 2017, US$2,296 per tonne in 2018, US$2,497 per tonne in 2019 and a long run zinc price of US$2,218 per tonne thereafter. The resulting flow of dividends returns an NPV that shows no indication of impairment at the year end.

(b) Share Based Payments
In order to calculate the charge for share based payments as required by IFRS2, the Group makes estimates principally relating to the assumptions used in its option or warrant pricing model. The charge made in the year in respect of options is US$57k (2014: US$330k) and for warrants is US$133k (2014: US$ nil).

(c) Going Concern
The directors considered various scenarios in reviewing the budgets and projections for 2016 covering a period of at least twelve months from the date of this report. These scenarios review the financial modelling of different cash flow scenarios, ranging from a base case, namely, to put the Group into hibernation until value can be obtained from the remaining interest in KRP, through to the development of new opportunities, following further funding being made available to the Group.

All cases assume the ongoing savings from a continuing Group wide cost reduction programme, until future funding is secured, which was started immediately after the loss of control of KRP. It should also be noted that any discretionary spending has been stopped during this critical period while the Company looks for projects to deploy the zinc recovery technology it has developed over recent years. No dividend income from KRP is expected during the next twelve months.

Any ongoing funding for KRP is assumed to be funded by Korea Zinc during 2016 and any contribution required by the Group to participate is expected to be dealt with through an agreed dilution formula with Korea Zinc, thus no immediate cash will be required to support KRP.

The Group had outstanding Loan Notes of GBP 3.78 million which were due to be repaid in July 2016. The directors have agreed with the Noteholders to extend the repayment date to January 2018. The Loan Notes are secured against the land in the heavy industrial zone and interest will be payable from the funds held in the escrow account until July 2016, following which any interest on the Loan Notes (at the existing interest rate of 10%) will be rolled up until the Loan Notes are repaid in full. Any unpaid amounts will also be secured against the assets of the Company including the existing cash holdings and the remaining interest in KRP.

The Company has been in continuing discussions with potential strategic and project specific partners for the development of new recycling projects and looking at opportunities to use the intellectual property and know-how that has been developed on other assets. The fundraising in February 2016 for £205,000 (before expenses) was completed to allow the Company time to explore these opportunities on a reduced overhead basis as well as allowing time to realise value from KRP.

The directors have considered various scenarios in reviewing the budgets and projections for the twelve months from the date of this report. These scenarios range from the financial modelling of a hibernation budget, allowing time to realise value from KRP through to new funds into the Group to develop new projects, whether that is using RHF technology or another technology which the Group has developed in prior years. However, given the existence of these material uncertainties which 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 a going concern basis would be inappropriate and the Group financial statements would need to be presented on a break up basis.

The cumulative deficit on profit and loss reserves at the end of December 2015 for the Group of US$200 million includes the loss for the year of US$47 million. The Group has unrestricted cash at the year end of US$655k. The directors have prepared forecasts which demonstrate that the Group can continue in existence for at least the next twelve months, assuming the successful implementation of the cost reduction programme and taking into account the deferral of the Loan Notes. Furthermore, the exploitation of the intangible assets in relation to technology which the Group has developed and which are carried at a value of US$4.2 million will importantly either require new funds to be raised or for the Group to enter into a new project without injecting any Group cash.

The directors have assessed the material uncertainties concerning the Group's future funding requirement which may cast significant doubt upon the Group's ability to continue as a going concern and compared them with the levels of expected finance available and have a reasonable expectation that the Group has adequate financial resources to manage its business risks and continue in operational existence for the next twelve months from the date of this report.

3. Administrative Expenses (net of gains and impairments)

	Notes	2015 $'000	2014 $'000
Administrative costs (excluding depreciation/amortisation)		(4,827)	(5,026)
Other gains		1,584	1,119
Impairment provisions	2	(2,364)	(13,917)
Foreign exchange (loss)/gain		(2,101)	1,531
Depreciation and amortisation		(46)	(1,278)
		(7,754)	**(17,571)**

4. Loss Per Share

Continuing and discontinued operations
The calculation of the loss per share is based on the loss attributable to ordinary shareholders of US$46,664k (2014: US$33,229k) divided by the weighted average number of shares in issue during the year of 176,579,687 (2014: 157,388,897).

An adjusted loss per ordinary share for the year has been presented to exclude the impairment provisions made in the year of US$3,521k (2014: US$13,970k). It has been calculated based on adjusted loss attributable to ordinary shareholders of US$43,143k (2014: US$19,259k).

Continuing operations
The calculation of the loss per share from continuing operations is based on the loss attributable to ordinary shareholders of US$10,013k (2014: US$18,351k) divided by the weighted average number of shares in issue during the year of 176,579,687 (2014: 157,388,897).

An adjusted loss per ordinary share for the year has been presented to exclude the impairment provisions made in the year of US$2,364k (2014: US$13,917k). It has been calculated based on adjusted loss attributable to ordinary shareholders of US$7,649k (2014: US$4,434k).

There is no dilutive effect of the share options in issue during 2015 and 2014.

5. Discontinued Operations

Following the restructuring of KRP, as discussed in the Performance Review section of the Strategic Report, the Group lost effective operational control of ZincOx Korea on 30 December 2015.

The legal restructuring of ZincOx Korea, including the issuance of shares to Korea Zinc, and the cancellation of the Offtake and Development Loans made by Korea Zinc, was notified to the Company by Korea Zinc on 29 April 2016.

Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. from KRP) included in the loss for the year are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2015 $'000	2014 $'000
Revenue	36,422	37,546
Cost of sales	(39,266)	(42,726)
Gross loss	(2,844)	(5,180)
	(30,313)	(5,077)
Operating Loss	**(33,157)**	**(10,257)**
Underlying EBITDA Gain / (Loss)	**863**	**(1,288)**
Other losses	(32)	-
Impairment provisions	(1,157)	(53)
Loss due to loss of operational control of subsidiary	(22,136)	-
Foreign exchange loss	(4,683)	(2,788)
Depreciation and amortisation	(6,012)	(6,128)
Operating Loss	**(33,157)**	**(10,257)**
Finance income	3	2
Finance costs	(3,497)	(4,623)
Loss before tax	**(36,651)**	**(14,878)**
Attributable income tax expense	-	-
Net Loss	**(36,651)**	**(14,878)**

Cash flows from discontinued operations

	2015 $'000	2014 $'000
Net cash outflows from operating activities	(3,757)	(2,335)
Net cash outflows from investing activities	(325)	(2,589)
Net cash (outflows) / inflows from financing activities	(2,102)	3,310
Net cash outflows	**(6,184)**	**(1,614)**

The 10% holding in KRP has been classified as a financial asset within investments (see note 7)

6. Intangible Assets

	Deferred Group Development Costs $'000	Computer Software $'000	Total Intangible Assets $'000
Cost			
At 1 January 2013	15,295	560	15,855
Additions	1,966	5	1,971
Disposals	(281)	(33)	(314)
Impairment provisions	(513)	-	(513)
Foreign exchange	242	12	254
At 1 January 2014	16,709	544	17,253
Additions	596	-	596
Impairment provisions	(7,503)	-	(7,503)
Foreign exchange	(488)	(35)	(523)
At 1 January 2015	9,314	509	9,823
Additions	613	-	613
Impairment provisions	(2,011)	-	(2,011)
De-consolidate ZincOx Korea subsidiary	(529)	-	(529)
Foreign exchange	(391)	(29)	(420)
At 31 December 2015	**6,996**	**480**	**7,476**
Accumulated Amortisation			
At 1 January 2013	4	549	553
Charge for the year	347	7	354
Released on disposals	(4)	(33)	(37)
Foreign exchange	19	12	31
At 1 January 2014	366	535	901
Charge for the year	378	6	384
Foreign exchange	(42)	(35)	(77)
At 1 January 2015	702	506	1,208
Charge for the year	2,167	2	2,169
Foreign exchange	(115)	(28)	(143)
At 31 December 2015	**2,754**	**480**	**3,234**
Net Book Value			
At 31 December 2015	**4,242**	**-**	**4,242**
At 31 December 2014	8,612	3	8,615
At 31 December 2013	16,343	9	16,352

Following an impairment review at the year end of the deferred development costs carried by Zincox Resources plc, impairment provisions of US$2,011k have been made against their carrying value (see note 2 for details).

All deferred development costs that have been written off in the year are included in profit or loss in arriving at an operating loss.

The intangible assets of ZincOx (Korea) Ltd were de-consolidated from the Group as at 30 December 2015, following the loss of operational control of the Korean Recycling Plant (KRP).

7. Investments

A residual investment of 10% in ZincOx (Korea) Ltd is now classified as a financial asset and fair valued at US$6,395k (see note 2). Furthermore, a US$70k receivable from KRP to the Group has been classified as a financial asset.

In addition, the Group holds a 51% interest in an unincorporated joint venture with Ural Recycling Ltd, a wholly owned subsidiary of Magnezit Group Limited, a Russian company looking at the potential to develop a zinc recycling plant in Russia.

8. Loans and Borrowings

	2015 $'000	2014 $'000	2013 $'000
Current			
Korea Zinc Company Limited secured loans	-	3,413	976
Standard Chartered Bank Korea Ltd facility	-	2,260	999
Secured loan notes	5,603	6,541	-
Other bank borrowings	8	24	51
	5,611	**12,238**	**2,026**
Non-Current			
Korea Zinc Company Limited secured loans	-	52,739	52,739
Secured loan notes	-	-	6,925
	-	**52,739**	**59,664**

Korean loans
Following the loss of operational control of ZincOx (Korea) Ltd as at 30 December 2015, both the Offtake and Development loans, granted by Korea Zinc Company Limited ("Korea Zinc"), have been de-recognised in the Group balance sheet. Both loans with Korea Zinc were secured by a debenture over the assets of KRP only.

At the same time, the US$5 million rolling Receivables Services facility that was taken out by ZincOx (Korea) Ltd with Standard Chartered Bank Korea Ltd ("SCBK") in April 2013, was de-recognised in the Group balance sheet.

Secured loan notes
In July 2013, the Company issued Loan Notes to a value of £4.2 million together with four year warrants over 9,450,000 new ordinary shares of the Company. During the year, £420k was repaid to lenders leaving an outstanding balance of £3.78 million (US$5.6 million) at 31 December 2015**.**

Interest is 10%, and the Loan Notes repayment date has been renegotiated so that the Loan Notes will now be repayable by January 2018. Interest on the notes will be payable from the restricted cash until July 2016, following which, it will then roll up until the Loan Notes are repaid in full as described in the Strategic Report. The warrants associated with this loan are described in note 9 below.

The Loan Notes are secured against the shares in ZincOx Anadolu Cinko SVTAS, the Company's wholly owned subsidiary that owns the freehold land held at Aliaga, Turkey.

Other loans
Other bank borrowings represent an unsecured facility taken out by ZincOx Resources Belgium Sprl to fund short-term working capital requirements.

9. Post Balance Sheet Events

On 1 February 2016, the Company raised £205,000, before expenses, by way of a conditional placing of 20,500,000 ordinary shares at a price of 1p. At the same time, the Company took the opportunity to simplify the share structure by cancelling all 103,466,716 outstanding Deferred Shares that carried limited participation rights.

On 29 April 2016, the Company announced the completion of the legal transfer of 90% of the shares of ZincOx (Korea) Ltd, from the Company to Korea Zinc Company Limited, leaving the Company with a 10% interest in ZincOx (Korea) Ltd.

In May 2016, the terms of the Loan Notes were renegotiated to extend the redemption date to January 2018. Interest will be paid until July 2016 after which time it will be rolled up until the Loan Notes are repaid in full. Any unpaid amounts will also be secured against the assets of the Company including cash holdings and the remaining interest in KRP. The existing 19,217,840 warrants will be cancelled and replaced by 9,450,000 with a strike price at 5p.

10. Annual Report

In accordance with AIM Rule 20, copies of the Annual Report together with the Notice of Annual General Meeting and Proxy Card will be sent to shareholders by 19 May 2016.

The Annual Report, Notice of General Meeting and Proxy Card will be available to view on the Company's website at www.zincox.com by 19 May 2016, or from the Company at Knightway House, Park Street, Bagshot, Surrey, GU19 5AQ. It should be noted that online voting will be available from 20 May 2016.

11. Annual General Meeting

The Annual General Meeting of the Company will be held at 12.30pm on 17 June 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS.