

28 September 2016



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

## **Half Yearly Results for the six months ended 30 June 2016**

ZincOx Resources plc (AIM Ticker: ZOX), announces its unaudited half yearly results for the six months ended 30 June 2016.

### Background

ZincOx is a company dedicated to the recovery of zinc from unconventional primary and secondary resources.

The Company’s focus is to identify a project, or projects, where the knowledge and expertise of the management are used to identify a new project around which the Company can be rebuilt.

As previously announced, following the reduction of the Company’s interest in its principal asset, the Korean Recycling Plant, under the AIM Rules, the status of the Company is currently that of an AIM Rule 15 cash shell. In the absence of a reverse takeover, the rules provide for the continued quotation of the Company’s shares until 7.30am on 31 October 2016, when the shares will be suspended from trading and six months thereafter the Company would no longer be admitted to trading on AIM.

*This announcement contains inside information for the purposes of Article 7 of regulation 596/2014.*

For further information, please go to: [www.zincox.com](http://www.zincox.com) or contact:

**ZincOx Resources plc**  
Andrew Woollett

Tel: +44 (0) 127 645 0100

**Peel Hunt LLP** (Nominated Adviser and Broker)  
Richard Kauffer  
Euan Brown

Tel: +44 (0) 207 418 8900

### **Forward Looking Statements**

The Chief Executive’s 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.

## Chief Executive's Review

Following the restructuring of the ownership and debt in our Korean subsidiary at the end of last year, the management has concentrated on finding a new project around which the Company can be rebuilt.

Your management is particularly targeting opportunities where it can bring its considerable zinc experience to bear and where this can add value without the immediate requirement for additional investment. In view of the Company's very depressed share price, management believes an attractive new project may best be financed through a joint venture with an industry partner or using private equity at the project level rather than an equity issue at corporate level.

### Mining Opportunities

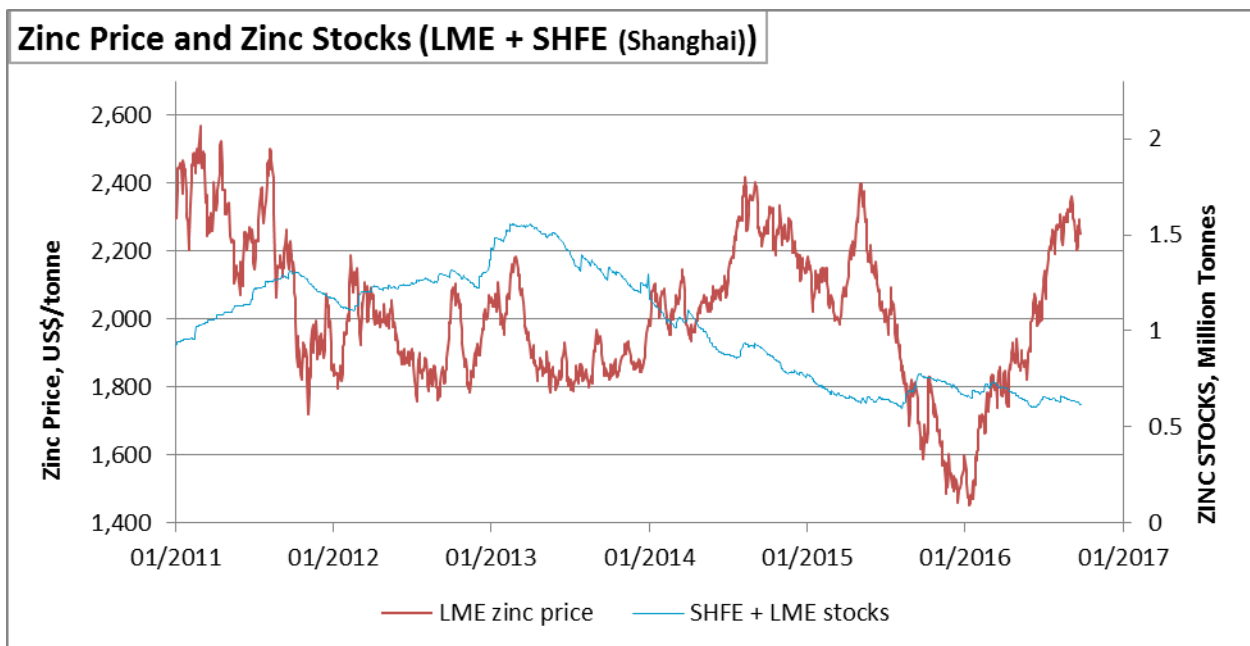
In addition to recycling projects, mining opportunities are also being considered. Shareholders may recall that when ZincOx was first established it was principally targeting natural resources and management has considerable experience in this sector. In addition to mining opportunities the Company is examining investments in mineral processing projects. For example, it has been closely involved with EETAC, a consortium of US and international investors that is examining the potential to refinance the La Oroya polymetallic smelting and refining complex in Peru. This is a huge project that will draw together several companies in a consortium approach. One of these companies is GreenNovo, China's principal recycler of waste dusts from the steel industry. A close relationship has been formed with GreenNovo, through which various joint opportunities are being examined.

### Vietnamese Recycling and Upgrading Project

In February this year the Registration Certificate for our Vietnamese Recycling and Upgrading Project was approved. The global downturn in steel production has led to a reduction in steel production in Vietnam and therefore the generation of waste dust on which our project will depend has also been reduced. The Company has been seeking a partner for this project, but in order to build a facility large enough to take all of Vietnam's waste dust in times of normal steel production, the Company is in discussions with various Vietnamese departments regarding permission to import feedstock in the event that there is insufficient waste dust being generated locally. Once this matter has been clarified the Company can progress discussions with potential joint venture partners.

### Zinc price

As was pointed out in last year's Annual Report, notwithstanding the fall in all commodity prices, the fundamentals for zinc remained strong with mines being closed and demand remaining relatively strong. This year has seen LME zinc stocks falling and, as a consequence, the price of zinc has recovered more quickly and dramatically than that of most other metals.



To date, during September 2016, the zinc price has averaged US\$2,281 per tonne. It is a good time to be in zinc because numerous institutional investors and private equity funds are looking for strong zinc projects.

If the Company is able to secure a good project there should, therefore, be funding available so that a project can be taken forward without recourse to shareholders.

#### Korean Recycling Plant ("KRP")

Apart from a small refractory problem in the rotary heat furnace in January, KRP has worked without problems since January 2016, representing a continuous operation of eight months, almost three times longer than any previous operational period. This has been a direct consequence of the removal of the unreliable heat exchangers in November 2015.

Unfortunately a shortage of feed has prevented the full operation of the plant and for the first half of the year it ran at only 80% of nameplate capacity. Given that the plant has a high proportion of fixed costs, operating at this reduced throughput would have a marked impact on profitability. Recovery has also been below the levels achieved last year. However, coal injection has been installed and this should help reduce overall energy costs.

At the beginning of the year the capital restructuring of the Korean subsidiary led to the Company's interest in KRP being reduced to 10%. However, in order to meet short term liabilities and undertake capital improvements, Korea Zinc, which owns the balance of KRP, invested further sums during the summer of 2016. These increases in equity diluted ZincOx's interest in KRP to 8.74%.

#### Turkish Land

The Company had planned to have sold by now the plot of land it owns in the Aliaga Heavy Industrial Zone and that the sale of this land would have covered the Corporate Loan Notes that amount to £3.78 million. In June 2016, the holders of the Loan Notes agreed to extend the tenure of the notes to January 2018 and to roll up interest from August 2016. The land is in a prime coastal location, ideally suited for a larger manufacturing operation. Unfortunately, the very uncertain political and economic situation in Turkey during 2015 and the first half of 2016 had discouraged new investment. However, it would seem that recent events in Turkey have strengthened the government's position and thereby reduced uncertainty and hopefully accelerate investment in new industrial facilities that are seeking prime plots for development.

#### Fundraising

In February 2016 the Company raised £205,000 and in June 2016 a further £300,000 by way of the issue of new shares at a price of 1p per share, representing a premium to the then price of 82% and 60% respectively. These funds have enabled us to continue to look for a suitable new flagship project.

#### AIM admission

In the absence of a major project on which management can take the Company forward, the rules of the AIM market require the trading of the Company's shares to be suspended at 7:30am on 31 October 2016 and if after a further six months it has no major project, the shares will no longer be admitted to trading on AIM.

### **Financial Review**

#### Group Results

The Group reports a loss from continuing operations of US\$5.2m (after a charge for impairment of US\$3.9m) compared with a restated loss from continuing operations of US\$2.3m for the same period last year.

#### Liquidity and Funding

The Company raised funds by way of two private placings during the period. In February £205,000 (gross) was raised by the issue of 20.5 million shares at 1p per share. In June £300,000 (gross) was raised by the issue of 30 million shares at 1p per share. These funds have provided the Group with the ability to examine new opportunities and for potential uses for the intellectual property and knowhow that has been developed within the Group.

As previously announced the Company's shares will be suspended from trading on AIM on 31 October 2016 and this will necessarily curtail the Company's ability to raise further equity funds.

On 11 May 2016, the terms of the £3.78 million Loan Notes were renegotiated so as to extend the repayment 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 political uncertainty in Turkey, the land sale may not realise 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 (10% per annum) 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 9,450,000 warrants attached with a strike price of 5p.

The Directors, having considered the funding available to the Group, have decided to impair the carrying value of the Company's intangible assets (US\$3.8m) (comprising knowledge of furnace technology and the upgrading of zinc oxide concentrate) resulting in an equivalent charge to the Group Income Statement.

#### Going Concern

The directors have taken steps to reduce the running costs of the Company to the minimum level consistent with the proper running of a public company, with the objective of extending, as far as possible the cash resources of the Company and so the period during which the Company can identify a new project or raise funds from the disposal of the Group's other main assets. In spite of this the directors believe that, in the absence of the sale of one or more of the Group's main assets or the raising of additional capital by way of issuing new shares, the Group will neither have sufficient funding to continue as a going concern nor to continue in operational existence for the twelve months from the date of this report.

#### **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Group have not changed from those disclosed in the Annual Report 2015.

#### **Outlook**

Over the past 17 years the Company has been at the forefront of development in new zinc recovery technology. This experience can be applied to various primary and secondary zinc opportunities and the Company remains hopeful that it should be able to secure a suitable flagship project before the year end.

**Andrew Woollett**  
**Chief Executive**

**27 September 2016**

**ZincOx Resources plc**  
**Consolidated Interim Income Statement**  
**for the period ended 30 June 2016**

		<b>6 months to 30 Jun 2016 unaudited</b>	<b>6 months to 30 Jun 2015 unaudited</b>	<b>Year ended 31 Dec 2015 audited</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue		604	292	246
Cost of sales		(513)	(325)	(1,827)
Gross profit/(loss)		91	(33)	(1,581)
Administrative expenses (net of gains and impairments)	4	(5,029)	(1,877)	(7,606)
<b>Operating Loss</b>		<b>(4,938)</b>	<b>(1,910)</b>	<b>(9,187)</b>
<b>Underlying EBITDA Loss</b>		<b>(737)</b>	<b>(2,115)</b>	<b>(4,250)</b>
Other gains		1	180	1,571
Impairment provisions	3	(3,929)	-	(2,207)
Foreign exchange gain/(loss)		21	213	(2,101)
Depreciation and amortisation		(294)	(188)	(2,200)
<b>Operating Loss</b>		<b>(4,938)</b>	<b>(1,910)</b>	<b>(9,187)</b>
Finance income		-	-	1
Finance costs		(271)	(319)	(640)
<b>Loss before tax</b>		<b>(5,209)</b>	<b>(2,229)</b>	<b>(9,826)</b>
Taxation		-	(38)	(35)
<b>Loss for the period from continuing operations</b>		<b>(5,209)</b>	<b>(2,267)</b>	<b>(9,861)</b>
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	5	(112)	(3,932)	(36,803)
<b>Net Loss</b>		<b>(5,321)</b>	<b>(6,199)</b>	<b>(46,664)</b>
<b>From continuing and discontinued operations</b>				
Basic and diluted loss per ordinary share (cents)	6	(2.56)	(3.73)	(26.43)
Adjusted loss per ordinary share (cents) *	6	(0.67)	(3.73)	(24.43)
<b>From continuing operations</b>				
Basic and diluted loss per ordinary share (cents)	6	(2.50)	(1.36)	(5.58)
Adjusted loss per ordinary share (cents) *	6	(0.62)	(1.36)	(4.33)

\* adjusted loss per ordinary share calculation excludes impairment provisions

**ZincOx Resources plc**  
**Consolidated Interim Statement of Comprehensive Income**  
**for the period ended 30 June 2016**

	<b>6 months to 30 Jun 2016 unaudited</b>	<b>6 months to 30 Jun 2015 unaudited</b>	<b>Year ended 31 Dec 2015 audited</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Loss for the period</b>	<b>(5,321)</b>	<b>(6,199)</b>	<b>(46,664)</b>
<b>Other comprehensive income items that will be subsequently reclassified to profit or loss</b>			
Exchange differences on translating foreign operations	(109)	(1,465)	(2,460)
<b>Total comprehensive income for the period</b>	<b>(5,430)</b>	<b>(7,664)</b>	<b>(49,124)</b>

**ZincOx Resources plc**  
**Consolidated Interim Balance Sheet**  
**at 30 June 2016**

	Notes	as at 30 Jun 2016 unaudited \$'000	as at 30 Jun 2015 unaudited \$'000	as at 31 Dec 2015 audited \$'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Intangible assets	3	-	8,837	4,242
Property, plant and equipment		11	110,552	22
Investments	3	5,779	101	6,560
		5,790	119,490	10,824
<b>Current Assets</b>				
Inventories		-	1,894	-
Trade and other receivables		324	5,033	508
Restricted cash		70	1,398	389
Cash and cash equivalents		735	1,159	655
		1,129	9,484	1,552
Assets held for sale		1,792	2,540	1,970
<b>Total Assets</b>		<b>8,711</b>	<b>131,514</b>	<b>14,346</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables		(316)	(14,728)	(688)
Loans and borrowings	7	-	(6,357)	(5,611)
		(316)	(21,085)	(6,299)
<b>Non-Current Liabilities</b>				
Trade and other payables		(50)	(5,074)	(96)
Loans and borrowings	7	(5,063)	(60,540)	-
		(5,113)	(65,614)	(96)
<b>Total Liabilities</b>		<b>(5,429)</b>	<b>(86,699)</b>	<b>(6,395)</b>
<b>Net Assets</b>		<b>3,282</b>	<b>44,815</b>	<b>7,951</b>
<b>Equity</b>				
Share capital	8	6,883	46,310	46,679
Share premium	8	185,564	181,371	185,590
Capital redemption reserve	8	40,526	-	-
Retained losses		(205,229)	(159,508)	(199,965)
Foreign currency reserve		(24,462)	(23,358)	(24,353)
<b>Total Equity</b>		<b>3,282</b>	<b>44,815</b>	<b>7,951</b>

**ZincOx Resources plc**  
**Consolidated Interim Cash Flow Statement**  
**for the period ended 30 June 2016**

		6 months to 30 Jun 2016 unaudited	6 months to 30 Jun 2015 unaudited	Year ended 31 Dec 2015 audited
	Notes	\$'000	\$'000	\$'000
Loss before taxation due to continuing operations		(5,209)	(2,229)	(9,826)
Loss before taxation due to discontinued operations	5	(112)	(3,932)	(36,803)
<b>Loss before taxation</b>		<b>(5,321)</b>	<b>(6,161)</b>	<b>(46,628)</b>
<i>Adjustments for:</i>				
Depreciation and amortisation		294	3,282	8,253
Interest received		-	(2)	(4)
Interest expense		272	2,611	4,140
Impairment of investments	3	93	-	-
Impairment of intangible assets	3	3,836	-	2,011
Impairment of property, plant and equipment		-	-	1,225
Impairment of assets held for sale		-	-	285
Share based payments		57	182	190
(Decrease)/increase in trade and other payables		(258)	1,124	1,556
Decrease/(increase) in trade and other receivables		249	(618)	693
(Increase)/decrease in inventories		-	(243)	133
Foreign exchange (gains)/losses		(21)	1,235	6,784
Loss due to loss of operational control of subsidiary	5	15	-	22,136
Other gains		(1)	(154)	(1,552)
<b>Cash (utilised)/generated in operations</b>		<b>(785)</b>	<b>1,256</b>	<b>(778)</b>
Interest paid		(272)	(1,325)	(2,609)
Taxation		-	(1)	(37)
<b>Net cash flow from operating activities</b>		<b>(1,057)</b>	<b>(70)</b>	<b>(3,424)</b>
<b>Investing activities</b>				
Net proceeds from disposal of assets		189	387	660
Net proceeds from disposal of scrapped assets		-	3	3
Cash disposed of with loss of subsidiary		(10)	-	(5)
Purchase of intangible assets		-	(333)	(613)
Purchase of property, plant and equipment		(2)	(662)	(3,344)
Insurance proceeds received		-	-	300
Interest received		-	2	4
<b>Net cash generated/(used) in investing activities</b>		<b>177</b>	<b>(603)</b>	<b>(2,995)</b>
<b>Financing activities</b>				
Proceeds from borrowings		-	572	1,271
Repayment of borrowings		(4)	-	(623)
Release of restricted cash		319	78	1,087
Net proceeds from issue of ordinary shares		704	-	4,588
<b>Net cash received from financing activities</b>		<b>1,019</b>	<b>650</b>	<b>6,323</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>				
		<b>139</b>	<b>(23)</b>	<b>(96)</b>
Cash and cash equivalents at start of period		655	1,195	1,195
Exchange differences on cash and cash equivalents		(59)	(13)	(444)
<b>Cash and cash equivalents at end of period</b>		<b>735</b>	<b>1,159</b>	<b>655</b>



**ZincOx Resources plc**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**at 30 June 2016**

	Share capital \$'000s	Share premium \$'000s	Capital redemption reserve \$'000s	FX reserve \$'000s	Retained losses \$'000s	Total equity \$'000s
<b>Balance at 1 January 2015</b>	<b>46,310</b>	<b>181,371</b>	-	<b>(21,893)</b>	<b>(153,491)</b>	<b>52,297</b>
Share based payments	-	-	-	-	182	182
<b>Transactions with owners</b>	-	-	-	-	<b>182</b>	<b>182</b>
Loss for the period	-	-	-	-	(6,199)	(6,199)
<b>Other comprehensive income items that will be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations	-	-	-	(1,465)	-	(1,465)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(1,465)</b>	<b>(6,199)</b>	<b>(7,664)</b>
<b>Balance at 30 June 2015 – unaudited</b>	<b>46,310</b>	<b>181,371</b>	-	<b>(23,358)</b>	<b>(159,508)</b>	<b>44,815</b>
Share based payments	-	-	-	-	8	8
Issue of share capital	369	4,219	-	-	-	4,588
<b>Transactions with owners</b>	<b>369</b>	<b>4,219</b>	-	-	<b>8</b>	<b>4,596</b>
Loss for the period	-	-	-	-	(40,465)	(40,465)
<b>Other comprehensive income items that will be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations	-	-	-	(995)	-	(995)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(995)</b>	<b>(40,465)</b>	<b>(41,460)</b>
<b>Balance at 31 December 2015 – audited</b>	<b>46,679</b>	<b>185,590</b>	-	<b>(24,353)</b>	<b>(199,965)</b>	<b>7,951</b>
Share based payments	-	-	-	-	57	57
Issue of share capital	730	(26)	-	-	-	704
Cancellation of deferred shares	(40,526)	-	40,526	-	-	-
<b>Transactions with owners</b>	<b>(39,796)</b>	<b>(26)</b>	<b>40,526</b>	-	<b>57</b>	<b>761</b>
Loss for the period	-	-	-	-	(5,321)	(5,321)
<b>Other comprehensive income items that will be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations	-	-	-	(109)	-	(109)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(109)</b>	<b>(5,321)</b>	<b>(5,430)</b>
<b>Balance at 30 June 2016 – unaudited</b>	<b>6,883</b>	<b>185,564</b>	<b>40,526</b>	<b>(24,462)</b>	<b>(205,229)</b>	<b>3,282</b>

## 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 2016. 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 2015.

These interim financial statements were approved by the Board on 27 September 2016. 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 2015, 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 2016 and 30 June 2015 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 2015.

### 3. Critical Accounting Estimates and Judgements

#### (a) Impairment Reviews

##### *Intangible assets*

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.

The Group performed an assessment of the recognition and recoverability of its intangible assets, which comprise knowledge of furnace technology and the upgrading of zinc oxide concentrate, at 30 June 2016 and concluded that, based on their future viability and the expected future economic benefits to the Group, there were significant indicators of impairment. The Group has therefore fully impaired its intangible assets by an amount of US\$3.8 million at this date.

##### *Investment in joint venture*

The Group has fully impaired its investment of US\$0.1 million 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.

##### *Carrying value of Groups' investment in KRP*

Following the Group's loss of control over KRP at the end of 2015, the Group has adopted a carrying value for its 8.74% holding in KRP of US\$5.8 million. This valuation, at 30 June 2016,

uses the “price of recent investment” guidelines as described by the International Private Equity and Venture Capital Valuation Guidelines.

The Group has also followed the guidance in IAS 39, indicating that its 8.74% holding should be categorised as a “financial asset available for sale” 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. There is no indication of impairment at 30 June 2016.

#### **(b) Going Concern**

The directors have taken steps to reduce the running costs of the Company to the minimum level consistent with the proper running of a public company, with the objective of extending, as far as possible the cash resources of the Company and so the period during which the Company can identify a new project or raise funds from the disposal of the Group’s other main assets. In spite of this the directors believe that, in the absence of the sale of one or more of the Group’s main assets or the raising of additional capital by way of issuing new shares, the Group will neither have sufficient funding to continue as a going concern nor to continue in operational existence for the twelve months from the date of this report.

#### **4. Administrative Expenses (net of gains and impairments)**

The table below relates to continuing operations only.

	<b>6 months to 30 Jun 2016 unaudited</b>	<b>6 months to 30 Jun 2015 unaudited</b>	<b>Year ended 31 Dec 2015 audited</b>
	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>
Administrative costs (excl. depreciation/amortisation)	(828)	(2,259)	(4,163)
Other gains	1	180	1,571
Impairment provisions	(3,929)	-	(2,207)
Foreign exchange gain/(loss)	21	213	(2,101)
Depreciation and amortisation	(294)	(11)	(706)
	<b>(5,029)</b>	<b>(1,877)</b>	<b>(7,606)</b>

#### **5. Discontinued Operations**

Following the closure of the Belgian office, ZincOx Belgium Sprl, was liquidated on 29 April 2016, resulting in a loss of operational control of the subsidiary and a reclassification to discontinued operations.

On 30 December 2015, following a restructuring of KRP, the Group lost operational control of ZincOx Korea. The formal legal restructuring of ZincOx Korea was completed on 29 April 2016.

#### **Analysis of loss for the year from discontinued operations**

The combined results of the discontinued operations (i.e. from Belgium) included in the loss for the period 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.

Discontinued operations for the comparative period to 30 June 2015 and for the year to 31 December 2015, include both ZincOx Belgium Sprl and ZincOx Korea.

	<b>6 months to 30 Jun 2016 unaudited</b>	<b>6 months to 30 Jun 2015 unaudited</b>	<b>Year ended 31 Dec 2015 audited</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	-	22,397	36,422
Cost of sales	-	(21,471)	(39,266)
Gross profit/(loss)	-	926	(2,844)
Administrative expenses (net of gains and impairments)	(111)	(2,568)	(30,461)
<b>Operating Loss</b>	<b>(111)</b>	<b>(1,642)</b>	<b>(33,305)</b>
<b>Underlying EBITDA (Loss)/Gain</b>	<b>(96)</b>	<b>2,926</b>	<b>900</b>
Other losses	-	(26)	(19)
Impairment provisions	-	-	(1,314)
Loss due to loss of operational control of subsidiary	(15)	-	(22,136)
Foreign exchange loss	-	(1,448)	(4,683)
Depreciation and amortisation	-	(3,094)	(6,053)
<b>Operating Loss</b>	<b>(111)</b>	<b>(1,642)</b>	<b>(33,305)</b>
Finance income	-	2	3
Finance costs	(1)	(2,292)	(3,500)
<b>Loss before tax</b>	<b>(112)</b>	<b>(3,932)</b>	<b>(36,802)</b>
Attributable income tax expense	-	-	(1)
<b>Net Loss</b>	<b>(112)</b>	<b>(3,932)</b>	<b>(36,803)</b>

#### Cash flows from discontinued operations

	<b>6 months to 30 Jun 2016 unaudited</b>	<b>6 months to 30 Jun 2015 unaudited</b>	<b>Year ended 31 Dec 2015 audited</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net cash (outflow)/inflow from operating activities	(27)	5	(3,872)
Net cash outflow from investing activities	-	(728)	(207)
Net cash inflow/(outflow) from financing activities	13	(1,465)	(2,135)
<b>Net cash outflows</b>	<b>(14)</b>	<b>(2,188)</b>	<b>(6,214)</b>

The remaining 8.74% holding in KRP has been classified as a "financial asset available for sale" within investments.

## 6. 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\$5,321k (period to 30 June 2015: US\$6,199k, year to 31 December 2015: US\$46,664k) divided by the weighted average number of shares in issue during the period of 208,171,661 (period to 30 June 2015: 166,305,778, year to 31 December 2015: 176,579,687).

An adjusted loss per ordinary share for the year has been presented to exclude the impairment provisions made in the year of US\$3,929k (period to 30 June 2015: nil, year to 31 December 2015: US\$3,521k). It has been calculated based on adjusted loss attributable to ordinary shareholders of US\$1,392k (period to 30 June 2015: US\$6,199k, year to 31 December 2015: US\$43,143k).

### Continuing operations

The calculation of the loss per share from continuing operations is based on the loss attributable to ordinary shareholders of US\$5,209k (period to 30 June 2015: US\$2,267k, year to 31 December 2015: US\$9,861k) divided by the weighted average number of shares in issue during the year of 208,171,661 (period to 30 June 2015: 166,305,778, year to 31 December 2015: 176,579,687).

An adjusted loss per ordinary share for the year has been presented to exclude the impairment provisions made in the year of US\$3,929k (period to 30 June 2015: nil, year to 31 December 2015: US\$2,207k). It has been calculated based on adjusted loss attributable to ordinary shareholders of US\$1,280k (period to 30 June 2015: US\$2,267k, year to 31 December 2015: US\$7,654k).

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

## 7. Loans and Borrowings

	6 months to 30 Jun 2016 unaudited \$'000	6 months to 30 Jun 2015 unaudited \$'000	Year ended 31 Dec 2015 audited \$'000
<b>Current</b>			
Secured loan notes	-	-	5,603
Korea Zinc Company Limited secured loans	-	3,554	-
Standard Chartered Bank Korea Ltd facility	-	2,775	-
Other bank borrowings	-	28	8
	-	<b>6,357</b>	<b>5,611</b>
<b>Non-Current</b>			
Secured loan notes	5,063	6,605	-
Korea Zinc Company Limited secured loans	-	53,935	-
	<b>5,063</b>	<b>60,540</b>	-

### Secured loan notes

At 30 June 2016 the Company had issued Loan Notes valuing US\$5.1 million (£3.78 million) together with warrants over 9,450,000 new ordinary shares of the Company. In May 2016, the terms of the Loan Notes were renegotiated to extend the redemption date to January 2018, resulting in a reclassification to "non-current" as at 30 June 2016.

Interest is 10% and will be paid up until July 2016 after which time it will be rolled up until the Loan Notes are repaid in full.

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. Any unpaid amounts of interest will also be secured against the assets of the Company including cash holdings and the remaining interest in KRP.

### Other bank borrowings

Other bank borrowings represent an unsecured facility taken out by ZincOx Resources Belgium Sprl to fund short-term working capital. These were deconsolidated from the Group at 29 April 2016 following a loss of operational control of the Belgian office.

### Korean loans

Following the loss of operational control of KRP in 2015, all loans taken out by ZincOx (Korea) Ltd, including a US\$5 million Receivables Services facility with Standard Chartered Bank Korea Ltd, were deconsolidated from the Group at 30 December 2015.

## 8. Share Capital

The shares of the Company are denominated in Pounds Sterling but are retranslated for the Group financial statements at their historic rate.

	Number shares	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Total \$'000
Ordinary shares in issue 1 January 2015	166,305,778	46,310	181,371	-	227,681
103,466,716 deferred shares at 24 pence	103,466,716	40,526	-	-	40,526
103,466,716 ordinary shares at 1 pence	166,305,778	5,784	181,371	-	187,155
Ordinary shares issued	-	-	-	-	-
Ordinary shares in issue 30 June 2015	166,305,778	46,310	181,371	-	227,681
Ordinary shares issued	23,607,641	369	4,219	-	4,588
Ordinary shares in issue 31 December 2015	189,913,419	46,679	185,590	-	232,269
Ordinary shares issued	50,500,000	730	(26)	-	704
Deferred shares at 24 pence cancelled	(103,466,716)	(40,526)	-	40,526	-
<b>Ordinary shares in issue 30 June 2016</b>	<b>240,413,419</b>	<b>6,883</b>	<b>185,564</b>	<b>40,526</b>	<b>232,973</b>

The share capital reserve at 30 June 2016 stated at its historical value in its nominal currency of GBP, is £2,404k (period to 30 June 2015: £26,495k, year to 31 December 2015: £26,731k).

On 30 June 2016, following the cancellation of all existing options and the grant of new options, there were options available over 24,030,000 ordinary shares in the Company, 13,930,000 available to directors and 10,100,000 to eligible persons. The exercise price of each option is 1.6 pence, exercisable from 30 June 2019, with an expiry date of 30 June 2026.

At 30 June 2016, there were warrants available over 9,450,000 ordinary shares in the Company, 1,327,500 available to directors and 8,122,500 to other subscribers of the loan notes. The life of the warrants, which were extended in the period to expire on 20 February 2020, can be exercised immediately at a price of 5p.

The highest and lowest prices of the Company's shares during the period were 1.23p and 0.47p respectively, and the share price at the end of the period was 0.775p.

The number of shares which would have been in issue at the end of the period, had all options and warrants been exercised, was 273,893,419. There were no share options or warrants exercised in the period.

### Capital Redemption Reserve

On 1 February 2016, the Company cancelled 103,466,716 Deferred Shares with a nominal value of 24 pence and carrying no voting rights, resulting in the creation of a Capital Redemption Reserve.

**9. Further copies of this statement**

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