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

Preliminary Results - Year Ended 31 December 2007

ZincOx Resources plc (AIM Ticker: ZOX), which applies innovative technology to the production of low cost, high grade zinc, today announces its results for the year ended 31 December 2007.

Operational Highlights

- £11.4 million profit or 23.33 pence per share
- Jabali Mine fully financed, development underway
- Over £20 million in cash reserves
- Ohio Recycling Project development commenced

Commenting today, Andrew Woollett, Executive Chairman, said: “It is satisfying to record a threefold increase in profits following deferred payments from our interest in the Shaimerden Zinc mine in Kazakhstan.

We have made considerable strides in our plans to extract high grade zinc from the hazardous waste produced when recycling galvanised steel. We expect work will commence developing our Ohio Recycling Project in May 2008.

To support the development of the Jabal Salab project in Yemen the Company raised $120million through the first ever Yemen project bond and the first tradable bonus instrument to be launched for a metal related transaction.”

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Chairman's Statement

I am delighted to announce a threefold increase in profits to £11.4 million (2006: £3.6 million) or 23.33 pence per share (2006: 8.61 pence per share) which now places us firmly among the most profitable companies on AIM. These profits were due to the ongoing deferred payments due from the sale of the Shaimerden mine, and these should continue to 2011 by which time our Jabali mine and first recycling projects should be in full production.

The Shaimerden receipts together with funds already in our treasury allowed us to fully finance our equity contribution to the Jabali Mine development without recourse to shareholders. The balance of the US$216 million development was covered by our partners (48%) and the recent issuance of a novel and imaginative project bond which raised US$120 million. The project should be in production before the end of next year.

This rapid development timetable has only been possible due to our decision early last year to order long lead time items of equipment, such as the mining fleet, which is already in the country. We have adopted a similar strategy for the development of our first recycling project, the Ohio Recycling Project, in the USA. In order to do this, we raised £20 million by a placing of new shares with new and existing institutional investors. These funds are being used to undertake advanced engineering, secure fabrication time with equipment manufacturers and to enable site work to commence in May 2008.

We are now focusing on raising the balance of the development cost and if this is completed as planned, the project should commence production before the end of next year.

During the course of the year we confirmed the attractiveness of the Rotary Hearth Furnace and Melter (RHF&M) strategy we conceived in 2006 and we are increasingly convinced that this is a breakthrough in the way that zinc bearing steel industry waste (EAFD) is treated, both economically, because it is energy efficient, and environmentally because it produces three saleable products and no waste.

Considerable progress on the sourcing of dust around the world has been carried out over the past three years and steel mills in the regions have welcomed our "no waste" approach. Indeed we are increasingly confident that this strategy will enable us to realize our ambition to become the largest zinc recycling company in the world. In Turkey (Aliaga) we received the approval for our Environmental Impact Assessment and in Thailand we entered into supply option contracts for 100,000 tonnes of EAFD per annum. The progress we have made with our recycling plans was recognised by our peers at the 2007 annual Mining Journal awards for Outstanding Achievement, at which ZincOx won the award for sustainable development.

Over the past two years, costs across the industry have risen dramatically and including the working capital, contingency and a cost overrun facility, the total financing requirement for the Jabali mine amounted to US$216 million. The Jabali mine will be the first major mining development in Yemen and will be one of the largest zinc mines in the Middle East. While mine developments are generally well suited to project finance, the particular circumstances at Jabali did not fulfil some of the standard prerequisites for this type of finance. The bond facility we put in place was specifically designed to attract specialist emerging market investors. We were able to find a formula that enhanced the returns to the bond holders by gearing them into the zinc price without dilution of our equity in the project. This is the first time such a bond has been used. Exotix, the specialist emerging market debt adviser, which arranged the bond, is keen to try to repeat a similar formula for the financing of our recycling projects located in other emerging markets such as Turkey and Thailand.

Due to the very limited recourse of this structure we remain unconstrained at a corporate level and this gives us complete freedom when considering options for financing the Ohio project.

Our recycling strategy provides for zinc bearing hazardous waste from the steel industry to be converted into pig iron, slag and an intermediate product that can be processed into zinc either at our Big River Zinc refinery in the USA or, after some further treatment, by third party smelters. We believe we have a significant lead on any potential competitors but in order to maintain this lead for as long as possible we decided, over a year ago, to follow a strategy of multiple and integrated concurrent project developments at Ohio, Aliaga and Big River, for a total capital expenditure of over US$400 million. In order to realize these plans we sought a strong industrial strategic partner who could help to fund the developments by taking a direct interest in the projects. As stated in last year's annual report, Teck Cominco, one of our largest shareholders, had expressed an interest to be that partner. During the first half of 2007, Teck Cominco carried out a detailed technical review that concluded very positively. Towards the end of the year, we were, therefore, surprised to learn that Teck Cominco wished to continue to follow the strategy as a shareholder in the Company but not as a project partner. They retain a seat on the board and membership of a joint technical committee.

A review of our options for financing the three initial projects concluded that the period required to undertake due diligence by a new partner would be over six months, without any guarantee that such partner would ultimately commit to the projects. In order to have the greatest confidence in the rapid development of the first recycling project we have modified our strategy to that of a staggered development plan. By this approach the RHF&M could be developed as stand alone projects producing an intermediate product that could be cheaply upgraded into a concentrate attractive to third parties. Only when the RHF&Ms are being developed for the production of sufficient intermediate product to allow Big River to operate at full capacity will its redevelopment be considered. I should point out, however, that by staggered I do not mean sequential. That is to say, as soon as the first project is financed and its development is underway we would seek to finance and develop the second project; I would expect this to be well before the first project is commissioned.

While the strategic partner approach would have simplified financing, partners would almost certainly have required rights over future projects that would have significantly reduced our medium and long term value in such projects. We now have the freedom to obtain the best financing or partnership deal on future projects unencumbered by prior agreements.

The continuing demand for commodities from major emerging countries led by China seems to continue unabated. For as long as this is the case, the outlook for the zinc price is likely to remain strong. While some analysts are predicting a fall in the price over the next couple of years due to a slight over supply of metal, the margins for error are large as the price is a function of the balance of supply and demand and we believe the demand side estimate is little better than a guess. This is supported by the very wide variations in zinc price forecasts. There seems, however, to be little let up in the rising cost of production and that should insulate us from the very low prices we saw only five years ago. Given that zinc's principal use is for galvanising steel products, I am encouraged by the current very high demand for steel as this must imply a high demand for zinc. Furthermore we have seen a good deal of consolidation in the ownership of zinc production in recent years and so perhaps we may expect some long awaited industry discipline.

Over the course of the year we have added significantly to our senior staff as we gear up for the challenge of project development. In order to support our transition to a "producer" we are also in the process of strengthening our board and we recently announced the appointment of Rod Beddows as a non-executive director. As a founder of Beddows and Co, one of the foremost steel strategy consulting groups, Rod has immense industry experience and this will become increasingly useful as we grow our steel waste recycling business.

As a fast growing company, the staff have worked extraordinarily hard to keep pace with the rate of our development and I would like to thank all staff for their efforts over the last year and for those that I am sure they will equally willingly give over the year to come.

Andrew Woollett
Chairman
25 April 2008

<u>**Review of Operations**</u>

Zinc Recycling

<u>Ohio Recycling Plant – USA</u>

The first recycling project to be developed by the group is the Ohio Recycling Project (ORP) together with the washing plant at Big River Zinc (BRZ) at a cost currently estimated to be US$179 million, including working capital and contingency which will generate estimated annual earnings of US$23.7 million (post tax, depreciation and interest payable) assuming a zinc price of US$2,200 per tonne and a pig iron price of US$310 per tonne.

ORP will comprise a rotary hearth furnace and a submerged arc electric melter. It is planned to treat 200,000 tonnes per year of electric arc furnace dust (EAFD) containing an average grade of about 24% zinc. The rotary hearth furnace will produce a concentrate containing zinc and lead, together with iron in the form of direct reduced iron. The latter will be immediately transferred to the melter which will separate the pig iron and by-product slag.

The EAFD will be supplied under the terms of a strategic alliance with Envirosafe Services of Ohio Inc (ESOI). ESOI, the largest disposer of EAFD in landfill in the United States, has a 15 year track record in the sourcing and transportation of EAFD.

In November 2007, a 7 hectare plant site was purchased at Delta, in Fulton County, north-west Ohio and in March 2008 the last of the environmental and other permits were granted so that site work can commence in May 2008. The project has been awarded certain grants and tax incentives.

In order that development will not be delayed, in January 2008 US$40 million was raised for the development of the project. These funds are being used for the identification and ordering of long lead time items of equipment, site preparation, installation of utilities and detailed engineering design to enable the definition of process equipment tenders.

The strategically located site is well positioned for rail and road transportation networks as well as having good access to power, water and gas. Application for various construction and operating permits is sufficiently advanced to enable construction to commence. ZincOx is working with a major local engineering company to finalise the design and engineering of the plant.

ORP is designed to produce annually 47,000 tonnes of zinc contained in a crude zinc oxide concentrate, 56,000 tonnes of pig iron and 48,000 tonnes of slag. The zinc concentrate will be transported to Big River Zinc (BRZ) for further processing, the pig iron will be sold back to the steel mills from where the EAFD originated and the inert slag can be sold to the construction industry. On the above assumptions, the EBITDA of the project at full production will be US$57.5 million per annum.

The Group's interim strategy is to wash the Ohio and Aliaga concentrates at BRZ to remove chlorine and fluorine and sell the washed product to existing zinc refineries. BRZ already has a fully permitted washing plant and with a small capital investment it could be operating within a short period of time. This strategy has the advantage of generating early cash flow at a much reduced capital investment than will be required to convert BRZ in order to produce zinc metal, which is the Company's long term plan.

<u>Aliaga Recycling Plant - Turkey</u>

As with ORP, the Aliaga Recycling Plant (ARP) will comprise a rotary hearth furnace and a submerged arc melter. It is planned to treat 200,000 tonnes per year of electric arc furnace dust (EAFD) containing an average grade of 24% zinc. The plant will produce a concentrate containing zinc and lead, together with iron in the form of direct reduced iron which will be upgraded into pig iron in the melter.

ZincOx has purchased 4.2 hectares of land in the Heavy Industrial Zone at Aliaga, located 60 km north of Izmir on the western coast of Turkey. Turkey is a large recycler of steel, producing well over 200,000 tonnes per year of EAFD. Within the Industrial Zone there are five steel mills which together produce over 100,000 tonnes per annum EAFD. Other EAFD will be brought to site from other steel mills in Turkey. During the course of 2007 full environmental approval from the Turkish authorities was obtained for the proposed plant. The Industrial Zone is well located with respect to transportation by sea, road and rail. Gas and electricity are readily available.

In November 2007 an additional plot was purchased adjacent to the initial plant site. This site will be used as an enclosed stockpile and blending area and for EAFD storage prior to the completion of the main plant.

ARP will be designed to produce annually 47,000 tonnes of zinc contained in a crude zinc oxide concentrate, 46,000 tonnes of pig iron and 44,000 tonnes of slag. ZincOx plans that the zinc concentrate will be transported to BRZ for further processing, the pig iron will be sold back to the steel mills in Turkey from where the EAFD originated and the inert slag can be sold to the construction industry.

Other Recycling Plants – Far East

During the course of the last year, ZincOx has advanced its plans to roll out its recycling of EAFD in the Far East.

In Thailand, ZincOx is planning to construct a plant consisting of a rotary hearth furnace and melter, similar in size and design to the plants at Ohio and Aliaga. The plant will be a regional facility processing EAFD from Thailand and nearby countries.

An option on land of five hectares has been purchased on a site at Chonburi, a heavy industrial area near the cities of Laem Chabang and Sriracha on the east side of the Gulf of Thailand. The site is near three steel mills. Environmental studies have already been initiated.

The EAFD supply option agreements have been entered into with seven steel mills and further supply contracts are expected before the end of 2008.

The construction of another potential recycling plant in the Far East is under review.

Zinc Mining

Jabali Zinc Mine – Yemen

The exploitation and development rights to the Jabali zinc deposit are owned by Jabal Salab Company (Yemen) Limited ("Jabal Salab"), in which ZincOx holds a 52% interest. The balance of 48% is held by Ansan Wikfs Investments Limited. The Jabali zinc oxide deposit is located 110 km north east of Sana'a, Yemen's capital city.

Major advances with the development of the deposit were achieved during the course of the year which culminated in a $216 million financing package for Jabal Salab in February 2008. This included equity and financial security guarantees from the shareholders and a $120 million loan facility provided by a group of emerging market specialist hedge funds.

The term of the loan facility is six years with an interest rate of 11.5% and a three year grace period on principal repayments. In addition, the facility carries an additional coupon linked to the zinc price ("the ZIPPO" or Zinc Price Related Payment Obligation) which is calculated at US$0.16 for each dollar that the average annual international zinc price is above US$1,300 per tonne on every tonne of zinc sold by Jabal Salab over a period of 12 years from close of the financing. The

ZIPPO notes are tradable instruments and are believed to be the first such instruments to be launched for a metal related transaction and the first Yemen project bond.

The Government of Yemen is extremely supportive of the Jabali project. It is the first large scale mining project to be developed in Yemen and the Government recognises that mining is a way of diversifying away from its dependence on the oil sector. Jabal Salab has a 20-year Exploitation Agreement with the Ministry of Oil and Minerals that sets out all the terms and conditions for development of the deposit. The Contract has been approved by the Yemen parliament and ratified as law by the President.

The Company has fostered a close relationship with local communities and stakeholders' training programmes, employment and improved infrastructure, especially road and water, are benefits to the nearby communities that should prove to be sustainable well beyond the life of the mine.

The Jabali deposit contains a mineable reserve of 8.7 million tonnes of ore at an average grade of 9.2% zinc. The deposit will be mined at the rate of 800,000 tonnes per annum by open pit with a strip ratio of 2:1. Ore will be crushed and calcined prior to milling and leaching using ammonia based solutions. Following purification, zinc carbonate will be precipitated and calcined for the production of 70,000 tonnes per annum of very high quality zinc oxide (>79% zinc). The zinc oxide will be bagged and shipped to customers in the rubber, paint and ceramics industries.

Construction of the mine and associated facilities is scheduled to take 22 months, such that production of a high quality zinc oxide should commence at the end of 2009.

Removal of over burden to expose the deposit sufficiently for ore extraction is scheduled to commence in the third quarter of 2008. Caterpillar mining equipment has already been delivered to Yemen. A site camp sufficient for 300 people is under construction.

<u>Shaimerden Zinc Mine – Kazakhstan</u>

ZincOx sold its interest in the Shaimerden zinc oxide deposit to Kazzinc, a large local zinc producer owned by Glencore AG, in 2003 but retained an interest through on-going deferred payments based on a formula linked to the zinc price. The deferred payments which are based on the first 200,000 tonnes of zinc contained in ore that are mined from the deposit, are paid to ZincOx at the rate of $0.2375 per tonne for every dollar that the LME zinc price is above $800 per tonne. They are made regardless of whether or not the deposit is being mined, and based on a deemed minimum and maximum amounts of 40,000 and 60,000 tonnes of contained zinc in ore, respectively. Payments may be suspended if there is a discrepancy between the contained zinc predicted by the geological model at the date of sale and actual contained zinc mined, of greater than 25%.

During 2007, mining in the open pit was severely hampered by greater than expected water inflows and reduced pit stability. Grade reconciliation was poor for the second and third quarters and payments were suspended for these periods. However zinc mined in ore in the first and fourth quarters amounted to 58,558 tonnes and in January 2008 ZincOx received an amount of $31.4 million

<u>Zinc Refining</u>

<u>Big River Zinc Refinery – USA</u>

The Big River Zinc smelter is an electrolytic zinc refinery located about 3 km south east of St Louis. BRZ commenced operation in 1929 and has over many years been expanded to become the second largest zinc smelter in the USA (100,000 tonnes per annum). Due to the closure of the last of the local zinc mines, the smelting operations were suspended at the end of 2005.

In May 2006, BRZ was purchased by the Group for US$14 million. Ultimately, the Group's plan is to use the plant for the production of zinc metal by installing a new leach and solvent extraction purification circuit but using the existing electrowinning, melting and casting facilities. Initially, however the site will be used to wash the impure concentrates produced by the recycling business to remove the chlorides and fluorides to enable the sale of zinc concentrates to third parties.

BRZ is currently on care and maintenance while ZincOx carries out design and engineering work for the treatment at BRZ of the zinc bearing concentrate to be produced at the Ohio and Aliaga recycling plants.

Bintulu Project, Sarawak, Malaysia

The Group has a long term strategy to develop refining operations from concentrates produced by recycling. Electrical power is a very significant component in the cost of zinc metal production. In order to achieve the lowest possible cost of production, The Group is seeking locations where power is inexpensive.

Given the progress of the recycling plans in the Far East, and the long lead time required to develop a new greenfield zinc electro refinery, the Group is considering the Bintulu area in Sarawak, Malaysia.

The Malaysian government has established a new industrial zone at Bintulu that will benefit from its proximity to an ambitious multiple phase hydro electric generation scheme. Companies in the industrial zone may enjoy low cost long term electrical power contracts. In February 2008, ZincOx entered into a Memorandum of Understanding with the Bintulu Development Authority. Negotiations on the timetable for the project and a framework power agreement are underway.

ZincOx Resources Plc
Consolidated Income Statement
For the year ended 31 December 2007

	2007 **£'000**	2006 £'000
Revenue	**-**	169
Cost of Sales	**-**	(525)
Gross Loss	**-**	(356)
Administrative Expenses	**(5,607)**	(5,169)
Operating Loss	**(5,607)**	(5,525)
Other gains and losses	**20,016**	9,604
Finance Income	**1,085**	748
Finance Costs	**(37)**	(3)
Share of losses of Associate	**25**	45
Profit before Tax	**15,482**	4,869
Taxation	**(4,096)**	(1,233)
Net Profit	**11,386**	3,636
Attributable to:		
Equity holders of the parent	**11,460**	3,683
Minority Interest	**(74)**	(47)
	11,386	3,636
Basic earnings per Ordinary Share	**23.33p**	8.61p
Diluted earnings per Ordinary Share	**22.37p**	8.36p

ZincOx Resources plc
Consolidated Statement of Total Recognised Income and Expense
For the Year Ended 31 December 2007

	Year ended 31 December 2007 £'000	Year Ended 31 December 2006 £'000
Currency translation differences	(162)	(107)
Profit for the financial year	11,386	3,636
Total recognised income for the year	**11,224**	**3,529**

ZincOx Resources Plc
Consolidated Balance Sheet
as at 31 December 2007

	2007 £'000	2006 £'000
ASSETS		
Non-Current Assets		
Intangible Assets	**17,706**	10,590
Property, plant and equipment	**22,031**	8,762
Investment in associate	**-**	2
Other financial assets	**-**	235
	39,737	19,589
CURRENT ASSETS		
Inventories	**973**	1,020
Trade and other receivables	**18,449**	9,823
Cash and cash equivalents	**12,646**	23,176
	32,068	34,019
TOTAL ASSETS	**71,805**	53,608
LIABILITES		
Current Liabilities		
Banks loans and overdraft	**(534)**	-
Trade and other payables	**(5,034)**	(3,175)
Non-Current Liabilities		
Other long term liabilities	**(581)**	(1,698)
TOTAL LIABILITES	**(6,149)**	(5,413)
NET ASSETS	**65,656**	48,195
EQUITY		
Share capital	**12,244**	12,105
Share premium	**37,422**	37,245
Retained earnings	**11,364**	(1,001)
Foreign currency reserve	**(162)**	(107)
Equity attributable to equity holders of the parent	**60,868**	48,242
Minority Interest	**4,788**	(47)
TOTAL EQUITY	**65,656**	48,195

ZincOx Resources Plc
Consolidated Cash Flow Statement
For the year ended 31 December 2007

	2007 £'000	2006 £'000
Profit before taxation	**15,482**	4,869
Adjustments for:		
Depreciation	**920**	433
Foreign exchange (loss)	**(55)**	(107)
Interest received	**(1,085)**	(748)
Interest expense	**37**	3
Intangible assets written off	**3**	952
Share based payments	**979**	425
Increase/(Decrease) in trade and other payables	**4,099**	(2,400)
(Increase) in trade and other receivables	**(154)**	(446)
Decrease in inventories	**47**	229
Foreign tax at source	**(4006)**	(1,220)
Share of losses of Associate	**(25)**	-
Other gains and losses	**(16,013)**	(8,429)
Cash generated from operations	**229**	(6,439)
Interest paid	**(37)**	(3)
Net cash flow from operating activities	**192**	(6,442)
Investing activities		
Purchase of intangible assets	**(7,293)**	(5,402)
Purchases of property, plant and equipment	**(13,998)**	(2,097)
Acquisition of subsidiary	**-**	(1,335)
Interest received	**1,085**	748
Net cash used in investing activities	**(20,206)**	(8,086)
Financing Activities		
Net proceeds from disposal of assets	**8,634**	218
Net proceeds from issue of ordinary shares	**316**	33,551
Net cash received from financing activities	**8,950**	33,769
Net (decrease) increase in cash and cash equivalents	**(11,064)**	19,241
Cash and cash equivalents at start of year	**23,176**	3,935
Cash and cash equivalents at end of year	**12,112**	23,176

Notes:

1. Preparation of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The consolidated balance sheet at 31 December 2007, the consolidated income statement, consolidated cash flow statement, statement of total recognised gains and losses, and associated notes for the year then ended have been extracted from the Group's 2007 statutory financial statements upon which the auditors' opinion is unqualified.

2. Profit per Share

The calculation of the earnings per share is based on the profit attributable to ordinary shareholders of £11,386,000 (2006 £3,636,000) divided by the weighted average number of shares in issue during the year of 48,801,664 (2006: 42,230,332).

The calculation of the diluted earnings per share is based on the profit attributable to ordinary shareholders of £11,386,000 (2006: £3,636,000) divided by the weighted average number of shares in issue as varied by the dilutive effect of the share options in issue during the year totalling 50,906,836 (2006: 43,504,806).

3. Preliminary statement

Copies of the Annual Report will be sent to shareholders shortly and will be available from the Company at Knightway House, Park Street, Bagshot, Surrey GU19 5AQ and Numis Securities Limited, but in the meantime the full financial statements may be viewed on the Company's website www.zincox.com.