12 May 2009

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

Preliminary Announcement of Results - Year ended 31 December 2008

ZincOx Resources plc (AIM Ticker: ZOX) which specialises in the low cost recovery of high grade zinc compounds from unconventional sources, today announces its results for the year ended 31 December 2008.

Highlights

- £4.6 million attributable profit after tax (7.05 pence per share)
- Over £64 million in cash reserves
- Jabali mine under development
- Production at Jabali expected in H1 2010
- Agreed long term EAFD supply agreements in Korea

Commenting today, Andrew Woollett, Executive Chairman, said:
"We are delighted to be on track to commence production at the Jabali mine during the first half of 2010. We also remain convinced that our innovative approach to zinc recycling presents a significant opportunity to produce low cost zinc on a sustainable basis. Having significant cash reserves means we remain in a strong and flexible position to progress our recycling strategy as the global economic environment improves".

For more information please go to www.zincox.com or contact:

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ZincOx Resources Plc

Chairman's Statement

ZincOx is in a strong financial position having approximately £64.5 million in cash; almost no liabilities and no debt at the corporate level. Furthermore, we remained profitable during 2008 with profits attributable to our shareholders of £4.6m (2007: £11.4m) or 7.05 pence per share (2007: 23.33 pence per share) due to the receipt of further deferred payments from the sale of the Shaimerden deposit, and from which we expect to generate cash during this year and next.

During the course of the year, we made huge progress with the development of the Jabali Mine in Yemen and while there has been some slippage in timing it remains within budget and we look forward to it being in production within one year.

As a result of the economic uncertainty following the collapse in metal prices in the autumn, it was decided to delay the development of our first waste recycling facility in Ohio. However, having raised approximately $72 million intended for the equity portion of this project in the first half of 2008, we remain in a strong position to press ahead with the development when project finance markets improve and such finance is again available on attractive terms.

We remain convinced that our innovative approach to recycling has the potential to enable us to become a significant low cost producer of zinc on a sustainable basis. Whilst the global financial crisis has closed some doors in terms of immediate financing, it will, however, inevitably lead to new opportunities and our strong cash position gives us the flexibility to embrace these new opportunities as they arise.

Shaimerden

We continue to receive deferred payments in relation to the sale of the Shaimerden zinc oxide deposit in Kazakhstan. We received $15.7 million in January of 2009 in respect of production in 2008. Under the terms of the sale agreement further payments are due relating to 60,000 tonnes of zinc in January 2010 and a final smaller payment relating to 9,826 tonnes in January 2011.

Jabali

In February 2008 we completed the financing for the development of the Jabali Mine. The equity for this financing was provided by the 2007 Shaimerden deferred payment together with funds already in our treasury without recourse to shareholders. The balance of the US$216 million development cost was covered by equity from Ansan Wifks (48%), our partner in the Jabali project, and the issuance of an imaginative project bond which raised US$120 million. The novelty of this unique zinc price related bond structure was recognised at the 2008 Mining Journal awards by ZincOx winning the Outstanding Achievement Award for Project Finance.

The development work at Jabali is progressing well. In February 2009 we were able to hold a foundation stone laying ceremony attended by the Yemeni Prime Minister. Our progress with the development is cementing a strong relationship with the Government of Yemen and our relations with various local tribal groups have also improved. We have a good working relationship under which we are maximising the employment of people from the local area. The site levelling is complete and the laying of the foundations is expected imminently. All of the major processing equipment has been ordered and some is already manufactured and awaiting transportation to site.

As a result of delays caused by restricted access to the site during the middle of 2008, first production is now expected in the first quarter of 2010. Over the past few years new mining developments have almost invariably run over budget, sometimes spectacularly so; our development team, however, has used the delay to seek keener pricing on various items and the project remains within budget.

The core mining team has been recruited and the initial training of operators is completed. Mining commenced in February 2009 and is building up in line with the revised schedule. During the remainder of 2009, mining will concentrate on the removal of waste and the stockpiling of ore ahead of plant commissioning at the end of 2009.

Recycling

At the start of 2008, having successfully completed the Jabali financing, our attention turned to funding the development of the Ohio Recycling Project ("ORP") through a combination of equity and a high yield bond. The equity component was to have come from existing cash resources, new equity and the remaining anticipated deferred payments from the Shaimerden mine. The bond was structured as a facility on which interest was paid at half the rate until it was drawn down, with draw down occurring only after most of the equity had been spent. Having raised the requisite new equity and secured the bond facility, we started to plan the detailed engineering required for the construction of the plant.

Following the sharp acceleration of the fall of the zinc price in October, we could no longer rely on the Shaimerden deferred payments for January 2009 and 2010 being sufficient to complete our financing for the ORP as had been anticipated earlier in the year. Given the considerable global economic uncertainty, our existing substantial commitments at Jabali and our belief that equity markets would remain closed for a significant period of time, it was with some reluctance that we decided to postpone the development of the ORP.

The marked fall in the zinc price significantly reduces the amount of traditional project finance debt that the project can support; furthermore project finance would require a substantial hedging programme that would tie the project to zinc prices that many analysts believe to be unsustainably low.

The development of our first recycling project remains a priority for the Company, and we continue to discuss the possibility of a joint venture with various zinc companies and the consideration of the use of second hand equipment to reduce the capital cost.

In view of the shortfall in development finance, and our general reluctance to proceed with a development of this scale during these uncertain times, we decided to cancel most of the bond facility put in place for the development of the ORP. This helped us to recoup most of the costs associated with the setting up of the facility.

While the credit crunch has certainly slowed down our immediate development plans for the ORP, we are continuing to work towards our ambition of a ZincOx facility in every major steel recycling region of the world. I am delighted to report, therefore, our entry into long term EAFD supply agreements with all the significant Korean Electric Arc Furnace operators in April 2009; these include some of the world's largest steel companies.

Refining
The Company's wholly owned Big River Zinc smelter in the USA has remained on care and maintenance throughout the year. With the development plans for the ORP on hold for the time being, so too are the redevelopment plans for Big River Zinc. While the redevelopment decision is awaited, other activities are being carried out at Big River including the toll washing of zinc oxide concentrates and the storage of sulphuric acid for third parties.

Corporate
The zinc price roughly halved over the course of the 2008, and during October the fall was its most severe and dramatic. Demand for zinc has plummeted, which is hardly surprising given the collapse in several markets that are key for zinc usage, such as the galvanising of steel sheet for new cars. Unlike the case in previous downturns, the zinc industry has reacted rapidly and decisively to potential oversupply and many producers have announced cutbacks or even temporary or permanent mine closures. One of the reasons for these closures is the difficulty, in the current credit environment, in maintaining a loss making operation by corporate borrowing, as has been possible in previous downturns. As I write today, the rise in zinc stocks seems to have stopped and the price recovered slightly. In spite of this, many producers are still losing money and it is difficult to tell whether anything like a normal, albeit reduced, market has resumed.

Early in 2008 we recognised that the development of the ORP and the Jabali Mine required additional management skills and experience to that which we had needed previously. Therefore in the first half of the year there was a considerable restructuring of the management of the Company and this was reflected in board changes. Peter Wynter Bee took over as Managing Director and two new executive directors with responsibility for Project Development, Simon Mulholland, and Production Operations, Jacques Dewalens, were appointed. In addition, three new non-executive directors joined the board, each of whom has considerable international experience in the management of high growth companies. The experience of these directors has been of considerable support and assistance to me during the exceptional times experienced over the past six months.

In May 2009, Guy Lafferty, representing our largest single shareholder, Hoegh Capital Partners, agreed to join the board and at the same time John Thompson, representing Teck, advised us that he will not be seeking re-election at the 2009 AGM.

I would like to thank Mike Foster for his very hard work for the Company over the past ten years, latterly as Managing Director, and particularly for his perseverance and determination, without which I do not believe the

Jabali project would now be under development. I would also like to thank Peter Fry for his contribution as finance director and subsequently as a non-executive director and Peter Beck for his work as a non-executive director. Both served from the time the Company was admitted to AIM until their retirement at the 2008 AGM. I would also like to thank John Thompson for his contribution to the Company, especially in respect of our evaluation of new technologies.

Indeed I would like to thank all our staff and employees for their outstanding contribution over the past year. It has been a year of both achievement and frustration. When the world economy begins to recover from the current turmoil, I am confident that we have the projects, the people and the resources not simply to weather the storm but to be extremely well placed to benefit rapidly from the opportunities that will have been created by these exceptional economic conditions.

Andrew Woollett
Chairman
11 May 2009

REVIEW OF OPERATIONS

Zinc Mining

Some years ago ZincOx undertook a global review of non-sulphide zinc deposits. However all the known deposits have been investigated and are either too small or owned by organisations that are not seeking partners or for which the commercial terms of acquisition or partnership are not attractive. ZincOx will continue to examine opportunities for non-sulphide zinc deposits as and when they arise. ZincOx has interests in two deposits, Shaimerden, in Kazakhstan and Jabali, in Yemen.

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 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 in part to customers in the paint and ceramics industries. The balance will be shipped to Jabali's Rubber Grade Plant ("RGP") to be constructed in Belgium where it will be further milled to produce a high quality product required by the rubber industry. Originally the RGP had been planned for Yemen but with the rigorous requirements for ongoing quality assurance inspections by the potential customers based in Europe, its location is now planned for Belgium.

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 project costs of US$216 million were financed as to US$96m by ZincOx and its partners, Ansan, with the balance being provided as a limited recourse bond package to Jabal Salab. This included equity and limited 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 bond 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 Zinc Price Related Payment Obligation or "ZIPPO") 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.

Even before the funding was finalised, several long lead time items had been ordered. Having completed the funding of the project in February 2008, the project development started in earnest with the construction of the road from the tarred highway to site. During the middle of the year there were a number of incidents involving local tribes and the contractors that required activities to be suspended. These issues were resolved in the autumn. The delay caused by these initial tribal issues means that commissioning and the start of production has been slightly delayed. Commissioning is planned for the end of 2009 and the start of production in the first quarter of 2010.

Mining commenced in February 2009 and will initially be concentrating on the removal of waste and the stock piling of ore in anticipation of the plant commissioning at the end of the year. The foundations are in the process of being laid prior to the erection of buildings and installation of equipment. Most of the process equipment is either being manufactured or is ready for shipment.

Shaimerden Zinc Mine – Kazakhstan

ZincOx sold its interest in the Shaimerden zinc oxide deposit to Kazzinc, a large local zinc producer owned by Glencore AG, in 2003. It 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 of over 25% between the zinc predicted by the geological model at the date of the sale and the actual zinc mined.

The open pit suffered a flood in March 2008 and production was suspended for about two months as the water was pumped out. Production picked up in the latter half of the year and a total of 523,759 tonnes of ore containing 118,118 tonnes of eligible zinc was mined. In January 2009, ZincOx received its third deferred payment amounting to US$15.7million representing 60,000 tonnes of zinc mined during 2008.

To date ZincOx has received deferred payments in respect of 130,174 tonnes leaving payments due for the balance of 69,826 tonnes which will be payable in January 2010 and 2011.

Zinc Recycling

ZincOx has recognised the potential to apply its metallurgical knowledge and experience to the recovery of zinc from waste and secondary materials. While there are opportunities in secondary materials such materials tend to be relatively expensive and so do not fall within our strategy of developing low cost operations. Waste materials tend only to be available in small tonnages and logistics and transport often become more important than metallurgical expertise. The most notable exception to this generalisation is Electric Arc Furnace Dust ("EAFD"), a material generated by the recycling of steel scrap.

ZincOx has investigated several methods of recovering the zinc from EAFD and has concluded that a rotary hearth furnace producing a zinc concentrate combined with a dedicated melter to recover pig iron represents the lowest cost and most environmentally attractive treatment route. The zinc concentrate may be further upgraded by washing to produce a premium grade smelter feed. The only other product is an inert slag that can be used as building aggregate.

ZincOx intends to establish a network of plants to treat EAFD around the world. Further details of the Company's recycling strategy are set out on its website (www.zincox.com).

In June 2008 the Company raised US$72 million and a US$48 million bond facility, which together with existing cash resources and the anticipated receipts from Shaimerden was sufficient to develop our first recycling plant, the ORP in the USA, and expand washing operations at the Company's Big River Zinc facility. However following the collapse of the zinc price in October 2008 development plans have been put on hold until markets improve.

Ohio Recycling Plant – USA

The Ohio Recycling Project (ORP) together with the washing plant at Big River Zinc (BRZ) has a development cost currently estimated to be US$179 million, including working capital and contingency. The Company is actively considering using second hand equipment to reduce the capital cost and is also reviewing the possibility of a joint venture with various zinc companies.

Generation of EAFD in North America is normally in excess of one million tonnes per annum. The ORP is designed to treat 200,000 tonnes per year of EAFD containing an average grade of about 20-24% zinc. 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 final upgrading and the pig iron can be sold back to the steel industry.

In November 2007, a seven 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 was granted. The project has been awarded certain grants and tax incentives. The strategically located site is well positioned for rail and road transportation networks as well as having good access to power, water and gas.

Aliaga Recycling Plant - Turkey

Turkey is the world's largest importer of scrap iron and steel generating over 250,000 tonnes per annum of EAFD. ZincOx plans to build an EAFD treatment facility replicating ORP at the Heavy Industrial Zone at Aliaga, on Turkey's western seaboard (the Aliaga Recycling Plant or ARP). Development plans for the ARP are pending progress with the development of the ORP.

Korea

Korea has one of the world's largest steel recycling industries. ZincOx has been working in Korea for over four years and in June 2008 the Company entered into a Memorandum of Understanding with KOSA, the association representing the steel industry in Korea, by which KOSA would assist ZincOx in obtaining EAFD supply commitments from various steel companies. In April 2009 this led to ZincOx entering into exclusive EAFD Supply Agreements with all Korea's significant EAF operators: Hyundai Steel, Dongkuk Steel, Daehan Steel, YK Steel, Dongbu Steel, Hwanyoung Steel, Korean Iron and Steel Company, SeAH Besteel and Posco

Specialty Steel. Together these companies generate approximately 380,000 tonnes per annum of EAFD with a zinc grade of about 22%.

Over the past 12 months a comprehensive sampling programme of the EAFD generated by each steel mill has been undertaken and analysis is well underway. The results will be used to generate representative samples for pilot testing. The pilot results will enable process optimisation ahead of basic engineering. The engineering will allow equipment selection and the estimation of capital development cost. These tasks will contribute to a detailed feasibility study that will provide the basis for project financing.

In parallel with these activities, negotiation for the acquisition of a suitable plant site needs to be concluded and the requisite development and operating permits obtained. Development is expected to commence within the next two years.

Thailand

Several South East Asian countries have important steel recycling industries that generate significant EAFD. Thailand is particularly well situated for the development of a regional EAFD recycling plant of about 200,000 tonnes per annum, of which about half could be provided domestically.

Until recently ZincOx had EAFD Supply Agreement options with all the significant EAFD generators in Thailand. Due to the delay in timing for the ORP, some of these agreements have been allowed to lapse. However ZincOx retains a close relationship with the Thai mills.

A suitable plant site has been identified on which environmental permitting for the rotary hearth furnace has been obtained.

Zinc Refining

The zinc concentrate produced by the recycling operations in rotary hearth furnaces may be washed to produce a premium grade concentrate. Zinc metal could be produced from this concentrate by a simple flowsheet and at lower cost than for conventional plants. The Company is investigating the development of refineries based on this simpler flowsheet.

The Big River Zinc refinery can be cheaply modified to have this simple flowsheet but due to expensive labour and energy, operating costs will not be particularly low. In line with the strategy to develop a network of EAFD recycling plants around the world, there will eventually need to be a matching capacity for zinc metal production. Since expected production of zinc in concentrate will be well above the capacity at BRZ and given its distance to Korea and Thailand, a Far Eastern refinery concept is being developed at Bintulu, in Malaysia.

Big River Zinc Refinery – USA

BRZ is a 100,000 tonnes per annum zinc smelter close to St Louis, in central USA. The plant is on care and maintenance, pending its redevelopment initially as a washing and upgrading facility for the concentrate to be produced from ORP, but ultimately for the production of zinc from this concentrate.

Due to the delay in the development of the ORP, the site will shortly be used to wash zinc oxide concentrate produced by other parties and for the storage of acid. The BRZ staff have been largely redeployed in the ORP development.

Bintulu Project, Sarawak, Malaysia

Electrical power is a very significant component in the cost of zinc metal production. In order to achieve the lowest possible cost of production, zinc metal production should be undertaken at locations where power is inexpensive.

The Malaysian government has established a new industrial zone at Bintulu in the state of Sarawak on the north-west corner of the island of Borneo. This site should benefit from its proximity to an ambitious multiple phase hydro electric generation scheme. Companies in the industrial zone should enjoy low cost long term electrical power contracts. In February 2008, ZincOx entered into a Memorandum of Understanding with the Bintulu Development Authority for the development of a 300,000 tonnes per annum zinc smelter. Negotiations on the timetable for the development of the project and a framework power agreement have commenced.

FINANCIAL REVIEW

Results

The Group profit after tax attributable to shareholders of the parent company was £4.6m compared to £11.4m last year. The administrative costs in the year of £1.6m (2007: £5.6m) include an unrealised foreign exchange gain of £7.9m as a result of the significant US dollar balances being held as cash at the year end and due to the significant movement in the US dollar exchange rate in the second half of 2008.

The key items within other gains and losses include deferred consideration in respect of Shaimerden of £13.6m (2007: £19.9m) and a fair value loss relating to the ZIPPO derivative liability of £1.3m (2007: nil). The Shaimerden gain has been grossed up for withholding tax deducted at source.

The board has decided to write certain of the development assets down by £5m to reflect the realisable value of those assets at the end of the year. Due to the unusually high nature of this charge it has been separately disclosed in arriving at the Group's operating profit.

Liquidity and funding

The cash funds of the Group at 31 December 2008 were £64.5m compared with £12.6m at the end of 2007. These cash funds were held in a range of currencies but principally US dollars ($56.8 million) and sterling currencies (£24.6 million). The US dollar balance includes an amount of $15.5m which the Company was required to place in cash backed letters of credit for the benefit of Jabal Salab at the completion of the financing for the mine in February 2008. The remaining available cash balances leave the Group in a very strong position in these difficult times.

The mechanics of the Jabal Salab financing has given rise to the disclosure of "restricted cash" in the consolidated balance sheet. The cash for Jabal Salab is restricted to the extent that it can only be spent on the Jabali project and is held in escrow by an agent on behalf of the lenders. The restricted cash is split into current and non-current based on the drawdown of funds required to satisfy the projected cash payments to be made.

FORWARD LOOKING STATEMENTS

The Chairman's Statement, the Review of Operations and the Financial Review all 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.

ZINCOX RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Revenue	**262**	-
Cost of sales	**(296)**	-
Gross loss	**(34)**	-
Administrative expenses	**(1,647)**	(5,604)
Underlying Operating Loss	**(1,681)**	(5,604)
Other gains and losses	**12,246**	20,016
Impairment charge write-down	**(5,040)**	(3)
Operating Profit / (Loss)	**5,525**	14,409
Finance income	**1,517**	1,085
Finance costs	**(642)**	(37)
Share of losses of associate	**-**	25
Profit before tax	**6,400**	15,482
Taxation	**(2,782)**	(4,096)
Net Profit	**3,618**	11,386
Attributable to:		
Equity holders of the parent	**4,659**	11,460
Minority interest	**(1,041)**	(74)
	3,618	11,386
Basic earnings per ordinary share	**7.05p**	23.33p
Diluted earnings per ordinary share	**6.98p**	22.37p

ZINCOX RESOURCES PLC
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
Currency translation differences	**14,071**	(55)
Profit for the financial year	**4,659**	11,460
Total recognised income and expense for the year	**18,730**	**11,405**

ZINCOX RESOURCES PLC
CONSOLIDATED BALANCE SHEET
FOR YEAR ENDED 31 DECEMBER 2008

	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
ASSETS		
Non-Current Assets		
Intangible assets	**19,458**	17,706
Property, plant and equipment	**62,559**	22,031
Restricted cash	**10,350**	-
	92,367	39,737
Current Assets		
Inventories	**671**	973
Trade and other receivables	**14,043**	18,449
Restricted cash	**81,629**	-
Cash and cash equivalents	**64,458**	12,646
	160,801	32,068
TOTAL ASSETS	**253,168**	**71,805**
LIABILITIES		
Current Liabilities		
Bank loans and overdraft	**-**	(534)
Trade and other payables	**(9,687)**	(5,034)
	(9,687)	(5,568)
Non-Current Liabilities		
Other long term liabilities	**(86,951)**	(581)
	(86,951)	(581)
TOTAL LIABILITIES	**(96,638)**	**(6,149)**
NET ASSETS	**156,530**	**65,656**
EQUITY		
Share capital	**19,394**	12,244
Share premium	**85,336**	37,422
Retained earnings	**17,053**	11,364
Foreign currency reserve	**13,909**	(162)
Equity attributable to equity holders of the parent	**135,692**	**60,868**
Minority interest	**20,838**	4,788
TOTAL EQUITY	**156,530**	**65,656**

ZINCOX RESOURCES PLC CONSOLIDATED CASH FLOW STATEMENT
FOR YEAR ENDED 31 DECEMBER 2008

	31 December 2008 £'000	31 December 2007 £'000
Profit before taxation	**6,400**	15,482
Adjustments for:		
Depreciation and amortisation	**1,318**	920
Foreign exchange gain /(loss)	**4,102**	(55)
Interest received	**(1,517)**	(1,085)
Interest expense	**642**	37
Impairment of intangible assets	**5,040**	3
Tangible assets written off	**125**	-
Share based payments	**1,030**	979
Increase in trade and other payables	**5,002**	4,099
Increase in trade and other receivables	**(1,045)**	(154)
Decrease in inventories	**302**	47
Foreign tax at source	**(2,782)**	(4,006)
Share of losses of associate	**-**	(25)
Other gains and losses	**(9,464)**	(16,013)
Cash generated from operations	**9,153**	229
Interest paid	**(642)**	(37)
Net cash flow from operating activities	**8,511**	**192**
Investing activities		
Purchase of intangible assets	**(3,786)**	(7,293)
Purchases of property, plant and equipment	**(35,009)**	(13,998)
Interest received	**1,517**	1,085
Net cash used in investing activities	**(37,278)**	**(20,206)**
Financing activities		
Borrowings	**95,861**	-
Restriction of borrowings	**(95,861)**	-
Release of restricted cash	**3,882**	-
Minority interest investment	**6,157**	8,634
Net proceeds from disposal of assets	**16,010**	316
Net proceeds from issue of ordinary shares	**55,064**	-
Net cash received from financing activities	**81,113**	**8,950**
Net increase / (decrease) in cash and cash equivalents	**52,346**	(11,064)
Cash and cash equivalents at start of year	**12,112**	23,176
Cash and cash equivalents at end of year	**64,458**	**12,112**

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 2008, 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 2008 statutory financial statements upon which the auditors' opinion is unqualified.

2. Earnings per Share

The calculation of the earnings per share is based on the profit attributable to ordinary shareholders of £4,659,000 (2007: £11,460,000) divided by the weighted average number of shares in issue during the year of 66,121,684 (2007: 48,801,664).

The calculation of the diluted earnings per share is based on the profit attributable to ordinary shareholders of £4,659,000 (2007: £11,460,000) 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 66,743,304 (2007: 50,906,836).

3. Impairment Write-offs

As a result of impairment reviews performed on certain projects at the year end, impairment write downs have been made on the carrying value of deferred development costs in relation to the projects in Turkey £3.8m and various other projects £1.2m. All deferred development costs written off in the year are included in the income statement in arriving at operating profit.

4. 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.