



ZincOx Resources plc
Interim Results – 6 months ended 30 June 2003

ZincOx Resources plc, a world leader in the design of processes to treat zinc oxide deposits, today announced interim results for the six months ending 30 June 2003.

ZincOx's objective is to become a major producer of zinc with operating costs among the lowest in the world. The company has an international portfolio: the Shaimerden deposit (Kazakhstan), the Las Damas project (Mexico), the Tsumeb project (Namibia), Jabali deposit (Yemen) and the Yanbu project (Saudi Arabia). The company is also developing a zinc fuming technology to recover high quality zinc concentrate from zinc bearing waste materials.

Commenting on the results, Andrew Woollett, Managing Director, said: "We are delighted with the progress of the Polykiln zinc fuming technology and we are increasingly confident that it can offer a low cost solution for the production of high quality zinc concentrate. Our exclusivity agreement with the Polykiln patent holders is the first step in the establishment of a new zinc recycling division."

Highlights of the results include:

- Piloting and exclusivity agreement on a new zinc fuming technology
- Plan to establish recycling division for zinc bearing waste material.
- Several zinc projects being studied.
- Jon Collins, Vice President, Exploration Business Development at Teck Cominco Ltd joined the board as a non-executive director.

For more information please contact

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ZincOx Resources plc

Chairman's Interim Statement

In addition to our main objective of becoming a major producer of zinc by identifying and developing primary zinc oxide deposits, we have, for some time, recognised the possibility of recycling zinc bearing waste materials and we are currently formulating a strategy for these activities. Our plans to establish recycling as a significant new business area for the company have taken a major step forward with our recent involvement in a new type of zinc fuming technology, the Polykiln. While the Polykiln will be utilised initially for zinc bearing smelter slags, it may also be applicable to primary zinc oxide deposits so that a saleable concentrate could be produced from low grade zinc concentrate or high grade ore.

The Polykiln technology has been studied for a number of years, resulting in the development of both a pilot plant and a small commercial operation treating lead slags containing zinc. An evaluation of the technology indicates very substantial capital costs savings when compared to traditional fuming methods. Under a recently signed agreement ZincOx will be working exclusively with the inventors and patent holders of this technology with the intention of finalising the commercial design. The agreement allows ZincOx the use of a 50 tonnes per day pilot plant in which engineering design modifications will be tested. Material from a number of our projects can then be tested relatively quickly in this facility.

The Tsumeb project in Namibia now represents the first of our slag recycling targets. Further targets have been identified elsewhere in the world and negotiations to acquire options on additional dumps are underway. At Tsumeb however, in addition to zinc, the slags contain a very significant amount of germanium. We are negotiating an extension to our option to purchase the slags in order to have sufficient time to test the behaviour of the slags, but particularly the germanium, using the Polykiln technology. Analyses for zinc and germanium over the central part of the dumps has now been integrated into the resource model. The global resource now stands at 2,043,180 tonnes containing 9.03% zinc and 262ppm germanium, of which the central part contains a measured resource of 744,500 tonnes with a grade of 9.52% zinc and 376ppm germanium.

Since the Shaimerden Mining Licence was granted to our Kazakh company in 1999, there have been several beneficial changes to the fiscal conditions for mining in Kazakhstan. Furthermore, the format of mining licences in that country is being standardised. To be sure that we benefit from the new fiscal conditions and to have a licence in the new format, we are seeking the re-issuance of our mining licence to incorporate the more favourable terms. Before we can finalise the new licence we require all mining and environmental permits, which we expect to receive before the end of this year.

Our preferred process for the treatment of Shaimerden ore is direct leaching for the production of zinc metal. The Polykiln technology, however, represents an exciting alternative by which, for considerably less capital outlay, the project could produce a high quality zinc concentrate for sale to regional electrolytic refineries. Laboratory scale test work of the Polykiln on Shaimerden ore is underway and piloting could be carried out in the first half of 2004 at the existing 50 tonne per day pilot plant.

At the Las Damas project in Mexico work has been frustrated by poor sample recovery in our drilling programme as a result of the weathered and unconsolidated nature of the ore. In order to better evaluate the deposit, it has been decided to develop a short adit under the known mineralization to test its extension at depth. In addition, drilling will soon commence to test two nearby exploration targets. This work is expected to be completed before the year end.

As I reported in the annual report, the Board of Directors believes the way forward at Jabali, in Yemen, is to produce a saleable lead/silver concentrate and a low zinc grade concentrate that could be upgraded by zinc fuming. The Polykiln technology would potentially represent a very much more attractive fuming option than the Waelz kiln technology previously envisaged. Jabali material will, therefore, be tested for its amenability to the Polykiln at a laboratory scale ahead of a possible pilot test next year.

While progress on our various projects has been slightly slower than anticipated, we have made tremendous progress on a technical level and believe this could greatly enhance several of our projects. We look forward to being able to demonstrate this added value over the next six to nine months.

I would like to take this opportunity to thank Bryan Morris for his service to the company over the last four years as a non-executive director, and to welcome Jon Collins, the vice president of exploration business development at Teck Cominco Ltd., as a new non-executive director. I am sure his experience and knowledge of the zinc industry will be of great assistance to the Board.

Noël Masson
Chairman

30 September 2003

ZincOx Resources plc

**Consolidated Profit and Loss Account
for the six months ended 30th June 2003**

	6 months to 30 June 2003 <i>unaudited</i>	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Turnover	-	-	-
Cost of Sales	-	-	-
	-	-	-
Gross Profit	-	-	-
Exploration Costs	(141,650)	(120,000)	(630,423)
Administrative Expenses	(321,521)	(118,805)	(439,713)
Operating Loss	(463,171)	(238,805)	(1,070,136)
Loss on disposal of subsidiary	-	-	(61,329)
Loss on ordinary activities before interest	(463,171)	(238,805)	(1,131,465)
Net Interest receivable and Similar income	<u>2,533</u>	<u>33,051</u>	<u>49,115</u>
Loss on Ordinary Activities before Tax	(460,638)	(205,754)	(1,082,350)
Taxation	-	-	-
Loss for the period taken to Reserves	<u>(460,638)</u>	<u>(205,754)</u>	<u>(1,082,350)</u>
Loss per ordinary share pence	(2.24)p	(1.25)p.	(6.33)p.
	Basic		

ZincOx Resources plc
Consolidated Balance Sheet
as at 30th June 2003

	30 June 2003 <i>unaudited</i>	30 June 2002 <i>unaudited</i>	31 December 2002 <i>audited</i>
	£	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	5,272,262	2,596,179	4,518,576
Negative Goodwill	(1,643,466)	-	(1,643,466)
Tangible Assets	32,876	33,303	34,339
Investments	<u>1,703,104</u>	<u>176,850</u>	<u>1,703,104</u>
	<u>5,364,776</u>	<u>2,806,332</u>	<u>4,612,553</u>
<u>CURRENT ASSETS</u>			
Debtors	140,799	71,293	117,879
Cash at Bank and in Hand	<u>942,856</u>	<u>1,579,603</u>	<u>305,669</u>
	1,083,655	1,650,896	423,548
Creditors – amounts falling due within one year	<u>(335,412)</u>	<u>(181,128)</u>	<u>(259,742)</u>
<u>NET CURRENT ASSETS</u>	<u>748,243</u>	<u>1,469,768</u>	<u>163,806</u>
<u>NET ASSETS</u>	<u>6,113,019</u>	<u>4,276,100</u>	<u>4,776,359</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	5,770,266	4,103,526	4,909,081
Share Premium	5,035,680	3,769,545	4,378,989
Other Reserves	(726,090)	(967,200)	(1,005,512)
Profit and Loss Account	<u>(3,967,005)</u>	<u>(2,629,771)</u>	<u>(3,506,367)</u>
<u>EQUITY SHAREHOLDERS FUNDS</u>	6,112,851	4,276,100	4,776,191
Minority Interest	<u>168</u>	<u>-</u>	<u>168</u>
<u>TOTAL CAPITAL & RESERVES</u>	<u>6,113,019</u>	<u>4,276,100</u>	<u>4,776,359</u>

ZincOx Resources plc

Consolidated Cash Flow Statement
for the 6 months ended 30th June 2003

	6 months to 30 June 2003 <i>unaudited</i>	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
<u>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</u>	<u>17,851</u>	<u>(135,761)</u>	<u>(498,927)</u>
<u>RETURNS ON INVESTMENTS AND SERVICING ON FINANCE</u>			
Interest received	2,533	33,051	49,115
Interest paid	—	—	—
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>2,533</u>	<u>33,051</u>	<u>49,115</u>
<u>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</u>			
Purchase of Intangible Fixed Assets	(895,336)	(730,319)	(1,546,987)
Purchase of Tangible Fixed Assets	(5,737)	(8,973)	(12,032)
Purchase of investments	—	—	(74,934)
Net cash outflow from Capital Expenditure and Financial Investment	<u>(901,073)</u>	<u>(739,292)</u>	<u>(1,633,953)</u>
<u>ACQUISITIONS & DISPOSALS</u>			
Acquisition of subsidiary	—	—	(32,171)
Net cash outflow from acquisitions	—	—	(32,171)
<u>MANAGEMENT OF LIQUID RESOURCES</u>			
(Purchase)/Sale of Short Term Deposits	<u>(490,000)</u>	<u>810,000</u>	<u>2,160,000</u>
Net Cash (Outflow)/Inflow from management of Liquid Resources	<u>(490,000)</u>	<u>810,000</u>	<u>2,160,000</u>
<u>FINANCING</u>			
Issue of Shares	<u>1,517,876</u>	<u>24,000</u>	<u>24,000</u>
Net cash inflow from financing	<u>1,517,876</u>	<u>24,000</u>	<u>24,000</u>
<u>(DECREASE) /INCREASE IN CASH</u>	<u>147,187</u>	<u>(8,002)</u>	<u>68,064</u>

ZincOx Resources plc

**Other Primary Statements
for the 6 months ended 30th June 2003**

Consolidated Statement of Total Recognised Gains And Losses

	6 months to 30 June 2003 <i>unaudited</i>	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Loss for the period taken to reserves	(460,638)	(205,754)	(1,082,350)
Currency Translation Differences	<u>279,422</u>	<u>(71,017)</u>	<u>(109,329)</u>
Total Recognised Gains and Losses for the Period	<u>(181,216)</u>	<u>(276,771)</u>	<u>(1,191,679)</u>

Reconciliation of Movements in Consolidated Shareholders' Funds

	6 months to 30 June 2003 <i>unaudited</i>	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Loss for the Period	(460,638)	(205,754)	(1,082,350)
Other Recognised Gains/(Losses)	279,422	(71,017)	(109,329)
New Share Capital and Related Share Premium	<u>1,517,876</u>	<u>24,000</u>	<u>1,438,999</u>
Net Movement in Shareholders' Funds	1,336,660	(252,771)	247,320
Opening Shareholders' Funds	<u>4,776,191</u>	<u>4,528,871</u>	<u>4,528,871</u>
Closing Shareholders' Funds	<u>6,112,851</u>	<u>4,276,100</u>	<u>4,776,191</u>

ZincOx Resources plc

**Notes to the Accounts
for the six months ended 30th June 2003**

1. Basis of preparation of the financial statements

The interim information has been prepared on the same basis and using the same accounting policies as were applied in drawing up the financial information contained in the Group accounts for the year ended 31st December 2002.

The financial information for the six months ended 30 June 2003 is unaudited. In the opinion of the directors, the financial information for these periods presents fairly the financial position, results of operations and cash flows for the period, in conformity with generally accepted accounting principles. The financial information for the 12 months ended 31 December 2002 has been derived from the Group's audited financial statements for that period as filed with the Registrar of Companies and does not constitute the Group's statutory accounts for that period. The auditors' report on the statutory accounts for the year ended 31 December 2002 was not qualified.

2. Loss per Share

	6 months to 30 June 2003 unaudited	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Loss	(460,638)	(205,754)	(1,082,350)
Weighted average number of shares	20,608,549	16,409,488	17,107,083
Per share amount in pence	(2.24)p	(1.25)p	(6.33)p

3. Net Cash Flow From Operating Activities

	6 months to 30 June 2003 unaudited	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Operating Loss	(463,171)	(238,805)	(1,131,465)
Depreciation	7,200	7,297	12,894
Deferred Exploration costs written-off	141,650	120,000	695,260
Losses/(Gains) on foreign exchange translations	279,422	(71,017)	(109,329)
Increase in Creditors	75,670	21,806	55,341
Increase/(Decrease) in Debtors	<u>(22,920)</u>	<u>24,958</u>	<u>(21,628)</u>
Net Cash inflow/(outflow) from operating activities	<u>17,851</u>	<u>(135,761)</u>	<u>(498,927)</u>

ZincOx Resources plc

**Notes to the Accounts
for the six months ended 30th June 2003**

Reconciliation of Net Cash Flow to Movement in Funds

	6 months to 30 June 2003 <i>unaudited</i>	6 months to 30 June 2002 <i>unaudited</i>	12 months to 31 December 2002 <i>audited</i>
	£	£	£
Increase/(Decrease) in cash in the period	147,187	(8,002)	68,064
Cash inflow/(outflow) from (reduction)/increase in liquid resources	<u>490,000</u>	<u>(810,000)</u>	<u>(2,160,000)</u>
Change in net funds resulting from cash flow	<u>637,187</u>	<u>(818,002)</u>	<u>(2,091,936)</u>
Movement in net funds in the period	637,187	(818,002)	(2,091,936)
Opening net funds	<u>305,669</u>	<u>2,397,605</u>	<u>2,397,605</u>
Closing Net Funds	<u>942,856</u>	<u>1,579,603</u>	<u>305,669</u>

Analysis of changes in net Funds

	At 1 st January 2002 £	Cashflow £	Sale of short term deposits £	At 31 st December 2002 £
Cash in hand & at bank	37,605	68,064		105,669
Short term deposits	<u>2,360,000</u>	<u>-</u>	<u>(2,160,000)</u>	<u>200,000</u>
	<u>2,397,605</u>	<u>68,064</u>	<u>(2,160,000)</u>	<u>305,669</u>
	At 1 st January 2003 £	Cashflow £	Purchase of short term deposits £	At 30 th June 2003 £
Cash in hand & at bank	105,669	147,187		252,856
Short term deposits	<u>200,000</u>	<u>-</u>	<u>490,000</u>	<u>690,000</u>
	<u>305,669</u>	<u>147,187</u>	<u>490,000</u>	<u>942,856</u>