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CHAIRMAN'S STATEMENT

The highlights of 2001 were the successful completion of pre-feasibility studies for the Jabali and Yanbu zinc projects in the Middle East and the admission of the company's shares to trading on the Alternative Investment Market of the London Stock Exchange, with an associated £3 million fund raising. These were followed in early 2002 with the entry into an option to acquire a majority interest in the Tsumeb project, in Namibia. Notwithstanding these successes, it has in some ways been a frustrating year as our funding plans were severely disrupted by the tragic events of the 11th of September. In spite of this our existing operations have advanced, our portfolio of projects has been expanded and the company has grown significantly.

To provide the capital necessary to fund our anticipated growth we recognised that the company should be floated in order to attract institutional investors. Prior to the flotation, we carried out pre-feasibility studies for both the Jabali and Yanbu projects and SRK, one of the world's leading minerals industry consulting groups, were commissioned to review these plans. Their report, which drew very positive conclusions, formed part of our flotation prospectus.

Drilling at Jabali at the end of 2000 indicated an increase in resources, now calculated to be 9.4Mt with a zinc grade of 10.8%. This represents over one million tonnes of contained zinc, an increase of 40% over the previous figure. The deposit remains open at depth and on two sides and significant additional resources are expected. A preliminary open pit for the production of over 75,000t of zinc per annum was designed for the new resource and this gave a reduced stripping ratio of 3:1, down from 6:1 for the previous resource estimate. This has significantly reduced mining costs and enhanced the economics of the project.

Metallurgical testwork conducted by independent laboratories demonstrated that a lead-silver concentrate could be recovered during beneficiation and this has also helped to enhance project returns. SRK's review of our pre-feasibility study for the development of the deposit concluded that the project should be among the lowest cost zinc mining operations in the world.

At Yanbu, the Saudi Arabian authorities have continued their strong support for the project and we received our business licence from the General Investment Authority in April 2001. We have subsequently held extensive talks with the Royal Commission that administers the Industrial Park at Yanbu and are now awaiting the formal notification of our plant site allocation. Metallurgical testwork has demonstrated that the integration of the solution produced by the leaching of zinc sulphide concentrate at low pressure with that from oxide leaching is amenable to purification by solvent extraction and metal production by electrowinning. Since sulphide concentrate is internationally traded there is a plentiful supply and this reduces the operation's reliance on one source of feed as well as allowing greater economies of scale. This flowsheet formed the basis of the plan reviewed by SRK, who again commented that the production costs should be among the lowest in the world. Zinc production is an energy intensive

Noel Masson and Andrew Woollett at Tsumeb, in Namibia process but the low cost of production at Yanbu is partly due to the availability of concessionary gas which contributes to the on site generation of inexpensive power. Also locally available sulphur reduces the cost of the production of sulphuric acid, which is necessary for the process.

At the beginning of 2002 we negotiated an option to acquire a 50.1% interest in a company to be set up to produce zinc and other metals from the slag dumps that had accumulated from lead smelting operations at Tsumeb, in Namibia. In addition to zinc, the 2.9Mt of slag contains lead, germanium, gallium and indium. While the recovery of these metals will need to be established by careful testwork, they have the potential to greatly enhance the value of the project. The recovery of metals from this type of material has been successfully undertaken for several years by Korea Zinc, one of the world's largest producers. Korea Zinc has carried out a preliminary appraisal of the project, which, subject to testwork, indicates that the project should be technically feasible.

Following SRK's successful reporting on the Jabali and Yanbu projects in the middle of the year, we put together the necessary documentation in anticipation of the issue of our prospectus on the 14th September. With assets substantially in the Middle East we decided to delay the flotation and fund raising, which with the support of Charles Stanley was achieved on the 10th December. The flotation attracted specialist mining and Middle Eastern investment funds and institutional investors now hold 22.2% of the company.   Teck-Cominco, the largest zinc mining company in the world, holds 18.3% of the company.

However, in three important respects the timing of our listing was unfortunate. Firstly the zinc price hit a 70 year low in real terms at the end of the year and as of today it has improved only slightly. Whilst even seasoned traders have been surprised by the depth of the zinc cycle, the long-term outlook for the metal remains strong and we remain confident that the price will improve significantly in advance of our making development decisions. The positive aspect of the price problem is that there is little interest in new zinc projects and therefore the possibility of obtaining other quality projects cheaply remains excellent. Secondly, the investment community is still reeling from the collapse of the high-tech sector and the consequent downturn in financial markets. Finally, while the events in Afghanistan seem to have been resolved remarkably quickly, the Middle East continues to attract unreasonably negative press comment, potentially alienating possible investors.

While our current share price remains disappointing, the business of the company is going extremely well, thereby enhancing the company's long term value. The Yanbu and Jabali projects continue to live up to our expectations and we are expanding our portfolio of projects so that the company can achieve its objective of becoming a world leader in the low cost production of zinc from oxide materials.

I should like to thank my fellow directors and all our staff for their dedication and hard work over the past year and I am confident that this will be more widely recognised over the coming months as these labours begin to bear fruit.

Noël J. J. Masson
Chairman
11 June 2002

REVIEW OF OPERATIONS

OXIDE RESOURCES

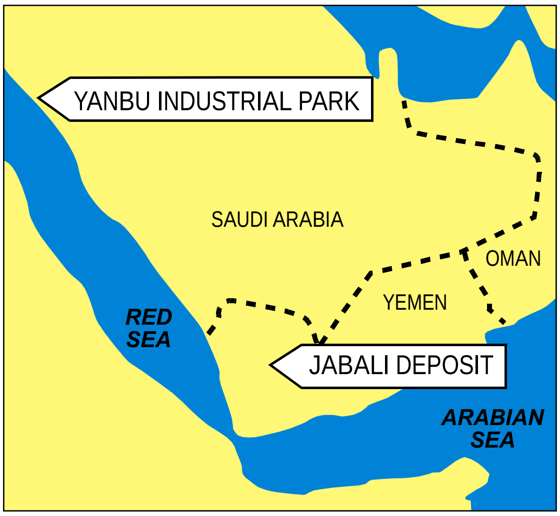
Jabali Project, Yemen

ZincOx has a 20% interest in the joint venture that holds the Mineral Exploration Licence over the Jabali zinc-lead-silver deposit. The Company is currently increasing this interest to 60% by completing, at its sole cost, a feasibility study for the development of the deposit. On the successful completion of the study, which is planned for mid 2003, the joint venture partners, Anglo American plc and Ansan Wikfs, a local Yemeni company, will each hold 20%, with ZincOx holding the balance of 60%.

The Jabali deposit is located 100km east-north-east of Sana'a, the capital city, in an unpopulated region of mountain desert terrain. Over the year under review, the zinc resources at Jabali, which have been confirmed by SRK Consultants, have increased by over 40% to 9.4Mt of oxide ore, grading 10.8% zinc, 2.3% lead and 76.8g/t silver with an in-situ value of approximately US$ one billion. There is excellent potential to increase this resource with further drilling, as the deposit is open on two sides and at depth and satellite ore bodies are known to exist.

The deposit is a hybrid of Mississippi Valley and Carbonate Replacement Deposit types. Zinc mineralisation, mainly in the form of smithsonite with minor hydrozincite, is structurally and stratigraphically controlled along horizontal "mantos" and vertical "chimneys".

The feasibility study currently being carried out is based on an average annual production rate over a 13 year life of 660,000 tonnes of ore by means of open pit mining. The ratio of waste to ore is 3:1, which, together with the high grade, should result



Duncan Turner, Michael Foster, Brett Grist and Mohammed Al-Thari, at Jabali

in low mining costs of about US$ 4.0/t of ore. Test work on a representative sample of the deposit has shown that the ore, after crushing and milling, can be concentrated by means of flotation. Beneficiation recovery is 83.5%, resulting in an average annual zinc concentrate production of 262,000 tonnes per annum, grading 23.1% zinc. Approximately 9,300 tonnes of lead-silver concentrate, grading over 60% lead and over 3,000g/t silver, will be produced annually by means of flotation.

The feasibility study is scheduled for completion in the second quarter of 2003. Current work being carried out involves an environmental baseline study and a water survey. An engineering company is shortly to be appointed to carry out design and engineering of the processing plant and associated infrastructure. An infill drilling programme of 5,000m is planned for July.

The nature of the mineralogy at Jabali precludes the production of a zinc concentrate suitable for sale on the international market. Zinc concentrate will therefore be trucked 350 km from the mine to Hodeidah, the most active port on the west coast of Yemen, and shipped the short distance north on the Red Sea to Yanbu, in Saudi Arabia, for processing in the zinc plant being planned by ZincOx. The lead-silver concentrate will be sold on the international market.

Total up-front capital costs for mining and processing are estimated at US$41.0 million, with operating costs, including transport to Yanbu, of US$245/tonne of zinc in concentrate.

Tsumeb Project, Namibia

In January 2002, the Company entered into an option agreement with Ongopolo Mining & Processing (Pty) Ltd, (OMP) to purchase a 50.1% interest in a zinc bearing slag dump at the Tsumeb mine, in Namibia. Tsumeb is in northern Namibia, about 400km north-east of Windhoek, the capital.

The slags were accumulated from lead smelting operations conducted between 1965 and 1996 and amount to about 2.9Mt. The slag forms a dump measuring about 350m by 350m and is up to 17m. thick and contains zinc (9.03%), lead (2.05%), germanium (0.0262%), gallium (approx. 0.02%) and indium (approx. 0.017%).

The dumps are owned by OMP, a Namibian company that operates three base metal mines and the Tsumeb copper smelter. ZincOx has the right to acquire a 50.1% interest in a new company created for the development of an operation to recover a metal bearing concentrate from the slag. ZincOx may earn its interest by carrying out a feasibility study and making a payment of N$19 million (approx £1 million), to OMP before 30 June 2003. In addition to the dump resource, OMP will also contribute, at no cost, certain unused plant and equipment that exists at Tsumeb, including the Ausmelt furnace.

It is the partners' belief that the Ausmelt plant could be modified and used to remelt the slag and produce a zinc rich oxide dust containing the rare metals: germanium, gallium and indium, that could be bagged and sold on the international market. Korea Zinc, one of the world's largest zinc producers, currently uses such a furnace to recover zinc and lead from slag in Korea. A technical team from Korea Zinc has visited Tsumeb as part of an initial evaluation programme and they have reported favourably on the project.

A preliminary economic appraisal is underway which, if successful, will lead to the piloting of the flow sheet in advance of the commencement of a full feasibility study.

The Slag Dump at Tsumeb

Remac Project, Canada

In 1999, ZincOx entered in to an option agreement with Redhawk Resources of Canada to acquire 50% of the Remac property by spending Cdn$3.0 million on exploration over a four year period. This period has been extended and now expires in February 2006. To date approx. Cdn$0.6 million has been spent by the Company.

The Remac property is located in south-central British Columbia, about 400km east of Vancouver, close to the US border. It consists of the Redbird property and the Reeves Macdonald property. The latter was mined for zinc sulphide mineralisation between 1950 and 1975.

On the basis of geological work carried out by ZincOx during 2000, the directors of the Company believe that Remac could contain over 5.0Mt of oxidised ore grading approx. 10% zinc, with an in-situ value of approx. US$0.5billion. Metallurgical test work carried out by the Company on the Remac ore has shown that a low grade concentrate can be produced by means of flotation, using specialised techniques developed by the Company on a number of zinc oxide ores around the world.

Over the last year, ZincOx has focused on various options for the development of Remac, and a scoping study has been completed on one of these options, namely the mining of 365,000 tonnes per annum of ore from Remac and shipping a low grade concentrate to Teck-Cominco's smelter at Trail, a distance of only 35km from the property. The study considered all aspects of the geology, mining, metallurgy, processing, environment, permitting and infrastructure at Remac as well as the transportation of concentrate to Trail and small modifications required at the Trail smelter in order that the oxide concentrate can be treated in a sulphide circuit.

The financial returns were attractive and discussions have been initiated with Teck-Cominco. Other development options for Remac ore are also being considered. In the meantime, a drilling programme, aimed at proving-up the resource, is being planned for the second half of 2002.

PROCESSING

Torlon Project, Guatemala

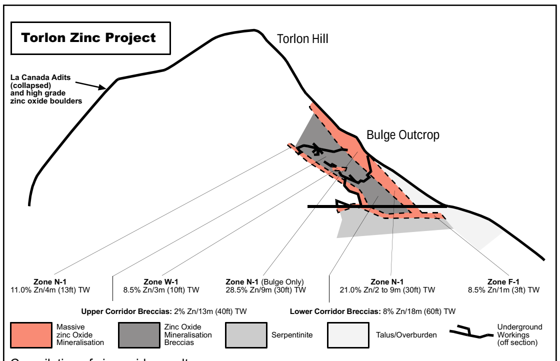
ZincOx, through its wholly owned Guatemalan subsidiary, has an option to acquire 100% of the land and mineral rights over the Torlon zinc-lead prospect. In 2000, the Company entered into an agreement with Redhawk Resources Inc of Canada, whereby Redhawk could earn a 30% interest in Torlon by carrying out US$350,000 worth of exploration on the property over a two year period. This period has been extended by six months to March 2003.

Torlon is located near Huehuetenango in the western highlands of Guatemala, 250km north-west of the capital, Guatemala City.

Since Mayan times, the property has been a sporadic producer of lead from a series of high grade "chimney and manto" type deposits which can still be accessed by a number of adits. The zinc oxide mineralisation, which envelopes the high grade lead veins, has never been mined.

During the first half of 2001, Redhawk carried out surface and underground geological mapping and sampling. Zinc oxide mineralisation can be traced over a distance of 600m in a dolostone breccia, with two high grade structures.

Follow up exploration, including drilling, is planned for 2002.



Compilation of zinc oxide results from the 2001 sampling programme

Yanbu Zinc Project, Kingdom of Saudi Arabia

The Yanbu Zinc Project is the development of a zinc plant with a capacity of 100,000-120,000 tonnes per annum of Special High Grade zinc ingots. The plant will be based on technology developed by ZincOx but which will incorporate commercially well proven process equipment. The ZincOx process will allow the treatment of low grade and impure zinc bearing oxide materials and poor quality zinc sulphide concentrates that are unsuited to treatment in conventional smelters. The zinc in such materials may, therefore, be purchased at a discount to that contained in standard grade and quality zinc feed.

The plant will be located within a well established industrial complex, the Yanbu Industrial Park. The Industrial Park covers an area of about 25km by 7km aligned along the Red Sea about 350km north west of Jeddah. It was established in the late 1970's by the Government of Saudi Arabia as a major catalyst for the industrialisation of the Kingdom. In order to ensure the success of this strategy an independent Royal Commission was set up to manage the Park.

The location of the plant in the Industrial Park has several advantages that will contribute to a reduction in capital and operating costs;

- it lies within a region that is prospective for oxide deposits
- it is on a major sea-lane
- it has an excellent, under-utilised port
- it has significant and low cost infrastructure
- it has inexpensive gas (power), sulphur, land rental
- it is located in a politically stable country
- it benefits from concessionary development funds i.e. 40% of project cost repayable over 15 years, subject to a 0.5-1% p.a. administration fee

In addition, Saudi Arabia has introduced investment laws, designed to attract inward investment, allowing 100% foreign ownership, 30% tax and freely remittable dividends.

The technology employed in the Yanbu plant is environmentally preferable to conventional facilities and it will observe international and local standards of environmental protection.

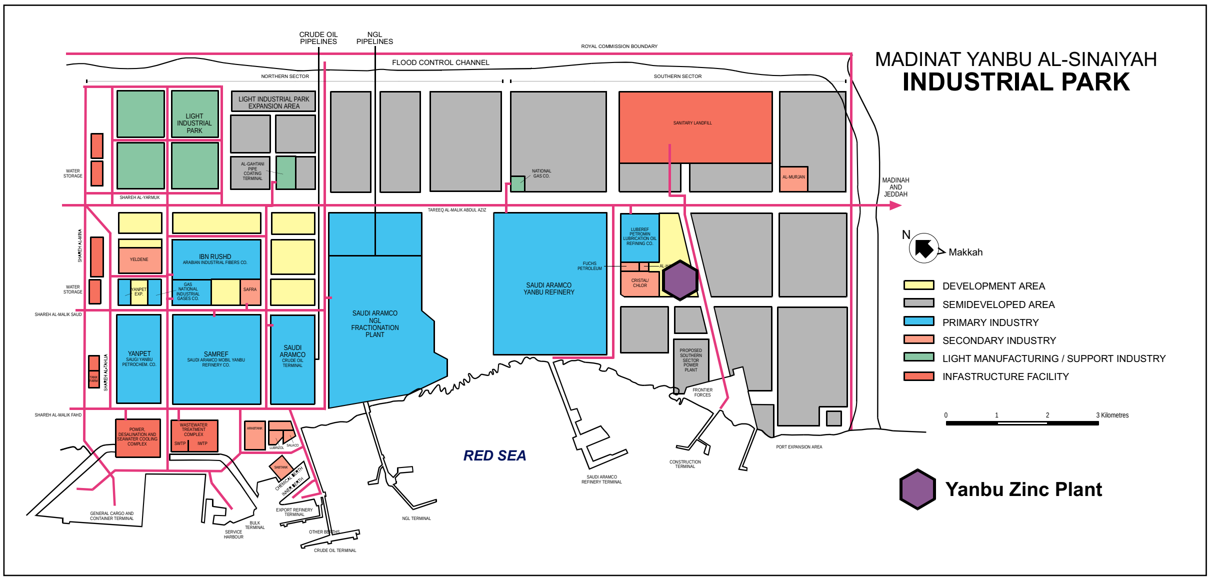
In March 2001, the newly formed Saudi Arabian General Investment Authority issued ZincOx a Business Licence for the Yanbu Zinc Project. Over the past year there have been various meetings with the Royal Commission to decide upon the optimum location of the plant within the Industrial Park. A site was provisionally agreed in Febuary 2002 and this is shown on the plan below.

A pre-feasibility study for the project was completed in August 2001 and was technically reviewed by international mineral consultants, SRK, as part of the listing process. The study assumed that 60% of the zinc would be derived from primary oxide sources with the balance from sulphide concentrate sourced in the international market. Capital investment, including working capital and debt arrangement is estimated to be US$253 million of which 25% is expected to be contributed from shareholders funds, 35% from mining project finance and the balance (42%) drawing on concessionary government development finance.

Direct operating costs are estimated to be about US$235 per tonne of metal produced. This would place the operation among the lowest in the world. At a zinc price of US$1,090/t and a discount rate of 10% the geared economic model indicates the project to have a net present value of US$126 million with an internal rate of return of 26%.

The feasibility study for the development work commenced in January 2002 with computer simulated flow sheet design.

This model has allowed various feed scenarios to be modelled so that the optimum feed blend can be determined and operational flexibility can be maximised. A major international engineering firm will be appointed as a main contractor for the study by the middle of the year. The study is expected to be completed in the second quarter of 2003.



DIRECTORS AND ADVISERS

N J J Masson	66, Executive Chairman and founder of ZincOx. He is a metallurgist with over 30 years' experience of the international zinc industry, mostly with Union Minière, where he was chief executive officer. He is retained by Anglo American plc in connection with the Skorpion zinc oxide project.
A C Woollett	45, Managing Director. He is a geologist who has worked extensively in Africa, involved with mineral exploration and development. He was a founder director of Ivernia West plc and the founder and Executive Chairman of Reunion Mining PLC.
M J E Foster	50, Director. He is the former managing director of Reunion Mining PLC. A graduate geologist with an MBA he has over 25 years' experience in the mining industry. He is responsible for exploration and new business at ZincOx.
P G Fry	53, Finance Director. He is a Chartered Accountant with his own practice, PG Fry and Company. He joined the board on 30 July 2001 in a part time executive capacity.
B Morris	63, Non - executive Director. He is an accountant who has worked in the mining industry for the last 35 years. He joined Cominco Ltd in 1977 and following its takeover is now at TeckCominco Ltd, where he is the Vice President, Business Development.
P H Beck	49, Non - executive Director. He was the head of worldwide Equity Brokerage at the time he left Paribas Capital Markets in 1999. He joined the board on 2 August 2001.
Secretary	P F Wynter Bee
Registered Number	3800208
Registered Office	7 Tanners Yard London Road Bagshot Surrey, GU19 5HD

ADVISERS

Nominated Adviser and Broker	Charles Stanley and Company Limited 25 Luke Street London, EC2A 4AR		
Bankers	Barclays Bank Plc London Corporate Banking Pall Mall London, SW1A 1QB	Auditors	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP
Solicitors	Stringer Saul 17 Hanover Square London, W1R 9AJ	Registrars	Capital IRG Plc Bourne House 34 Beckenham Road Beckenham Kent, BR3 4TU3

DIRECTORS' REPORT
For the year Ended 31st December 2001

The Directors submit their report and the audited financial statements of the Company and Group for the year ended 31st December 2001.

Activities
The principal activity of the Group is the exploration and development of zinc oxide mineral resources. The Company acts as an exploration and holding company.

Review Of The Business
A detailed review of the business and future developments is included in the Chairman's Statement and the review of operations.

The Group made a consolidated loss after tax of £674,847 for the year ended 31st December 2001(2000 - £1,055,197). The Directors do not recommend the payment of a dividend, and the loss for the year will be transferred to the accumulated profit and loss reserve in the financial statements.

Directors And Their Interests
The names of the present Board and their details are set out on page 8.

In accordance with the company's Articles of Association, MJE Foster, PH Beck and PG Fry retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

MJE Foster entered into a service contract with the company on 5 November 2001 for 1 year thereafter the contract can be terminated on 12 months notice.

PH Beck entered into a letter of appointment on 5 November 2001 for 1 year thereafter the appointment can be terminated on 3 months notice.

PG Fry entered into a letter of appointment on 5 November 2001 for 1 year thereafter the appointment can be terminated on 3 months notice.

The Directors who held office during the period and their shareholdings were as follows: -

	As at 31 December 2001			As at 31 December 2000		
	Ordinary Shares At £0.25	Options	Size of Holding %	Ordinary Shares At £0.25	Options	Size of Holding %
Noel Masson	1,945,000	441,847	11.85 (13.41)	1,945,000	348,000	15.69 (16.77)
Andrew Woollett	1,680,000	221,847	10.24 (10.68)	1,680,000	128,000	13.55 (13.22)
Peter Wynter Bee (retired 15 March 2001)	-	-	-	434,000	108,000	3.50 (3.96)
Michael Foster	504,000	181,000	3.07 (3.85)	504,000	88,000	4.06 (4.33)
Peter Fry (appointed 30 July 2001)	-	20,000	- (0.00)	-	-	-
Bryan Morris	-	-	-			
Peter Beck (appointed 2 August 2001)	23,000	-	0.14 (0.13)	-	-	-
	4,152,000	864,694	25.30 (28.19)	4,563,000	672,000	36.80 (38.28)

Bracketed figures are diluted holdings. The shares in which N. Masson has an interest are registered in the name of Geology, Mines and Metallurgy Consultancies Limited. 800,000 of the shares of A.Woollett are registered in the name of EFG Reads Trustees Limited. 20,000 of the shares in which M Foster has an interest are registered in the name of his wife.

Share Capital

During the year, the Company issued 3,994,103 ordinary shares of 25p each at premiums of £0.40/£0.95 per share, in order to finance further feasibility costs of the Group.

Substantial Shareholdings

As at 10 June 2002 the Directors, in addition to their own holdings, have been notified of the following substantial interests equal to or greater than 3% of the issued share capital of the company.

	Number of Ordinary Shares	% of Issued Share Capital
TeckCominco Ltd.	3,000,000	18.28%
Rockover Resources Limited	1,176,000	7.16%
HSBC Global Custody Nominee UK Ltd	1,221,051	7.43%

Statement Of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for the financial year then ended.

In preparing those financial statements, the Directors are required to: -

- Select suitable accounting polices and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the directors' report and other information included in the annual report, is prepared in accordance with company law in the United Kingdom.

Corporate Governance

General

The maintenance of effective corporate governance remains a key priority for the Board of ZincOx. The company has complied with the provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority.

The Board of Directors

The Board meets regularly and includes two non-executive Directors.

There are two permanent committees of the Board, details of which are given below. Selection and appointment of Directors are the responsibility of the whole Board.

Internal Financial Controls

The Directors are responsible for the Group's system of internal financial control. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal financial control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Full board meetings are held quarterly to review Group strategy, direction and financial performance. The executive Directors meet monthly to review operational reports from all the group's areas of operations. The process is used to identify major business risks and evaluate their financial implications and ensures an appropriate control environment. Certain control over expenditure is delegated to on site project managers subject to board control by means of monthly budgetary control reports. Internal financial control procedures include:

- preparation and regular review of operational budgets and forecasts
- prior approval of all capital expenditure
- review and debate of treasury policy
- evaluation of all significant investment polices: and
- unrestricted access of non-executive Directors to all members of senior management

The Board, in conjunction with the Audit Committee, has reviewed the effectiveness of the system of internal financial controls for the period from 1 January 2001 to the date of this report.

Report of the Audit Committee

The Audit committee is chaired by Peter Beck and is formally constituted with the written terms of reference. Its membership comprises two non-executive Directors and the Finance Director. The Chairman and Managing Director are not members, but may be invited to attend meetings of the Committee, which meets at least twice per year. The external auditors also attend for part of two meetings per annum and they have direct access to the members of the Committee without the presence of the executive Directors for independent discussions. The Audit Committee may examine any matters relating to the financial affairs of the Group and to the Group's audits; this includes reviews of the annual financial statements and announcements, internal control procedures, accounting polices, the appointment and fees of external auditors and such other related functions as the Board may require.

Report of the Remuneration Committee

The Remuneration Committee is chaired by Peter Beck and comprises two non-executive Directors and the Finance Director. It determines the terms and conditions including annual remuneration of the executive Directors. The committee consults the Chairman about its proposals and has access to professional advice from inside and outside the company.

The key policy objectives of the Remuneration Committee in respect of the Company's executive Directors and other senior executives are:

(a) to ensure that individuals are fairly rewarded for their personal contribution to the company's overall performance; and
(b) to act as an independent committee ensuring that due regard is given to the interests of the Company's shareholders and to the financial and commercial health of the company.

Remuneration of executive Directors comprises basic salary, bonuses, pensions, participation in the company's Share option scheme and other benefits.

The committee in consultation with the chairman considers incentives including options, which are granted at an option price equivalent to the market price at the relevant time. The amount of each individual's incentive is determined by reference to the personal performance appropriate to their particular executive responsibilities.
Full details of directors' emoluments are disclosed in note 2b to the financial statements and the Directors' options are disclosed above. Details of the service contracts of Directors proposed for re-election are set out on page 9.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Environmental policy

ZincOx pursues its exploration, development and mining activities in compliance with the relevant national legislation and according to internationally accepted industry standards as required by major lending institutions such as the European Investment Bank.

Creditor Payment Terms

It is the Group's policy to settle balances with creditors in accordance with agreed terms of supply and with market practice in the relevant country. Trade creditors at the balance sheet date represented 30 days of average supplies for the period.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

Peter Wynter Bee
Company Secretary

11 June 2002

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZINCOX RESOURCES PLC

We have audited the financial statements of ZincOx Resources plc for the year 31 December 2001 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with the United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for the audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the Chairman's statement, the review of operations, and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2001 and of their results for the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants
London

11 June 2002

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	31st December 2001	31st December 2000
		£	£
Turnover		-	-
Cost of Sales		-	-
Gross Profit		-	-
Exploration Costs		(100,000)	(624,199)
Administrative Expenses		(586,575)	(519,609)
Operating Loss	2	(686,575)	(1,143,808)
Net Interest receivable and Similar income	3	11,728	88,611
Loss on Ordinary Activities before Tax		(674,847)	(1,055,197)
Taxation	4	-	-
Loss for the year taken to Reserves	13	(674,847)	(1,055,197)
Loss per ordinary share (pence)	5		
Basic		(0.05)p.	(0.09)p.

All operations are continuing.

The notes on pages 19 to 26 form an integral part of these accounts.

OTHER PRIMARY STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	31st December 2001	31st December2000
	£	£
Loss for the period taken to reserves	(674,847)	(1,055,197)
Currency Translation Differences	18,528	(2,642)
Total Recognised Gains and Losses for the Year	(656,319)	(1,057,839)

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	31st December 2001	31st December 2000
	£	£
Loss for the Period	(674,847)	(1,055,197)
Other Recognised Gains	18,528	(2,642)
New Share Capital and Related Share Premium	3,366,496	607,575
Net Movement in Shareholders' Funds	2,710,177	(450,264)
Opening Shareholders' Funds	1,818,694	2,268,958
Closing Shareholders' Funds	4,528,871	1,818,694

The notes on pages 19 to 26 form an integral part of these accounts.

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Note	31st December 2001	31st December 2000
		£	£
FIXED ASSETS			
Intangible Assets	7	1,985,860	1,446,967
Tangible Assets	8	31,627	44,740
Investments	9	176,850	176,850
		2,194,337	1,668,557
CURRENT ASSETS			
Debtors	10	96,251	53,147
Cash at Bank and in Hand		2,397,605	347,141
		2,493,856	400,288
Creditors - amounts falling due within one year	11	(159,322)	(250,151)
NET CURRENT ASSETS		2,334,534	150,137
NET ASSETS		4,528,871	1,818,694
CAPITAL AND RESERVES			
Called up Share Capital	12	4,098,526	3,100,000
Share Premium	13	3,750,545	1,382,575
Other Reserves	13	(896,183)	(914,711)
Profit and Loss Account	13	(2,424,017)	(1,749,170)
EQUITY SHAREHOLDERS FUNDS		4,528,871	1,818,694

Approved by the Directors on: 11 June 2002

A. C. Woollett
Director

The notes on pages 19 to 26 form an integral part of these accounts.

COMPANY BALANCE SHEET

AS AT 31ST DECEMBER 2001

		31st December 2001	31st December 2000
	Note	£	£
FIXED ASSETS			
Intangible Assets	7	164,618	147,916
Tangible Assets	8	25,301	44,740
Investments	9	1,411,610	1,400,000
		1,601,529	1,592,656
CURRENT ASSETS			
Debtors due within one year	10	96,048	53,076
Debtors due after one year	10	2,684,257	1,946,261
Cash at Bank and in Hand		2,390,143	344,435
		5,170,448	2,343,772
Creditors - amounts falling due within one year	11	(152,263)	(209,844)
NET CURRENT ASSETS		5,018,185	2,133,928
NET ASSETS		6,619,714	3,726,584
CAPITAL AND RESERVES			
Called up Share Capital	12	4,098,526	3,100,000
Share Premium	13	3,750,545	1,382,575
Profit and Loss Account	13	(1,229,357)	(755,991)
EQUITY SHAREHOLDERS FUNDS		6,619,714	3,726,584

Approved by the Directors on: 11 June 2002

A. C. Woollett
Director

The notes on pages 19 to 26 form an integral part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR YEAR ENDED 31ST DECEMBER 2001

	Note	31st December 2001	31st December 2000
		£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14	(686,186)	(431,696)
RETURNS ON INVESTMENTS AND SERVICING ON FINANCE			
Interest received		11,728	88,611
Interest paid		-	-
Net Cash Inflow from Returns on Investments and Servicing of Finance		11,728	88,611
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of Intangible Fixed Assets		(638,893)	(1,592,090)
Purchase of Tangible Fixed Assets		(2,681)	(46,299)
Purchase of investments		-	(88,407)
Net cash outflow from Capital Expenditure and Financial Investment		(641,574)	(1,726,796)
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) / Sale of Short Term Deposits		(2,085,000)	1,475,000
Net Cash (Outflow) / Inflow from management of Liquid Resources		(2,085,000)	1,475,000
FINANCING			
Issue of Shares		3,982,717	625,200
Expenses paid in connection with share issue		(616,221)	(17,625)
Net cash inflow from financing		3.366.496	607,575
(DECREASE) / INCREASE IN CASH	14	(34,536)	12,694

The notes on pages 19 to 26 form an integral part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1. ACCOUNTING POLICIES

(a) Accounting Convention and Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the provisions of the SORP relating to accounting for oil and gas exploration issued by the OIAC.

The principal accounting policies of the Group, which have been reviewed by the Directors in the light of FRS 18 and are considered to remain the most appropriate to the Group’s circumstances, are set out below.

(b) Basis of Consolidation and Presentation of Financial Information

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings, all made up to 31st December 2001.

(c) Tangible Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer Equipment - 4 years

Fixtures and Fittings - 4 years

(d) Intangible Assets

Deferred exploration costs, including the Group's contribution to joint venture costs, where applicable, of exploring for mineral resources, which include acquisition costs, geological and geophysical costs, costs of drilling, and related overheads, are treated as intangible fixed assets.

The Directors regularly review each project on a technical and commercial basis. In the event that it becomes evident that such costs are unlikely to be recovered from future revenues, they are written off immediately to the profit and loss account.

On the commencement of a mine development, all project costs are transferred to tangible assets.

(e) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

(f) Pensions

The pension costs charged in the financial statements represent the contributions payable during the period to personal defined contribution schemes.

(g) Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the Balance Sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves.

(h) Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

(i) Financial Instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

2(a) Operating Loss

Operating loss is stated after charging: -

	31st December 2001	31st December 2000
	£	£
Auditors' Remuneration		
Audit Services	14,527	6,045
Non-audit services	7,200	18,192
Depreciation	15,794	6,300
Other operating leases	30,000	30,000

Non-audit services comprise fees for taxation compliance. In addition fees of £77,657 paid to auditors for non-audit services have been deducted from the share premium account. These fees arise in connection with the Company's admission to the Alternative Investment Market.

2(b) Directors and Employees

The average number of persons employed by the Group (including Directors) during the period was 5 (31st December 2000 - 5).

	31st December 2001	31st December 2000
	£	£
Wages and Salaries	406,681	313,118
Social Security Costs	33,207	33,910
Pensions	45,266	46,250
	485,154	393,278

Remuneration in respect of Directors was as follows: -

	31st December 2001	31st December 2000
	£	£
Emoluments	238,132	322,589
Pension Contributions	33,185	46,250
Payments to Third Parties for Directors Services	100,000	100,000
	371,317	468,839

Highest paid Director emoluments - £123,870 (31st December 2000 - £123,224). The number of Directors participating in defined contribution schemes was three (31st December 2000 - three).

2(c) Related Party Transactions

During the period ended 31st December 2001, the Group paid £100,000 (31st December 2000 - £100,000) for consultancy services and associated expenses to Geology Mines and Metallurgy Consultancies Limited, a company in which Noel Masson, the Chaiman of ZincOx Resources plc, has an interest. During the same period, the Group paid £17,100 (31st December 2000 –£nil) to P G Fry & Co, a firm run by Peter Fry, for accounting services

3. Net Interest

	31st December 2001	31st December 2000
	£	£
Bank Interest Received	11,728	88,611

4. Taxation

The Directors consider there to be no liability to taxation for the period for the Group (31st December 2000- Nil), due to accumulated trading loss

5. Loss per Share

	Loss	Weighted average number of shares	Per share amount pence
2001			
Basic loss per share			
Loss attributable to ordinary shareholders	(674,847)	13,555,110	0.05
2000			
Basic loss per share			
Loss attributable to ordinary shareholders	(1,055,197)	12,210,959	0.09

There is no dilutive effect of share options on the basic loss per share.

6. Loss for the Financial Period

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The Group loss for the period includes a loss of £473,366 (31st December 2000 -£386,576) relating to the Company.

7. Intangible Assets

Deferred Exploration Costs

	Group	Company
	£	£
Cost		
As at 1st January 2001	2,154,392	147,916
Additions	638,893	692,204
Transfer to Group Undertaking	-	(575,502)
Disposal	(297,299)	-
As at 31st December 2001	2,495,986	264,618
Provisions		
At 1st January 2001	707,425	-
Charge for the Year	100,000	100,000
Transfer to Group Undertaking	-	-
Disposal	(297,299)	-
As at 31st December 2001	510,126	100,000
Net Book Value		
As at 31st December 2000	1,446,967	147,916
As at 31st December 2001	1,985,860	164,618

8. Tangible Assets

Group

	Fixtures and Fittings	Computer Equipment	Total
	£	£	£
Cost			
At 1st January 2001	18,216	34,404	52,620
Additions	1,937	744	2,681
At 31st December 2001	20,153	35,148	55,301
Depreciation			
At 1st January 2001	3,380	4,500	7,880
Charge for the Year	4,737	11,057	15,794
At 31st December 2001	8,117	15,557	23,674
Net Book Value			
As at 31st December 2000	14,836	29,904	44,740
As at 31st December 2001	12,036	19,591	31,627

Company

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1st January 2001	18,216	34,404	52,620
Additions	1,937	-	1,937
Transfer to Subsidiary	(3,992)	(9,641)	(13,633)
At 31st December 2001	16,161	24,763	40,924
Depreciation			
At 31st January 2001	3,380	4,500	7,880
Charge for the Year	3,739	8,601	12,340
Transfer to Subsidiary	(1,473)	(3,124)	(4,597)
At 31st December 2001	5,646	9,977	15,623
Net Book Value			
As at 31st December 2000	14,836	29,904	44,740
As at 31st December 2001	10,515	14,786	25,301

Neither the Group nor the Company had any capital commitments at 31st December 2001 or 31st December 2000.

9. Investments

Investments comprise the following: -

	Group 31st December 2000 £	Company 31st December 2000 £
Cost	176,850	1,400,000
Addition - ZincOx Belgium Sprl	-	11,610
As at 31st December 2001	176,850	1,411,610

At the balance sheet date the Group holds 16.9% (31st December 2000- 16.9%) of Redhawk Resources Inc. a Canadian mining company quoted on the Vancouver Stock Exchange.

Interest in Subsidiary Undertakings

The subsidiary undertakings at 31st December 2001, all of which are included in the consolidated financial statements, are shown below:

Name of Undertaking	Country of Incorporation/ Registration and Operation	Principal Activities	Proportion of Issued Shares and Voting Rights held by the Company
ZincOx Resources BV	The Netherlands	Exploration	100%
Jabali Resources BV	The Netherlands	Exploration	100%
ZincOx de Guatemala SA	Guatemala	Exploration	100%
ZincOx Belgium Sprl	Belgium	Metallurgical Research	100%

10. Debtors

	Group		Company	
	31st December 2001	31st December 2000	31st December 2001	31st December 2000
	£	£	£	£
Amounts owed by Group Undertakings	-	-	2,684,257	1,946,261
Deposits	30,000	30,000	30,000	30,000
Other Debtors	44,693	19,472	44,490	19,401
Prepayments	21,558	3,675	21,558	3,675
	96,251	53,147	96,048	53,076
	96,251	53,147	2,780,305	1,999,337

The Directors do not expect the intra-group balances to be cleared within twelve months

11. Creditors - Amounts Falling Due Within One Year

	Group		Company	
	31st December 2001	31st December 2000	31st December 2001	31st December 2000
	£	£	£	£
Trade Creditors	80,783	97,702	80,592	97,702
Taxation and Social Security	32,384	10,979	32,383	10,979
Accruals	39,764	112,970	38,245	72,663
Other Creditors	6,391	28,500	1,043	28,500
	159,322	250,151	152,263	209,844

12. Share Capital

	31st December 2001	31st December 2000
	£	£
Authorised		
40,000,000 Ordinary Shares of £0.25 each	10,000,000	10,000,000
Allotted, issued and fully paid		
Ordinary Shares of £0.25 each	4,098,526	3,100,000

During the year ended 31st December 2001, 3,994,103 Ordinary Shares of £0.25 each were issued at premiums of £0.40/£0.95 per share. This increased the total shares issued to 16,394,103 Ordinary Shares of £0.25 each. (2000 : 12,400,000 Ordinary shares of £0.25 Each)

In addition there are 1,387,310 options, 865,541 available to Directors (see Directors' Report) and 521,769 to eligible persons. The exercise price of each option is £0.25/£0.65. These options cannot be exercised for two years from the date they were granted, and must be exercised within ten years from that date. The fully diluted number of shares at the end of the financial period is thus 17,781,413.

The following is the movement in the shares, share capital and share premium during the year:

	Date	Shares No.	Share price £	Share Capital	Share Premium
At 1st January 2001		12,400,000		3,100,000	1,382,575
Share placing for cash	12 April	1,026,885	0.65	256,721	410,754
Share placing for cash	9 May	15,500	0.65	3,875	6,200
Share placing for cash	1 June	120,370	0.65	30,093	48,148
Share placing for cash	14 June	310,348	0.65	77,587	124,139
Share placing for cash	7 December	2,521,000	1.20	630,250	2,394,950
Costs of issuing shares					(616,221)
At 31 December 2001		16,394,103		4,098,526	3,750,545

Details of the company share options			Exercise price	Date from which exercisable	Expiry date
As at 1st January 2001		840,000	0.25	18.10.01	18.10.09
	14 June 2001	547,310	0.65	14.06.03	14.06.11

13. Capital and Reserves

	Share Premium £	Other Reserves £	Profit & Loss Account £
Group			
At 1st January 2001	1,382,575	(914,711)	(1,749,170)
Issue of Ordinary Shares (net)	2,367,970	-	-
Loss for the Year	-	-	(674,847)
Translation Adjustments	-	18,528	-
Difference arising on Consolidation	-	-	-
As at 31st December 2001	3,750,545	(896,183)	(2,424,017)
Company			
At 1st January 2001	1,382,575	-	(755,991)
Issue of Ordinary Shares (net)	2,367,970	-	-
Loss for the Period	-	-	(473,366)
As at 31st December 2001	3,750,545	-	(1,229,357)

14. Net Cash Flow From Operating Activities

	31st December 2001 £	31st December 2000 £
Operating Loss	(686,575)	(1,143,808)
Depreciation	15,794	6,300
Deferred Exploration costs written-off	100,000	583,630
Losses / (Gains) on foreign exchange translations	18,528	8,164
Increase in Debtors	(43,104)	(10,934)
(Decrease) / Increase in Creditors	(90,829)	124,952
Net Cash outflow/inflow from operating activities	(686,186)	(431,696)

Reconciliation of Net Cash Flow to Movement in Funds

	31st December 2001	31st December 2000
	£	£
(Decrease) / Increase in cash in the year	(34,536)	12,694
Cash inflow/outflow from increase / reduction in liquid resources	2,085,000	(1,475,000)
Change in net funds resulting from cash flow	2,050,464	(1,462,306)
Effect of foreign exchange translations	-	(10,806)
Movement in net funds in the period	2,050,464	(1,473,112)
Opening net funds	347,141	1,820,253
Closing Net Funds	2,397,605	347,141

Analysis of Changes in Net Funds

	At 1st January 2001	Cashflow	Purchase of Short Term Deposits	At 31st December 2001
	£	£	£	£
Cash in hand and at Bank	72,141	(34,536)		37,605
Short term deposits	275,000		2,085,000	2,360,000
	347,141	(34,536)	2,085,000	2,397,605

15. Lease Commitments

Operating lease payments amounting to £30,000 are due within one year and relate solely to leases incurred on land and buildings due to expire in 1 year's time.

There were no other contingent liabilities at 31st December 2001 (31st December 2000 - nil).

16. Financial Instruments

The group uses financial instruments, other than derivatives, comprising cash, liquid resources and various items such as debtors, creditors and other items that arise directly from its operations.

The main risk arising from the Group's financial instruments are foreign currency risk and liquidity risk. The Directors review and agree policies for manging their risks and these are summarised below.

Short term debtors and creditors have been excluded from the following disclosures, except those relating to foreign currency risk.

Foreign Currency Risk
Exposure of foreign currency risk is minimal and relates to the payment of foreign suppliers. These are on normal terms. The group does not carry out any hedging to cover this exposure risk.

Liquidity Risk
The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Fair Values
The fair values of the Group's financial instruments are considered equal to the book value.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2002 Annual General Meeting of ZincOx Resources plc will be held at 5th Floor, 17 Hanover Square, London W1S 1HU on 18th July 2002 at 11.00am for the purpose of transacting the following business: -

1) To receive and adopt the Directors' Report and Financial Statements for the period ended 31 December 2001 together with the Auditors' Report.

2) To re - elect M.J.E. Foster as a Director of the Company, retiring in accordance with Article 102 of the company's Articles of Association.

3) To re - elect P.G. Fry as a Director of the company, retiring in accordance with Article 108 of the company's Articles of Association.

4) To re - elect P.H. Beck as a Director of the company, retiring in accordance with Article 108 of the company's Articles of Association.

5) To appoint Grant Thornton as auditors and to authorise the Directors to fix the auditors' remuneration.

And AS SPECIAL BUSINESS to consider, and if thought fit, pass through the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution: -

6) THAT the Directors be and they are hereby generally and unconditionally authorised (in substitution for all the previous authorities in that regard) to exercise all of the powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,416,666 representing approximately 34 percent of the issued share capital of the Company at the date of the notice of the meeting. Provided that the authority shall expire at the conclusion of the next Annual General Meeting of the Company or on 18 October 2003 (whichever is earlier) unless and to the extent that such authority is renewed or extended prior to or at such meeting so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such offer or agreement as if the authority conferred hereby had not expired;

7) THAT the Directors be and they are hereby empowered pursuant to Section 96 of the Companies Act 1985 ("the Act"), in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority granted by resolution 6, in the notice of this meeting, as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities: -
   (a) in connection with a rights issue in favour of the shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them, but subject to such exclusions and other arrangements that the Directors may deem necessary to deal with legal or practical problems in respect of overseas holders, fractional entitlements or otherwise;
   (b) (otherwise than pursuant to sub - paragraph (a above) having, in the case of relevant shares (as defined for the purposes of Section 89 of the Act) a nominal amount of £820,705 representing 20percent of the issued share capital of the Company as at the date of notice of this meeting.

   And such authority shall expire on the date of the next Annual General Meeting of the Company or on 18 October 2003 (whichever is earlier) so that the company may before such an expiry make an offer or agreement which would or might require the Directors to allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8) To transact any other business of an Annual General Meeting.

Registered Office:
7 Tanners Yard
London Road
Bagshot,
Surrey, GU19 5HD

BY ORDER OF THE BOARD
P. F. Wynter Bee
Secretary

11th June 2002

Notes:
Any member entitled to attend and vote may appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed for the use of the members who are unable to attend the meeting and, to be effective, must be lodged at the Company's Registered Office, 7 Tanners Yard, London Road, Bagshot, Surrey, GU29 5HD not less than forty - eight hours before the start of the meeting.

There will be available for inspection at the registered office of the Company, during usual business hours on any weekday (Saturdays and Public holidays excepted) from the date of this notice until the date of the Meeting, and at the place of the Meeting for 15 minutes prior to and during the Meeting copies of all service agreements of any Directors with the Company which are not expiring and determinable by the Company, without payment of compensation within one year, and particulars for the period up to 11 June 2002 of the transactions of each Director and, so far as he can reasonably ascertain, of those connected persons within the meaning of Section 346 of the Companies Act 1985, in the share capital of the Company.

Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those shareholders of the Company on the register at 3.00pm on 16 July 2002 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members offer that time will be disregarde in determining the rights of any person to attend or vote at the meeting.