ZincOx Resources Limited

Annual Report & Accounts 2019

Vision

The principal activity of the Company is to identify projects for the recovery of zinc oxide and iron from Electric Arc Furnace Dust. Such projects may be developed solely by the Company, through a joint venture or sold outright, with a view to building cash reserves to return to shareholders. The Company was the developer of Asia's largest zinc recycling plant and acts as a recycling, processing, development and holding company.

Highlights

2019

Spanish full cycle

- Formation of Spanish subsidiary, ZincOx Spain Sociedad Limitada
- Coastal site identified and pre-development study completed
- Submission of Environmental Impact Assessment, approval by provincial government expected mid 2020
- Completion of Basic Engineering for Costing Studies
- Development Cost approximately €142 million
- Economic indicators, at a zinc price of US$ 2,200/t, post tax ungeared
  - IRR 18%
  - NPV (disc. 8%) €113 million

Japanese full cycle

- Formation of Japanese subsidiary, ZincOx Japan Kabushiki-Kaisha
- Coastal site identified
- EAFD sampling from steel mills producing 150,000 tonnes of EAFD per annum and analysis completed

Post Year End

- Sale of Moxico shares (24p per share) to fund working capital

Chairman's Statement

> "Now that we have a robust financial model, we have started to discuss the raising of equity and debt for the development of the project."

Dr Rod Beddows, Chairman

2018 saw us restructure the Company so that we could begin to focus on the generation of new projects in Spain and Japan and we have been pursuing these hard through 2019. At the same time Moxico Resources plc, in which we have a significant interest, has also made great progress.

The plans for the Spanish recycling plant have now moved ahead of those for a plant in Japan and the main focus is looking at ways of bringing the Spanish project to account. Apart from the obvious route of equity and project finance we are also looking at the possibility of an early straight sale of the Company or its recycling assets as this could minimise risk and provide a more immediate return for shareholders.

The basic engineering and costing for the Spanish project has been completed and the documentation for the environmental permitting has been submitted to government. The environmental permit is on the critical path for development and although we have only had positive feedback from the authorities, the soonest that this permit could be awarded would be in June 2020. Unfortunately, there is currently a substantial backlog of applications being considered and this makes the duration of the permitting uncertain.

As a result of the costing exercise we have estimated the development cost to be €142 million and this, together with an evaluation of local operational costs, provided the basis of our detailed financial model. The model has confirmed the attractiveness of the project. Using a zinc price of US$2,200 per tonne, the Spanish project has a net present value of €113 million (discounted at 8%), an IRR of 18% and generate about €36 million in EBITDA. The high EBITDA means the project will be able to remain profitable even at low zinc prices and, we believe, it will support 60% of the development cost to be provided by debt. On this basis, the project would generate earnings of about €20 million per annum.

The Spanish project is more fully described in the Operational Review part of the Strategic Report.

While the technical work on the project and the environmental permitting has been very encouraging, there are two further important hurdles for development to proceed; securing EAFD supply contracts and financing.

We have held discussions with a number of steel companies and are confident that EAFD supply contracts can be entered into on attractive terms. When we enter into EAFD supply contracts there will be a commitment to take EAFD at a certain date in the future. However, until we have some firm indication of the timing of the environmental permitting, and therefore the start date for the construction, it would be premature to enter into such contracts.

Now that we have a robust financial model, we have started to discuss the raising of equity and debt for the development of the project. We are looking at a range of potential financial structures including a sale of the project. Initially we have been concentrating on the search for equity investors, as lenders will take comfort from the calibre of the shareholders in the project. Although there is a lot of obvious appreciation of recycling and what is increasingly referred to as the "Circular Economy" there are very few companies in this sector and even fewer with projects of our size. We have had considerable experience talking to many potential investors over the past ten years and, notwithstanding a very robust investment proposition, finding equity for projects has always proved to be extremely challenging.

In Japan the progress has been slower than we would have liked. As a foreign company in Japan with a novel technology, winning trust and acceptance takes considerable time. We have, however, made great inroads as evidenced by the provision of representative samples from about one third of the steel mills in Japan, which together generate about 150,000 tonnes of EAFD per annum. These samples have been analysed and confirm the commercial zinc grade of the EAFD. A coastal site in the same industrial zone as a major steel mill has been identified and we are in the process of negotiating the acquisition of the land with the local government, only once this has been completed can the environmental work commence.

Chairman's Statement (continued)

Zinc Price and Zinc Stocks (LME + SHFE (Shanghai))

I am pleased to report that, in 2019, Moxico Resources plc made great progress at its Mimbula property in Zambia, where, its development is expected to commence towards the middle of 2020. However, in the meantime it expects to have production from some of the surface dumps.

ZincOx purchased 12.5 million shares in Moxico in 2017 for 6p per share. In order to finance our ongoing activities, we are realising the value of a modest tranche of these shares. I am delighted to report that this year, up to 6 April, we have sold 1,025,000 Moxico shares at 24p per share, realizing, after expenses, £238k.

Through 2019 the stocks of zinc metal held by the LME warehouses and through Shanghai has continued the decline that started in 2013 and the zinc price has held up well in the range US$2,200 to US$3,000 per tonne. Since January 2020, however, the stocks in China have risen dramatically and this has been mirrored by the zinc price, which by the end of March had fallen to the US$1,900 level, a price not seen since June 2016. I am inclined to think this is another of the many impacts of the fall in manufacturing in China as a result of the Coronavirus, while the impact of this is unclear one can today take some comfort from the recent trend in the fall of new cases reported in China. Also, it is reported that industrial facilities are restarting and that 80% of steel mills are now active.

We have achieved the objectives we set ourselves this time last year but now face the difficult task of financing the project or otherwise realising value for shareholders. Rest assured, however, that your management is working hard to complete this task and I would like to thank them and other staff members for their hard work in 2019.

Dr Rod Beddows
Chairman

6 April 2020

Strategic Report

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report, as approved by the whole Board, for the year ended 31 December 2019. The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the Company.

Principal Activities

The principal activity of the Group is to identify zinc projects where the knowledge and expertise built up over many years can be used to evaluate, and where applicable, develop projects, or work with others in joint ventures or sell on such projects with a view to building cash reserves to return to shareholders. The Company acts as a recycling, processing, development and holding company. A detailed review of the business and future developments is included in the Operational Review section of the Strategic Report.

Business Model

Steel is generally protected from corrosion by galvanising, a process whereby a thin coating of zinc is applied to the surface of the steel. This coating insulates the steel from reaction with air and so prevents corrosion. Steel, and therefore scrap, is becoming increasingly galvanised. Scrap iron and steel is mostly recycled in Electric Arc Furnaces ("EAFs") where the volatile constituents (Zn, Pb, Cl, Na etc) are driven off as fine particles and gases, together with fine particles of rust. This Electric Arc Furnace Dust ("EAFD") needs to be filtered from the flue gases and since zinc is a volatile element, it constitutes part of the EAFD. The EAFD generally contains between 20% and 25% zinc, and 25% to 30% iron, both of which occur largely as oxides. In addition, the EAFD contains lead, cadmium and arsenic, all toxic elements which are, to some extent, soluble in water. EAFD is therefore a hazardous waste. There are estimated to be 7 million tonnes of EAFD generated annually from over 1,000 EAFs globally, probably making EAFD the world's largest inorganic hazardous waste product.

The steel mills need to dispose of the EAFD either in landfill or to processors which recover the zinc. Process plants based on existing technology have not been developed unless a significant disposal fee has been paid by the steel mills.

The breakthrough technology used by ZincOx recovers the zinc using a Rotary Hearth Furnace ("RHF"). The zinc forms a unique high quality zinc oxide concentrate ("HZO"), an iron intermediate product ("ZHBI"). This means that there will be no solid waste entering landfill.

The ZHBI can be further processed into pig iron and a clean slag that can be used by the cement industry. The exceptionally high quality of the HZO will enable it to be upgraded to a zinc oxide chemical. As zinc in the chemical form is worth about twice that of zinc in a concentrate feeding a smelter, the upgrading would greatly enhance revenue and profitability. When developed with the rotary hearth furnace as an integrated operation, together with ZHBI upgrading, the technology is referred to as the "Full Cycle" approach.

Operational Review

Technology

The Company has always reviewed new developments in technology that are being used to treat EAFD, to make comparison of these with our RHF and upgrading approach. We still feel that the best way of creating long term value is by using RHF technology and the upgrading of its zinc and iron bearing products.

Rotary Hearth Furnace (RHF)

The first stage in the Full Cycle process is the treatment of EAFD in the Rotary Hearth Furnace ("RHF"). The EAFD is mixed with coal and a binder and briquetted. The briquettes are hardened in a dryer and fed into the RHF. The RHF is a circular tunnel with a 25m external diameter and a revolving floor or hearth. Briquettes are fed into this and travel around the furnace in about 16 minutes before being evacuated by an auger screw. The temperature in the furnace is maintained at about 1,300ºc by gas burners. At these temperatures the metals are reduced, zinc forming a vapour that reacts with air to form very fine zinc oxide particles that are swept up in the offgas and recovered in filters as HZO. The iron is reduced to its metallic state and stays in the briquette to form the iron intermediate product, ZHBI.

Zinc Concentrate (HZO) Upgrading

Test work on KRP's zinc concentrate has confirmed the best way to upgrade it to an industrial quality zinc oxide chemical. The ideal process was designed by ZincOx's technical team and is called Consecutive Metal Leaching ("CML"). CML comprises a combination of existing technologies specifically configured to remove the halides, sulphates and deleterious base metals from the concentrate. The zinc oxide produced by CML ("IZO") has a grade of about 99.7% zinc oxide, high enough to qualify for most industrial uses, including rubber and ceramics.

Laboratories that specialise in the technical qualification of raw materials have used IZO samples produced in the pilot operation to make glazes and rubber. In both cases the IZO was confirmed to be equally effective as leading market brands.

Iron Product (ZHBI) Upgrading

ZHBI, the iron product of the RHF, can be melted to produce pig iron and saleable slag. The Submerged Arc Furnace ("SAF") has been used throughout the world for the production of ferro-alloys and is well suited to melting ZHBI. Hot ZHBI will be fed into the SAF with small amounts of coke for reduction and flux to optimise the slag chemistry. The temperature will be raised to about 1,550ºc at which point the denser iron will sink to the base of the furnace and the slag will rise to the surface, each layer is periodically tapped. The coke reduces most of the remaining iron oxide and the last of the zinc and lead which fumes off forming a saleable crude zinc oxide concentrate. The pig iron is of low quality but would be sold as a scrap substitute and the vitreous slag may be used as a construction aggregate or, potentially, milled and used as a cement additive.

Strategic Report (continued)

Vietnamese Recycling and Upgrading Plant

Vietnamese Recycling and Upgrading Plant (VRUP)
ZincOx has been actively researching potential sites for recycling plants over the past nine years and in February 2016, we signed an Investment Registration Certificate with the Government of Vietnam. Our strategy of identifying projects capable of being brought to potential joint venture partners is firmly demonstrated by the entering of a Joint Venture Agreement ("JVA") with KZC in January 2017 and sale of our interest in April 2018.

The Vietnamese plant is being developed in two phases. Phase 1 comprises the RHF and CML and this was completed in 2019. The ZHBI upgrading will be developed in a second phase.

We have recently been notified by Korea Zinc, that Zinc Oxide Corporation Vietnam ("ZOCV") sold 1,600 tonnes of IZO during their financial year ending 31 December 2019 and that US$4,547 is therefore due to ZincOx under the terms of the Marketing Support Agreement. We expect to receive these funds in 2020, but due to the information being received late, a decision was made not to recognise this revenue on the basis that the amount was immaterial.

No Technical Assistance Fee is due for 2019 as ZOCV reported a net loss for the year.

New Recycling Plants
The Company is actively pursuing the concept of developing new recycling plants in Spain and Japan. This work involves the identification of suitable plant sites, negotiations for EAFD supply contracts, basic engineering to enable a detailed costing of the development of the plants and the necessary environmental and other permitting.

Spain (SFC)
The Spanish Full Cycle plant ("SFC") is designed to treat 100,000tpa of EAFD sourced from Spain and around the Mediterranean Sea and the Middle East. Spain has a vibrant steel making industry based on electric arc furnaces and there are over 150,000 tonnes of EAFD generated annually. Given this diversity of supply and the necessity to discharge our saline waste water to the marine environment, a coastal site has been selected. The plant is designed to produce about 34,000 tonnes of high purity zinc oxide suitable for use in the rubber and ceramics industries. The greatest concentration of ceramics factories in the world is centred around the town of Castellon on the east coast of Spain. These factories consume about 40,000 tonnes of zinc oxide annually and present the major market for ZincOx's product. Castellon hosts one of the largest ports in Spain, having bulk, container and liquid hydrocarbon terminals. It is frequently serviced by container lines that visit ports around the Mediterranean and so ideally placed to receive EAFD from the region.

The port of Castellon is an industrial zone that hosts a large oil refinery, a gas powered power station, and Europe's largest bio-diesel plant. We have chosen a site that is adjacent to the shore and is well placed for gas and electricity and which is available on a long-term lease once a project decision has been taken.

A Basic Engineering design package was completed by TTCL Vietnam Corporation Limited ("TVC"), the Vietnamese engineering company that drew up the plans for the Vietnamese plant. In the summer we undertook a geotechnical survey that involved testing samples from a number of drill holes so that the foundations of the plant could be designed. As part of the Basic Engineering package, TVC has created a 3-dimensional engineering model that has enabled a detailed estimation of piping, cabling and other materials.

The Basic Engineering package was used to make an estimate of the cost of developing the plant. The cost estimate required the experience of a major engineering company that would be entirely familiar with Spanish sub-contractors and equipment suppliers that could be used to build the plant. We selected IDOM, a Spanish company that is among the world's foremost engineering firms involved in the steel industry. IDOM estimate that the capital cost will be €132 million and we believe working capital will be about €10 million, making a total development cost of €142 million.

Japan (JFC)
In Japan, the Company has built up good relationships with several Electric Arc Furnace operators and samples of EAFD have been received from about twenty plants. The zinc grade of the EAFD from these plants is in line with expectations, and EAFD supply contracts are being discussed with a number of steel companies.

A site has been identified and an application to purchase the land is being drawn up. Only once this application has been accepted can environmental permitting commence.

Investments

Moxico Resources plc
Moxico Resources plc is a British exploration and mining company, currently focused on copper in Zambia and intends to list its shares on a recognised stock exchange. At 31 December 2019, ZincOx held an interest of 12,500,000 shares in Moxico, which it acquired in 2017, at a price of 6p per share. In June 2019, Moxico raised US$30 million, at a share price of 24p. During January and March 2020, ZincOx sold 1,025,000 Moxico shares, at a price of 24p per share, to fund working capital.

Moxico's main asset is the 85% owned Mimbula Copper deposit located on Zambia's copper belt. In December 2019, Moxico announced an increase in its predominantly JORC Measured and Indicated Resource to 93.7 million tonnes at a grade of 0.97% copper at a 0.3% cut-off.

Moxico is carrying out an extensive programme of metallurgical test work to confirm potential recoveries of a heap leaching and solvent extraction and electrowinning operation designed to recover, in its first phase of development 40,000 tonnes of copper cathode per annum. The construction of this plant is scheduled to begin during 2020 with first production in 2021.

Outlook

Over the past 17 years the Company has been at the forefront of the development of new zinc recovery technology. The treatment of EAFD using the company's Full Cycle technology represents a breakthrough both economically and environmentally and the company is now well positioned to roll this technology out around the world.

Performance Review

Financial

Group Results Overview
The Group reports a loss for the year of US$1,028k (2018: profit of US$194k).

The Group is entitled, depending on the success of the operation, to further payments in the future of US$284k per annum, for a period of eight years, commencing on commercial and profitable production from VRUP, and a marketing support fee of US$2.84 per metric tonne of industrial quality zinc oxide chemical sold will be paid for a period of five years from the commencement of commercial production, which is expected to amount to approx. US$85k per annum.

We have recently been notified by Korea Zinc Co Ltd that ZOCV sold 1,600 tonnes of IZO during their financial year ending 31 December 2019 and that US$4,547 is therefore due to ZincOx under the terms of the Marketing Support Agreement. No Technical Assistance Fee is due for 2019 as ZOCV reported a net loss for the year.

The Group generated no other income during the year (2018: nil)

At the year end, the Group held 12,500,000 shares in Moxico Resources plc which were purchased at a cost of £750k (US$1,012k) in 2017. These have been fair valued in the Financial Statements at 24p per share, the price at which Moxico raised US$30 million of funds in June 2019. Further funds of US$0.1 million were also raised by Moxico, at 24p per share in November and December 2019. The resultant increase of £1,500k (US$1,967k) has been shown as a gain on revaluation though other comprehensive income in the year. Moxico's business is the exploration and development of copper resources in Zambia and it is committed to achieving copper production and to having its shares listed on a recognised stock exchange in the medium term.

Funding and Going Concern
The Group is reliant, to some extent at least, on the sale of shares in Moxico Resources plc to fund its short-term activities. The market disruption caused by the outbreak of COVID-19 may render the sale of shares more difficult in the short term.

The Group's cash position at the year end was US$309k (2018: US$1,960k). Since then, 1,025,000 shares in Moxico Resources plc have been sold, realising £238k, and share warrants have been exercised, raising £65k. The Group's forecast expenditure and the discretionary nature of much of that expenditure, along with available opportunities to raise further cash, demonstrate that the Group can operate for the next twelve months and that it is therefore appropriate to adopt the going concern basis in preparing the Financial Statements. The directors regularly monitor the Group's cash position and believe, having considered the above, that the Company and Group remain a going concern and these Financial Statements have been prepared on that basis.

Strategic Report (continued)

Liquidity

The cash funds of the Group at 31 December 2019 were US$309k (2018: US$1,960k). These cash funds were held in a range of currencies at the year end, the most significant of which were £161k (2018: £1,208k), €46k (2018: €17k), US$32k (2018: US$250k), TRY 9k (2018: TRY 828k).

Environmental, Health, Safety & Quality

The Group is committed to sustainable development, the protection of the environment and the health and safety of its employees.

Risks

Set out below are certain risks which may affect performance. Such risks are not intended to be presented in any order of priority. Although the directors and senior management have significant experience and take steps continually to mitigate and review risks under their control as far as possible and reasonably practicable, any of the risks set out below, as well as any other risks referred to in this Annual Report, could have a material adverse effect on business performance. In addition, the internal and external risks set out below are not exhaustive and additional risks, not presently known to the directors, or which the directors currently deem immaterial, may arise or become material in the future.

Financial risks

- The Group's ability to finance the development of new projects;
- Zinc price movement and associated volatility will affect the profitability of future projects;
- Zinc price movements will affect the amount of finance which may be available for the development of other projects within the Group. Any decline in zinc prices will therefore have an adverse impact on the business. No hedging is currently undertaken to mitigate this risk;
- Foreign exchange risk. The Group's overseas assets and planned projects will be subject to movements in exchange rates which will affect their value and profitability. Exchange rate movements are regularly monitored by management. No hedging of currencies is currently undertaken;
- Cost inflation is managed by reviewing alternative suppliers where appropriate;
- Insurances may not cover all liabilities. Insurance policies are held both at the Group level and at the project level and are reviewed annually;
- The Group could be adversely affected if joint venture partners are unable or unwilling to perform their obligations; and
- The worldwide outbreak of Coronavirus COVID-19, and its effect on economies and financial markets, may adversely affect the value of the Group's investments and its ability to turn its assets to account.

All of these risks could materially affect the Group, its business, results of future operations or financial condition. Policies and impacts relating to financial risk management are set out in note 1.4 and note 19 to the Financial Statements.

Uncertainties

Set out below are certain principal uncertainties which may affect the success of the Group.

- Dependence on the EAFD supply contracts, which is why the Group is aiming to sign up long-term EAFD agreements with suppliers of EAFD within target territories for expansion;
- Availability of capital to fund other recycling projects. The directors continue to maintain a good relationship with prospective suppliers of finance;
- Ensuring intellectual property and know-how is protected;
- Competitor technology. Remaining open minded to the use of alternative technology;
- The Group is further exposed to uncertainty connected with the political, fiscal and legal systems, including taxation and currency fluctuations in the territories in which the Group operates; and
- The success of the Group's present strategy of developing and packaging zinc recycling projects with a view to selling or constructing those projects depends on the availability of finance or the ability to find a buyer of those projects.

On behalf of the Board

Andrew Woollett
Chief Executive

6 April 2020

Directors

Rod Beddows
Non-Executive Chairman

Rod Beddows has over 35 years of experience as a strategy consultant and financial adviser to mining and metals companies. He was the co-founder of Hatch Corporate Finance (now HCF International Advisers) and was its CEO for 7 years. Before that, he founded and was Chairman and CEO of Beddows and Co, one of the steel industry's foremost consultancy groups. He continues to provide independent consulting and corporate advice to clients in the mining and metals sectors. He is a non-executive Director of Moxico Resources plc. Rod was appointed to the Board of ZincOx in February 2008, now chairs the Nomination and Remuneration Committees and also sits on the Audit Committee.

Andrew Woollett
Chief Executive Officer

Andrew Woollett is a geologist with over 40 years of international experience in mineral exploration and project development. He began his career with RTZ in Saudi Arabia and then worked in Greenland for the EU. Upon completion of an MSc in mineral exploration from the Royal School of Mines in 1981 he joined Cluff Resources plc and worked in the UK, Eire, Zimbabwe, and Shanghai. He was a founder director of Ivernia West plc and in 1989 set up Reunion Mining plc, a multi-commodity African exploration and mining company where he was Executive Chairman until the company was taken over by Anglo American plc. In 1999 he set up ZincOx with Noel Masson and has been Chief Executive ever since.

Donald McAlister
Finance Director (part-time)

Donald McAlister is an accountant with some 25 years of experience in the resources sector. He is experienced in all aspects of mining finance including project evaluation, joint venture negotiation, project finance (debt and equity), metal hedging and financial reporting. He has held the position of Finance Director in three London listed companies. He is a director of Tertiary Minerals PLC, where he chairs the Audit Committee and Remuneration Committee. Donald joined the Board as part-time Finance Director in July 2016.

Gautam Dalal
Non-Executive Director

Gautam Dalal, Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee, is a Chartered Accountant with over 30 years of experience with KPMG. He was responsible for the commencement of its business in India from 1993 to 1998 after which he spent two years in the UK managing the account of a major industrial conglomerate globally. In 2000 he returned to India as Chairman and CEO of KPMG's Indian operations, growing the business to more than 1,000 employees. In 2003 he returned to the UK and in 2008 he took over as Head of the Diversified Industrials market sector where he was involved with delivering business change agenda in major multinational corporations. He is a non-executive director and vice-chairman of the Bart's Health NHS Trust and a non-executive director of Camellia plc. Gautam was appointed to the Board of ZincOx in January 2011.

Group Information

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Directors' Report

The Company is committed to high standards of corporate governance and the Board seeks to comply with the principles of the UK Corporate Governance Code ("the Code"), insofar as it is appropriate to the Company at this stage in its development.

The directors submit their report and the audited Financial Statements of the Company and Group for the year ended 31 December 2019.

The directors who served in the year were as follows:

Rod Beddows	*Non-Executive Chairman*
Andrew Woollett	*Chief Executive Officer*
Donald McAlister	*Part-time Finance Director*
Gautam Dalal	*Non-Executive Director*

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements of the Group and the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and parent company Financial Statements in accordance with United Kingdom Accounting Standards (The Financial Reporting Standard applicable in the UK and Republic of Ireland or FRS 102). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and of the Group for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS's have been followed in the Group Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- state whether applicable FRS 102 standards have been followed in the parent company's Financial Statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that Financial Statements comply with the Companies Act 2006. 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 confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the ZincOx Resources Ltd website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions. The work carried out by the auditors does not involve the consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the Company's website.

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The Board of Directors

The Role of the Board

During the year, the Board comprised two executive directors and two non-executive directors.

The Board generally holds meetings at least five times a year. A summary of matters requiring action/approval by the Board typically includes determination and approval of the corporate strategy, approval of full year Financial Statements and reports, ensuring processes are in place to manage major risks, corporate governance and reporting to shareholders. The executive management team make day-to-day operating decisions to ensure proper management of the Company's business and for implementing the Board's approved strategy.

To enable the Board to discharge its duties all directors receive appropriate and timely information. Briefing papers are distributed, by the Company Secretary, to all directors in advance of Board meetings. The Chairman ensures that all directors are properly briefed on issues arising at Board meetings.

All directors are encouraged to bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. The Chairman ensures that directors have access to independent professional advice as required in order to fulfil their duties. All directors have access to the Company Secretary who is responsible for ensuring the Board procedures are followed and that the Board complies with applicable rules and regulations. Relevant and appropriate training is available to every director.

Internal Control
The directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The risk management process and system of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. Any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Full Board meetings are held frequently to review Group strategy, direction and financial performance. The executive directors meet regularly to review operational reports from all the Group's areas of operations. This 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 managers subject to Board control by means of monthly budgetary reports. Internal financial control procedures include:

- Preparation and regular review of operating budgets and forecasts;
- Prior approval of all capital expenditure;
- Review and debate of treasury policy; and
- Unrestricted access of non-executive directors to all members of senior management.

In addition, the processes used by the Board to review the effectiveness of its system of internal control include:

- The Audit Committee reviews the effectiveness of the risk management process and significant risk issues are referred to the Board;
- The Chairman of the Audit Committee reports the results of Audit Committee meeting to the Board and the Board receives minutes of all such meetings;
- The Audit Committee maintains close contact with the Finance Director and periodically instigates investigations into the effectiveness and other aspects of internal control; and
- A register of the risks facing the Group together with compensating internal controls is maintained and reviewed on a regular basis, with risk weightings assigned to ensure that priority is given to the major risks faced by the Group.

The Board has reviewed the effectiveness of the system of internal financial control for the period from 1 January 2019 to the date of this report.

Board Committees

Report of the Audit Committee
The Chairman of the Audit Committee is Gautam Dalal. The Committee is formally constituted with written terms of reference. Under these terms of reference, the Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits, including reviews of the Financial Statements and announcements, internal control and risk management procedures, accounting policies, the independence, appointment and fees of external auditors and such other related functions as the Board may require. During the year the Committee completed such reviews.

The Company currently has no internal audit function due to its relatively small size. The Audit Committee regularly reviews whether it is appropriate for the Company to establish an internal audit function. A risk report is provided to the Audit Committee twice a year.

During the year, the membership of the Audit Committee comprised two non-executive directors, Gautam Dalal (Chairman) and Rod Beddows, with the Finance Director in attendance. The Chief Executive Officer is not a member but may be invited to attend meetings of the Committee. The external auditors also attend the meetings and have direct access to the members of the Committee without the presence of the executive directors for independent discussions. The Audit Committee met three times during 2019.

Report of the Remuneration Committee
The Remuneration Committee comprises Rod Beddows (Chairman) and Gautam Dalal. It determines the policy of the overall annual remuneration of the executive directors in consultation with the Chief Executive Officer and takes into consideration external data and comparative third party remuneration. The Committee has access to professional advice from inside and outside the Company and had one meeting in 2019.

Remuneration Policy
The Group's policy is to attract, where applicable, retain and motivate high quality executives capable of achieving the Group's objectives and to offer a remuneration package which is competitive with the sector in which the Group operates.

Share Options
The Company has issued options over its issued share capital to the Company's management and employees. Details of directors' emoluments are disclosed in note 4 to the Financial Statements and the directors' options are disclosed below.

Directors and their Interests
In accordance with the Company's Articles of Association, Andrew Woollett and Gautam Dalal retire at the Annual General Meeting and, being eligible, offer themselves for re-election. Andrew Woollett entered into a service agreement with the Company on 5 November 2001. This agreement can be terminated on twelve months' notice. Gautam Dalal entered into a letter of appointment with the Company on 23 December 2010. This appointment can be terminated on three months' notice.

The directors in office as at the end of the year and their shareholdings were as follows:

	31 December 2019		1 January 2019 or subsequent date of appointment	
	Ordinary Shares at £0.01	Options	Ordinary Shares at £0.01	Options
Andrew Woollett *	7,780,152	6,730,000	7,780,152	6,730,000
Rod Beddows **	1,322,500	2,400,000	1,322,500	2,400,000
Gautam Dalal	2,400,000	–	–	2,400,000
Donald McAlister	–	2,400,000	–	2,400,000
Total	**11,502,652**	**11,530,000**	**9,102,652**	**13,930,000**

* *800,000 of the ordinary shares are registered in the joint names of Andrew & his wife, 429,108 are held in his pension fund and a further 281,160 and 578,000 shares are held in the name of his wife.*

** *400,000 are held in Rod Beddows' pension fund.*

In addition, as at 31 December 2019, 1,500,000 warrants are held by Rod Beddows (2018: 1,500,000), 10,693,750 warrants are held by Andrew Woollett (2018: 10,693,750), 1,500,000 warrants are held by Donald McAlister (2018: 1,500,000), and 1,125,000 warrants are held by Gautam Dalal (2018: 2,625,000). Full details are provided in note 17.

On 2 April 2019 Gautam Dalal exercised 1,500,000 warrants and immediately gifted them to his adult children.

On 16 July 2019 Gautam Dalal exercised his 2,400,000 options.

On 5 February 2020, Gautam Dalal exercised 1,125,000 warrants attached to the Loan Notes issued in 2013 and immediately gifted them to his adult children.

Report of the Nomination Committee

During the year, the membership of the Nomination Committee comprised Rod Beddows (Chairman) and Gautam Dalal, with the Company Secretary in attendance. The Chief Executive Officer is not a member but may be invited to attend meetings of the Committee. The Committee is formally constituted with written terms of reference. The purpose of the Nomination Committee is to lead the process for Board appointments and to make recommendations to the Board. The Committee has not met during 2019.

Results and Dividends

The Group's consolidated profit for the year is disclosed in the Performance Review (Financial) section of the Strategic Report. The directors do not recommend the payment of a dividend, and the consolidated profit for the period will be transferred to equity in the Financial Statements.

Future Developments

Future plans and developments for the Group are discussed in the Strategic Report.

Principal Risks and Uncertainties

These are disclosed in the Strategic Report. Policies relating to financial risk management are set out in note 1.4 with their impact disclosed in note 19 to the Financial Statements.

Substantial Shareholdings

As at 26 March 2020, 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.

Substantial shareholdings	Number of Ordinary Shares	% of Issued Share Capital
Sloane Robinson Global Fund LP	21,071,160	16.51
Harold N McCawley	10,416,406	8.16
Andrew Woollett	7,780,152	6.09
Graham Hazell	5,204,311	4.08
Teck Resources Limited	5,049,759	3.96
Ian Tanner	4,913,493	3.85

Post Balance Sheet Events

The post balance sheet events are covered in detail in note 20 to the Financial Statements.

Auditor

Crowe U.K. LLP have signified their willingness to continue in office in accordance with Section 489 of the Companies Act 2006. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Wynter Bee Consulting Ltd
Corporate Company Secretary

6 April 2020

Independent Auditor's Report
To the members of ZincOx Resources Ltd

Opinion

We have audited the Financial Statements of ZincOx Resources Ltd and its subsidiaries (the "Group") for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Shareholders' Equity and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Baker
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Reading

6 April 2020

Consolidated Income Statement
For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Continuing operations			
Revenue	21	–	–
Gross profit		–	–
Operating costs net of gains and impairments	3	(956)	(1,088)
Operating loss	2	**(956)**	**(1,088)**
Analysed as:			
Administrative expenses		(877)	(1,090)
Foreign exchange (loss)/gain		(69)	2
Underlying operating loss		**(946)**	**(1,088)**
Impairment provisions		(10)	–
Operating loss		**(956)**	**(1,088)**
Finance costs	6	(15)	–
Loss before tax		**(971)**	**(1,088)**
Taxation	7	(49)	–
Loss for the year from continuing operations		**(1,020)**	**(1,088)**
Discontinued operations			
(Loss)/profit for the year from discontinued operations	9	(8)	1,292
Net (loss)/profit		**(1,028)**	**194**
From continuing and discontinued operations			
Basic and diluted (loss)/profit per ordinary share (cents)	8	(0.82)	0.09
From continuing operations			
Basic and diluted loss per ordinary share (cents)	8	(0.82)	(0.53)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

	2019 $'000	2018 $'000
(Loss)/profit for the year	**(1,028)**	**194**
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	134	(503)
Items that will not be reclassified to profit or loss		
Gain on revaluation of financial asset	1,967	952
Total comprehensive income for the year	**1,073**	**643**

The notes to the Financial Statements form an integral part of these Financial Statements.

Consolidated Balance Sheet
As at 31 December 2019

	Notes	2019 $'000	2018 $'000
Assets			
Non-Current Assets			
Intangibles	10	1,367	599
Property, plant & equipment	11	1	1
Investments	12	3,935	1,904
		5,303	2,504
Current Assets			
Trade and other receivables	13	68	35
Right of use assets	14	9	–
Cash and cash equivalents	15	309	1,960
		386	1,995
Total Assets		**5,689**	**4,499**
Liabilities			
Current Liabilities			
Trade and other payables	16	(161)	(131)
Lease liabilities	14	(10)	–
		(171)	(131)
Total Liabilities		**(171)**	**(131)**
Net Assets		**5,518**	**4,368**
Equity			
Share capital	17	2,062	2,011
Share premium	17	19	–
Capital redemption reserve	17	1,937	1,937
Fair value reserve	18	2,919	952
Retained losses		(17,495)	(15,970)
Foreign exchange reserve		16,076	15,438
Total Equity		**5,518**	**4,368**

Approved by the directors on 5 April 2020.

Donald McAlister
Director

The notes to the Financial Statements form an integral part of these Financial Statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Loss before taxation due to continuing operations		(971)	(1,088)
(Loss)/profit before taxation due to discontinued operations	9	(8)	1,397
(Loss)/profit before taxation		(979)	309
Adjustments for:			
Depreciation and amortisation		23	2
Interest received		(9)	(42)
Interest expense		15	–
Impairment of intangible assets		10	–
Impairment reversal of trade and other receivables		–	(12)
Impairment of assets held for sale		–	209
Share-based payments		7	16
Increase in trade and other payables		27	53
(Increase)/decrease in trade and other receivables		(33)	246
Foreign exchange losses/(gains)		69	(2)
Loss/(gain) due to loss of operational control of subsidiary		4	(21)
Other gains		–	(1,629)
Cash used in operations		**(866)**	**(871)**
Interest paid		(15)	–
Tax paid		(49)	(115)
Net cash flow used in operating activities		**(930)**	**(986)**
Investing activities			
Net proceeds from disposal of assets		131	2,862
Cash disposed of with loss of operational control of subsidiary		(126)	(11)
Purchase of intangible assets		(780)	(599)
Purchase of property, plant and equipment		–	(1)
Interest received		9	42
Net cash (used)/generated from investing activities		**(766)**	**2,293**
Financing activities			
Repayment of lease liabilities		(22)	–
Purchase of own shares		–	(3,841)
Net proceeds from issue of ordinary shares		70	–
Net cash generated/(used) from financing activities		**48**	**(3,841)**
Net decrease in cash and cash equivalents		**(1,648)**	**(2,534)**
Cash and cash equivalents at start of year		1,960	4,881
Exchange differences on cash and cash equivalents		(3)	(387)
Cash and cash equivalents at end of year		**309**	**1,960**

The above cash flows aggregate those from continuing and discontinued operations. Separate disclosure has been made in note 9 for those cash flows relating to discontinued operations only.

The notes to the Financial Statements form an integral part of these Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Revaluation reserve $'000	Foreign exchange reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 January 2018	**3,948**	**185,564**	**43,461**	**–**	**(25,155)**	**(200,268)**	**7,550**
Share-based payments	–	–	–	–	–	16	16
Capital restructure	–	(185,564)	(43,461)	–	41,096	187,929	–
Buy back of share capital	(1,937)	–	1,937	–	–	(3,841)	(3,841)
Transactions with owners	**(1,937)**	**(185,564)**	**(41,524)**	**–**	**41,096**	**184,104**	**(3,825)**
Profit for the year	–	–	–	–	–	194	194
Gain on revaluation of financial asset investments	–	–	–	952	–	–	952
Other comprehensive income items that will be subsequently reclassified to profit or loss							
Exchange differences on translating foreign operations	–	–	–	–	(503)	–	(503)
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**952**	**(503)**	**194**	**643**
Balance at 31 December 2018	**2,011**	**–**	**1,937**	**952**	**15,438**	**(15,970)**	**4,368**
Share-based payments	–	–	–	–	–	7	7
Issue of share capital	51	19	–	–	–	–	70
Transactions with owners	**51**	**19**	**–**	**–**	**–**	**7**	**77**
Loss for the year	–	–	–	–	–	(1,028)	(1,028)
Gain on revaluation of financial asset investments	–	–	–	1,967	–	–	1,967
Other comprehensive income items that will be subsequently reclassified to profit or loss							
Exchange differences on translating foreign operations	–	–	–	–	134	–	134
Revalue share-based payment reserve	–	–	–	–	504	(504)	–
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**1,967**	**638**	**(1,532)**	**1,073**
Balance at 31 December 2019	**2,062**	**19**	**1,937**	**2,919**	**16,076**	**(17,495)**	**5,518**

The notes to the Financial Statements form an integral part of these Financial Statements.

Notes to the Group Financial Statements
For the year ended 31 December 2019

1. Accounting Policies

1.1 Statutory Information
ZincOx Resources Ltd, is a company limited by shares, registered and incorporated in England and Wales (registration number 3800208) with its registered office and principal place of business at Suite 4, Crown House, High Street, Hartley Wintney, Hampshire, RG27 8NW.

1.2 Basis of Preparation
The principal accounting policies applied in the preparation of these consolidated Financial Statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the EU.

The preparation of Group Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the Group Financial Statements and their effect are disclosed in note 1.3.

Basis of measurement
The consolidated Financial Statements have been prepared on a historical cost basis, except for the fair valuing of share-based payments, financial asset investments and the right of use assets and lease liabilities calculated under IFRS16.

Basis of consolidation
The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets, liabilities, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated Financial Statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised Standards and Interpretations applied
The following new and revised Standards and Interpretations have been issued and are effective for the current financial year of the Group.

Impact of initial application of IFRS 16 'Leases'
In the current year, the Group has applied IFRS 16 *'Leases'* (as issued by the IASB in January 2016) which is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right of use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

However, as at 1 January 2019, the date of initial application of IFRS 16, the impact of the adoption of IFRS 16 on the Group is minimal because the Group was only party to one lease, namely the lease for the office in the UK.

In the current year, the Group has applied a number of amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. This has not had any material impact on the amounts reported for the current and prior years.

Standard or Interpretation	Effective for annual periods commencing on or after
Annual Improvements to IFRSs: 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	1 January 2019

New and revised standards and interpretations in issue but not yet effective
At the date these financial statements are approved, the Group has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard or Interpretation	Effective for annual periods commencing on or after
Amendments to IAS 1 and IAS 8 – definition of material	1 January 2020
Amendments to IFRS 3 – definition of a business	1 January 2020
Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

As yet, none of these have been endorsed for use in the EU and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

Presentational currency

Notwithstanding that the Group continues to be managed from the UK, the directors recognise that its current and future operations will be overseas. In addition, the Group typically receives sales revenues in US Dollars and for this reason has reported its financial results in US Dollars.

The Group has applied the principles of IAS 21 *'The Effects of Changes in Foreign Exchange Rates'* in preparing these Financial Statements and has applied them to all periods in these Financial Statements.

The Group has translated its income statement at average monthly exchange rates for the period and its assets and liabilities at period end exchange rates. Share capital and share premium reserves of the parent company have been translated at historic exchange rates with any differences between the historic rates and the period end rates being charged to the foreign exchange translation reserve.

Going concern

The Group raises finance for its evaluation activities in discrete tranches, as and when required. When any of the Group's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond twelve months from the date of this report. The Group is reliant, to some extent at least, on the sale of shares in Moxico Resources plc to fund its short-term activities. The market disruption caused by the outbreak of COVID-19 may render the sale of shares more difficult in the short term.

The Board considers that the Group's cash position at the year end (US$0.3 million), the forecast expenditure and discretionary nature of much of that expenditure, along with available opportunities to raise further cash, demonstrate that the Group can operate for the next twelve months and that it is appropriate to adopt the going concern basis for preparing the Financial Statements. The directors have a reasonable expectation that they will be able to secure additional funding as and when required to fund the acquisition of new projects when these form part of the Group's strategy.

1.3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) Deferred Development Costs

The Group assessed the recognition and recoverability of its direct costs in progressing the Spanish Full Cycle ("SFC") and the Japanese Full Cycle ("JFC") projects as well as its deferred development costs that are not specific to any particular site. These costs comprise basic engineering, metallurgical test work, environmental assessments, technical and in-country support as well as identifying a suitable site to build a full cycle facility.

Deferred development costs incurred for the above projects have been recognised in accordance with the provisions of IAS 38 as intangible assets. They can be reliably measured, and recoverability can be assessed with probable economic certainty, given the ongoing discussions with potential investors, including Korea Zinc, around how best to maximise the value of these projects. The directors consider these costs to have no foreseeable limit to their future expected economic life and have treated them as having an indefinite useful life and therefore not amortised. If and when a decision to develop that project has been made, these costs will be transferred to property, plant and equipment.

(b) Impairment Reviews

Intangible assets

In accordance with the accounting policy stated above, the Group performs at the end of each year, an assessment of the recoverability of intangible assets to see whether any of the Group's development expenditures or projects have suffered impairment.

At December 2019, the Group has capitalised US$1,367k of deferred development costs as discussed in note 1.3(a) above. The directors have assessed their future viability and expected future economic benefits to the Group, which show no indicator of impairment. Previously capitalised costs of US$10k, relating to the Induction Furnace Dust conceptual study, was written off at December 2019 given the uncertain nature of their recoverability.

(c) Revaluation of Financial Asset Investments

The Group has fair valued its financial asset investment in Moxico Resources plc ("Moxico"), in line with the provisions of IFRS 9.

Whilst Moxico's shares are not listed on any public exchange, the most recent placing allotted ordinary shares at 24p each, and therefore the Group's original investment in 12,500,000 ordinary shares of Moxico, purchased at 6p per share and revalued to 12p per share at 31 December 2018, has now been revalued at 31 December 2019, to reflect a price of 24p. A gain on revaluation of US$1,967k (equivalent to £1,500k) has been reported in the year as other comprehensive income within an undistributable fair value reserve.

1.4 Financial Instruments – Risk Management

Capital management policies and procedures

The Group's capital management objectives are:

- to increase the value of the assets of the business;
- to provide an adequate return to shareholders in the future when assets are developed and taken into production; and
- to ensure the Group's ability to continue as a going concern.

The impact of the risks, required to be discussed in accordance with IFRS 7, are detailed below, supported by a more specific explanation of risks in the Strategic Report.

1. Accounting Policies (continued)

Liquidity and funding risk
The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due.

Credit risk
In accordance with IFRS 9, a loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is remeasured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12-month expected losses. For assets with a maturity of 12 months or less, including trade and other receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

The Group's credit risk is primarily attributable to its other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group has few counterparties and no customers and as such, has a significant concentration of credit risk.

Foreign exchange risk
The Group's transactional foreign exchange exposure arises from income, expenditure, financial asset investments, and the purchase of assets denominated in foreign currencies. As each material commitment is made, the risk in relation to currency fluctuations is assessed by the Board and regularly reviewed. The Group does not have a hedging programme in place at this time.

Interest rate risk
The Group's exposure to interest rate risk in respect of the cash balances held with banks and other highly rated counterparties, is currently negligible as (i) bank interest rates are historically very low and (ii) many of the Group's cash balances are held in non-interest-bearing accounts.

1.5 Revenue
As required by IFRS 15, the Group recognises revenue for the sale of goods when the relevant performance obligation is satisfied. The performance obligation is considered to be satisfied when the goods have been transferred to the customer and the customer has obtained control of that asset. Specifically, revenue from the sale of goods is recognised when title and the associated risks and rewards of ownership have passed to its customers.

Furthermore, the Group recognises revenue for the rendering of services when the relevant performance obligation is satisfied. The performance obligation is considered to be satisfied when the economic benefits associated with the transaction flow to the customer and that the stage of completion of any such transaction is clearly measurable.

Revenue is measured at the transaction price, being the fair value of the consideration received or receivable. The transaction price is reduced for estimated customer returns, rebates and other similar allowances.

1.6 Segmental Information
An operating segment is a component of the Group engaged in the evaluation, development or production activity that is regularly reviewed by the Chief Operating Decision Maker ("CODM") for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Board of Directors. The Group currently has only one primary business activity, that of 'recycling development'.

Reported segments are identified separately due to their economic characteristics and not by their geographical area of operation.

1.7 Pensions
The pension costs charged to the consolidated income statement represent the contributions payable during the period to defined contribution schemes.

1.8 Share-Based Payments
All share-based payment arrangements granted after 7 November 2002 are equity-settled transactions that are recognised in the Financial Statements. Where equity settled share options or warrants are awarded to employees, the fair value of the options or warrants at the date of grant is charged to the consolidated income statement over the vesting period.

For share options, fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. For warrants, fair value is measured by either the Monte Carlo method or the Black-Scholes as appropriate to the circumstances and adjusted in the same way as for the share options.

Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options or warrants that eventually vest.

Non-market vesting conditions and market vesting conditions are factored into the fair value of the options or warrants granted. If all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options or warrants are modified before they vest, the increase in the fair value of the options or warrants, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

1.9 Foreign Currency

The functional currency of the parent company is Pounds Sterling. The amounts in the Financial Statements and accompanying notes for the current year have been translated at 1.31160 (2018: 1.26902 US$/£) year end rate where they relate to the Company or consolidated balance sheet and at 1.27462 (2018: 1.33473 US$/£) average monthly rate for the year where they relate to the Company or consolidated income statement.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings which serve as a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate Financial Statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

The Group took advantage of the exemption in IFRS 1 and deemed the cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS.

1.10 Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred development costs are carried out on a project by project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise such as:

(i) unexpected occurrences that render the project uneconomic;

(ii) variations in metal prices that render the project uneconomic; and

(iii) substantive expenditure on further evaluation of the project is neither budgeted nor planned.

Furthermore, deferred development costs incurred in connection to the future development of zinc recycling projects are reviewed annually or whenever there are any indicators of impairment. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation where future cash flows are based on expected useful life, together with estimates of future zinc prices and costs. Any impairment loss is charged to the assets in the cash-generating unit.

Whilst deferred development expenditure assets are tested at a cash-generating unit level, other individual assets are also tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

1.11 Taxation

Current Tax

Current tax is the tax currently payable based on taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets or liabilities are settled or recovered.

1. Accounting Policies (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1.12 Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the criteria to be classed as held for sale, if earlier.

1.13 Financial Assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity and its accounting policy for each category as follows:

Fair value through profit or loss (FVTPL)

These assets are carried in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

Fair value through other comprehensive income (FVOCI)

These assets are carried in the consolidated balance sheet at fair value with changes in fair value recognised in other comprehensive income. The Group classifies its equity investments at FVOCI.

Financial assets at amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated balance sheet.

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated balance sheet.

1.14 Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss (FVTPL)

These liabilities are carried in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not have any liabilities held for trading.

Other financial liabilities

Other financial liabilities include trade payables and other short-term monetary liabilities that are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.15 Leases

The Group has adopted and applied IFRS 16 *'Leases'* with effect from 1 January 2019. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

At lease commencement date, the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability and any initial direct costs incurred by the Group, an estimate of any costs to remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset, or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease, if that rate is readily available, or at a similar appropriate equivalent commercial rate. Lease payments included in the measurement of the lease liability are made up of fixed payments as laid out in the lease agreement.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the fixed lease payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

On the balance sheet, right of use assets and lease liabilities have been split out and given their own separate line disclosure.

1.16 Intangibles
Deferred development costs incurred on specific projects are only capitalised in accordance with IAS 38 when they can be reliably measured, and recoverability can be assessed with probable economic certainty. The directors review each project on a technical and commercial basis in line with the impairment testing noted in note 1.10. If it becomes evident that capitalised costs are unlikely to be recovered from future revenues, an impairment provision is made. Costs incurred include appropriate technical and administrative overheads but not general overheads. Deferred development costs are carried at cost, less any impairment losses recognised.

In line with the provisions of IAS 38, capitalised development costs that have a finite life, are amortised over their useful economic life on a straight-line basis. Conversely, those capitalised development costs that have no foreseeable limit to their future expected economic benefits, are treated as having an indefinite useful life and are not amortised. Whether the costs are finite or indefinite, they are subject to the same impairment testing noted in note 1.10.

1.17 Property, Plant and Equipment
Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Property, plant and equipment are depreciated over their useful life. Residual values, useful economic lives and depreciation methods are assessed annually.

The Group only has one category of property, plant and equipment, namely computer equipment. This is depreciated on a straight-line basis over 3 years, down to its residual value.

Any gain or loss arising on a disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The carrying values of depreciated property, plant and equipment are assessed for impairment when indicators of impairment arise with any impairment charged to profit or loss.

Freehold land is not depreciated but carried at fair value, based on the directors' assessment of its recoverable value. The value of land is only tested when there is an indication of impairment. These revaluations are made once a year to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve except to the extent that any decrease in value in excess of the credit balance on the fair value reserve, or reversal of such a transaction, is recognised in profit or loss.

1.18 Joint Arrangements
The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either: (a) joint ventures: where the Group has rights to only the net assets of the joint arrangement or (b) joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers: (a) the structure of the joint arrangement; (b) the legal form of joint arrangements structured through a separate vehicle; (c) the contractual terms of the joint arrangement agreement; and (d) any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

1.19 Share Capital
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2019

2. Operating Loss

The table states those charges and credits relating to continuing operations only.

	2019 $'000	2018 $'000
Operating loss on continuing operations is stated after charging:		
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Group accounts	21	21
Tax services	14	6
Fees payable to other external auditors for the audit of subsidiary accounts	–	2
Foreign exchange loss on monetary assets	69	–
Depreciation of owned property, plant and equipment	1	2
Depreciation of right of use assets	22	–
Operating leases	4	28
And after crediting:		
Foreign exchange gain on monetary assets	–	2

3. Operating Costs Net of Gains and Impairments

The table below relates to continuing operations only.

	2019 $'000	2018 $'000
Administrative costs (excluding depreciation/amortisation)	(854)	(1,088)
Impairment provisions	(10)	–
Foreign exchange (loss)/gain	(69)	2
Depreciation and amortisation	(23)	(2)
	(956)	**(1,088)**

4. Directors and Employees

The table below relates to continuing operations only.

	2019 $'000	2018 $'000
Wages and salaries	377	463
Social security costs	42	49
Pensions	4	4
Share-based payments on options (note 17)	7	16
	430	**532**

The monthly average number of persons employed by the Group (including directors) on continuing operations during the year was 5 (2018: 5).

Directors and key management personnel
The directors, which include both executive and non-executive directors, are the key management personnel of the Group. The table below details directors' total emoluments which was also their total remuneration.

In addition, an amount equivalent to US$39k (2018: US$47k) for employers' national insurance was incurred by the Group in respect of the key management personnel.

The number of directors who participated in defined contribution pension schemes was nil (2018: nil).

Full details of directors share options are included under Corporate Governance (see page 11). There were 2,400,000 share options and 1,500,000 warrants exercised by the directors in the year (2018: nil).

An amount of US$5k has been charged to the income statement for the year (2018: US$10k) in respect of share-based payments on options for directors.

	Salary $'000	Other Benefits $'000	2019 Total Remuneration $'000	2018 Total Remuneration $'000
Andrew Woollett	191	18	209	307
Donald McAlister	42	–	42	40
Rod Beddows	25	–	25	27
Gautam Dalal	25	–	25	27
Totals	**283**	**18**	**301**	**401**

5. Related Party Transactions

The Company held 12,500,000 shares in Moxico Resources plc throughout 2019. All the directors of the Company are also shareholders of Moxico Resources plc. Since the year end, some of these shares were sold (see note 20).

6. Finance Costs

The table below relates to continuing operations only.

	2019 $'000	2018 $'000
Interest expense for leasing arrangements	(1)	–
Interest expense on other borrowings	(14)	–
	(15)	**-**

7. Taxation

The information below relates to continuing operations only. The 2018 profit of US$1,282k from discontinued operations (see note 9) was covered by brought forward losses and other reliefs.

There is a tax charge of US$49k in the year (2018: US$ nil).

The tax assessed for the year is lower than the weighted standard rate of tax in the UK of 19.00% (2018:19.00%). The differences are explained as follows:

	2019 $'000	2018 $'000
Loss on ordinary activities before tax	(971)	(1,088)
Loss on ordinary activities multiplied by weighted standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(185)	(207)
Effect of:		
Disallowed expenses	5	73
Deferred tax assets not recognised	180	134
Adjustment to tax in respect of previous periods	(49)	-
Current tax charge for the year	**(49)**	**-**

The Company has accumulated trading losses and excess management expenses of US$39.8m, equivalent to £30.4m (2018: US$50.6m, equivalent to £39.9m) and accelerated capital allowances of US$78k, equivalent to £60k (2018: US$91k, equivalent to £72k), which may shelter profits in the future at the then prevailing corporation tax rate. The Company does not recognise these as deferred tax assets in the Financial Statements because their value is uncertain.

7. Taxation (continued)

The Group's subsidiary, Zinc Corporation of Kazakhstan, a British Virgin Island company, but considered UK resident for tax purposes, settled its tax enquiry in relation to the deferred capital receipts following the sale of its Shaimerden zinc mine in 2003. The nature of the enquiry related to the value of receipts that were expected at the time of disposal and the availability of double taxation relief in respect of withholding tax which was deducted at source by the purchaser. As a result of the settlement with HMRC, the Company paid US$49k (£38,400) of tax plus interest of US$15k (£11,600) in the year. In addition to the cash settlement, the Company forfeited trading losses and excess management expenses of US$13.4m (equivalent to £10.2m).

No provision for tax has been made on the unrealised gain on the revalued investment in Moxico shares as the Company expects this to be covered by losses or other allowances.

8. (Loss)/Profit per Share

Continuing and discontinued operations
The calculation of the loss per share is based on the loss attributable to ordinary shareholders of US$1,028k (2018: profit of US$194k) divided by the weighted average number of shares in issue during the year of 124,714,016 (2018: 204,864,175).

Continuing operations
The calculation of the loss per share from continuing operations is based on the loss attributable to ordinary shareholders of US$1,020k (2018: US$1,088k) divided by the weighted average number of shares in issue during the year of 124,714,016 (2018: 204,864,175).

There is no dilutive effect of the share options in issue during 2019 and 2018.

9. Discontinued Operations

(a) Current Year
Turkey
Following the disposal of land held in the Aliaga Heavy Industrial Zone in Turkey in 2017, the directors took the decision on 27 May 2019 to assign the Group's interest in the shares of ZincOx Anadolu Cinko SVTAS, a wholly owned subsidiary company, to Mr Faik Sener, for a consideration of £100,000. The result for ZincOx Anadolu Cinko SVTAS to 27 May 2019 has been included in the consolidated income statement and reported under discontinued operations for the year. A Group loss of US$4k on disposal has also been included under discontinued operations for the year.

(b) Comparative Year
VRUP
The directors took the decision to discontinue any activity in further developing VRUP at the end of 2017. In April 2018, the Group's remaining 8% interest in the shares of ZOCV was sold for US$1,250k with further sums of US$1,612k received in respect of past technical assistance, which the directors deem to be consideration for the disposal transaction. In total, a consideration of US$2,862k was received for the disposal of the VRUP.

ZincOx Thailand Company Ltd
On 22 December 2018, the Group assigned its interest in the shares of ZincOx Thailand Company Ltd, a wholly owned subsidiary, to Mr Chakrit Sakunkrit, for a consideration of US$1. The result for ZincOx Thailand Company Ltd to 22 December 2018 has been included in the consolidated income statement and reported under discontinued operations for the comparative year. A Group gain of US$21k on disposal of has also been included under discontinued operations for the comparative year.

USA
Following the sale of assets of Big River Zinc in 2016, the directors agreed that there was no further requirement to keep the USA subsidiary companies, and as such, the results of Big River Zinc Corporation have been treated as a discontinued operation in the year. A Group loss of US$4k was reported in the current year (2018: gain of US$59k as a result of releasing previously held accruals and environmental provisions).

Analysis of (loss)/profit from discontinued operations

The combined results of the discontinued operations included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2019 $'000	2018 $'000
Operating (costs)/income net of gains and impairments	(17)	1,355
Operating (loss)/profit	**(17)**	**1,355**
Analysed as:		
Administrative expenses	(13)	(98)
Underlying operating loss	**(13)**	**(98)**
Other gains	–	1,629
Impairment provisions	–	(197)
(Loss)/gain due to loss of operational control of subsidiary	(4)	21
Operating (loss)/profit	**(17)**	**1,355**
Finance income	9	42
(Loss)/profit before tax	**(8)**	**1,397**
Taxation	–	(115)
(Loss)/profit for the year from discontinued operation	**(8)**	**1,284**

Cash flows from discontinued operations

	2019 $'000	2018 $'000
Net cash outflows from operating activities	(19)	(73)
Net cash inflows from investing activities	14	2,893
Net cash (outflows)/inflows	**(5)**	**2,820**

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2019

10. Intangibles

	Deferred Development Costs $'000	Total $'000
Cost		
At 1 January 2018	–	–
Additions	599	599
At 1 January 2019	599	599
Additions	780	780
Impairments	(10)	(10)
Foreign exchange	(2)	(2)
At 31 December 2019	**1,367**	**1,367**
Accumulated Amortisation		
At 1 January 2018 and 1 January 2019	–	–
Charge for the year	–	–
At 31 December 2019	**–**	**–**
Net Book Value		
At 31 December 2019	**1,367**	**1,367**
At 31 December 2018	599	599

All deferred development costs relating to the Spanish Full Cycle ("SFC") project have been transferred in the year from ZincOx Resources Ltd to its subsidiary, ZincOx Spain SL. The carrying value of deferred development costs, in respect of the SFC project, held at 31 December 2019, is US$627k (2018: US$88k).

Furthermore, ZincOx Resources Ltd holds deferred development costs relating to the Japanese Full Cycle ("JFC") project at 31 December 2019 of US$566k (2018: US$286k), and for other non-country specific projects of US$174k (2018: US$225k).

11. Property, Plant & Equipment

	Computer Equipment $'000	Total $'000
Cost		
At 1 January 2018	4	4
Additions	1	1
At 1 January 2019	5	5
Additions	–	–
At 31 December 2019	**5**	**5**
Depreciation & Impairment Provisions		
At 1 January 2018	2	2
Charge for the year	2	2
At 1 January 2019	4	4
Charge for the year	1	1
Foreign exchange	(1)	(1)
At 31 December 2019	**4**	**4**
Net Book Value		
At 31 December 2019	**1**	**1**
At 31 December 2018	1	1

12. Investments

Financial Assets

The Group made an original investment in 12,500,000 ordinary shares of Moxico Resources plc in 2017 at 6p per share.

In 2018 these were revalued under IFRS 9, at 12p per share giving a fair value at 31 December 2018 of £1,500k (US$1,904k). A further revaluation of this investment has been made at 24p per share, the price at which Moxico raised US$30 million of funds in June and further smaller amounts in November and December 2019, giving a fair value at 31 December 2019 of £3,000k (US$3,935k), with a resultant gain of £1,500k (US$1,957k) recognised through other comprehensive income in the year (2018: £750k (US$952k).

Joint operation

The Group is no longer pursuing its previously written down investment with Ural Recycling Ltd, an unincorporated joint operation, and formally disposed of it in 2018 for nil consideration.

The following table summarises the Group's investments.

	Financial assets $'000	Joint operation $'000	Total $'000
Cost			
At 1 January 2018	1,012	87	1,099
Disposals	–	(81)	(81)
Fair value revaluation	952	–	952
Foreign exchange	(60)	(6)	(66)
At 1 January 2019	1,904	–	1,904
Fair value revaluation	1,967	–	1,967
Foreign exchange	64	–	64
At 31 December 2019	**3,935**	**–**	**3,935**
Impairment Provisions			
At 1 January 2018	–	87	87
Released on disposals	–	(81)	(81)
Foreign exchange	–	(6)	(6)
At 1 January 2019	–	–	–
At 31 December 2019	**–**	**–**	**–**
Net Book Value			
At 31 December 2019	**3,935**	**–**	**3,935**
At 31 December 2018	1,904	–	1,904

13. Trade and Other Receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	10	–
Deposits	7	7
VAT	35	10
Other receivables	–	1
Prepayments	16	17
	68	**35**

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2019

14. Leases

The Group has a lease for its head office in Hartley Wintney, UK, with an effective start date of 1 January 2019, the date that IFRS 16 has been applied from. This lease is reflected on the balance sheet as a right of use asset with a corresponding lease liability.

An incremental cost of borrowing of 3.35% per annum has been taken by using the Bank of England effective interest rate for small and medium-sized enterprises (SME's) as at 1 January 2019.

Following the Group's decision to serve notice on the office lease, the initial measurement of the right of use asset and lease liability has been calculated as the remaining fixed lease payments up to the end of May 2020, the date that the lease now terminates, and discounted at 3.35% per annum. The amount of this right of use asset and its corresponding lease liability at 1 January 2019, the date of initial recognition, was £24,180.

At 31 December 2019, the Group was committed to outstanding lease payments of £7,292 through to May 2020.

The carrying amount for the right of use asset at 31 December 2019 is US$9k (2018: nil). The carrying amount for the lease liability at 31 December 2019 is US$10k (2018: nil).

The interest expense in the year, relating to the lease liability, is US$1k (2018: nil).

The reduction in lease liability in the year of US$22k (2018: nil), as a result of monthly lease payments, is disclosed in the consolidated cashflow statement as 'repayment of leasing liabilities' within 'cash flows from financing activities'.

15. Cash and Cash Equivalents

	2019 $'000	2018 $'000
Cash at bank and in hand	309	1,960
	309	**1,960**

16. Trade and Other Payables

	2019 $'000	2018 $'000
Current		
Trade payables	61	54
Taxation and social security	14	13
Accruals	86	59
Other payables	–	5
	161	**131**

17. Share Capital

The shares of the Company are denominated in Sterling (1p per share) but are retranslated for the Group Financial Statements at their historic rate.

	Number of shares	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Total $'000
Ordinary shares of 1p per share in issue at 1 January 2018	240,413,419	3,948	185,564	43,461	232,973
Capital restructure	–	–	(185,564)	(43,461)	(229,025)
Repurchase of ordinary shares	(117,958,855)	(1,937)	–	1,937	–
Ordinary shares of 1p per share in issue at 1 January 2019	122,454,564	2,011	–	1,937	3,948
Ordinary shares issued	3,900,000	51	19	–	70
Ordinary shares in issue at 31 December 2019	**126,354,564**	**2,062**	**19**	**1,937**	**4,018**

The share capital reserve at 31 December 2019 stated at its historical value in its nominal currency of GBP, is £1,264k (2018: £1,225k).

The directors have used cumulative historic exchange rates for the capital restructure and repurchase of ordinary shares, when translating the capital and reserves of the Company and the Group.

The Company's shares are traded on Asset Match. The lowest and highest price traded for the Company's shares during the period were 3.00p and 3.24p respectively, and the share price at the end of the period was 3.20p.

Employee Related Share Options

Share options to employees and other eligible persons are granted on a discretionary basis. The exercise price of the granted options is, at least, equal to the market price of the shares on the date of the grant.

At 31 December 2019, there were options over 21,630,000 ordinary shares in the Company, 11,530,000 to directors and 10,100,000 to eligible persons. The options have a 10-year life expiring on 30 June 2026, exercisable three years from 30 June 2019, with an exercise price of 1.6p.

No options were issued in the year, but 2,400,000 options were exercised at an exercise price of 1.6p (2018: none issued or exercised). The weighted average exercise price of all share options, as stated in their nominal currency, therefore remained at £0.02 per share.

The total charge for the period relating to employee share-based payment plans was US$7k (2018: US$16k).

No dividend is assumed in the calculation (2018: nil) of the option fair values.

Share Warrants

On 1 May 2017, the Company granted 5-year warrants over 21,000,000 ordinary shares of the Company, 13,000,000 to directors and 8,000,000 to non-directors. These warrants expire on 30 April 2022 and can be exercised immediately at a price of 1p. The warrants were fair valued using the Black-Scholes model with the following input assumptions made.

- Share price at grant was 0.42p;
- Exercise price of 1p;
- Expected volatility of 50%;
- Warrant life of 5 years;
- Risk free interest rate of 0.48%; and
- Fair value per warrant of 0.0852p.

On 29 April 2016, the Company re-issued warrants that were attached to the Loan Notes, over 9,450,000 ordinary shares of the Company, 3,318,750 to directors and 6,131,250 to other former holders of the Loan Notes, at an exercise price of 5p. These warrants expired on 20 February 2020 and were exercisable immediately at a price of 5p. Since the year end, 1,293,750 have been exercised (see note 20). The warrants were fair valued using the Black-Scholes model with the following input assumptions made.

- Share price at grant was 0.7p;
- Exercise price of 5p;
- Expected volatility of 115%;
- Warrant life of 3.81 years;
- Risk free interest rate of 0.88%; and
- Fair value per warrant of 0.307p.

There is no vesting period attached to either tranche of warrants and none were cancelled in the year to 31 December 2018. However, 1,500,000 of the warrants that were issued on 1 May 2017 were exercised in the year at an exercise price of 1p (2018: none exercised or cancelled).

The total share-based payment charge for the period relating to warrants was US$ nil (2018: US$ nil).

The number of shares which would have been in issue at the end of the period, had all options and warrants been exercised, was 176,934,564.

Capital Redemption Reserve

In September 2018, the Company repurchased 117,958,855 ordinary shares with a nominal value of 1p, translated at an exchange rate of USD/$ 1.64233, being the cumulative historic rate for all share capital previously raised, with the corresponding amount of US$1,937k being charged to the Capital Redemption Reserve.

18. Fair Value Reserve

The fair value reserve relates to the revaluation of a fixed asset investment as set out in note 12.

19. Financial Instruments

The Group's policies and procedures for capital management and its objectives in managing the various risks associated with liquidity and funding, credit, foreign exchange and interest rate, are discussed in note 1.4 above. The specific risks and strategies to mitigate them are discussed within the Strategic Report on page 6.

These objectives will be achieved by identifying the right development recycling projects, adding value to these projects and ultimately either taking them through to production and cash flow, with partners or by our own means, or selling them on.

Liquidity and Funding Risk
The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due as shown below:

	Current				Non-Current			
	Within 6 months		6 to 12 months		1 to 5 years		Later than 5 years	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade & other payables	161	131	–	–	–	–	–	–
Lease liabilities	10	–	–	–	–	–	–	–
Totals	**171**	**131**	**–**	**–**	**–**	**–**	**–**	**–**

Credit Risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, right of use assets and financial asset investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its other receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group does not have many counterparties and customers and as such, has a significant concentration of credit risk.

Foreign Exchange Risk
The Group is exposed to foreign currency held financial assets of US$66k at 31 December 2019 (2018: US$277k) and foreign currency held financial liabilities of US$86k (2018: US$78k), translated into US Dollars at the closing rate, and split as follows:

	2019			2018		
	Financial Assets $'000	Financial Liabilities $'000	Exposure $'000	Financial Assets $'000	Financial Liabilities $'000	Exposure $'000
EUR	19	1	18	20	26	(6)
USD	45	85	(40)	255	47	208
YTL	2	–	2	2	5	(3)

The main exposure is in ZincOx Resources Ltd where the functional currency is Pounds Sterling, but some financial assets, bank balances and cash, are held in US Dollars and Euro.

Assuming a 5% weakening of the US Dollar-Sterling and US Dollar-Euro for the year ended 31 December 2019 (2018: 5%), the impact on both the net result and equity would have been as follows:

	2019		2018	
	Net result for year $'000	Equity $'000	Net result for year $'000	Equity $'000
EUR	(1)	1	–	–
USD	–	2	(75)	(10)

If the US Dollar had strengthened against these respective currencies, there would be an equal and opposite effect on the net result for the year and equity.

Interest Rate Risk

The Group's exposure to interest rate risk in respect of the cash balances held with banks and other highly rated counterparties is negligible. If the interest rate the Group received had increased/decreased by 0.1% during the year, the net result for the year would have been increased/reduced by US$1k (2018: US$3k). There would have been no impact on other equity.

Financial Assets and Liabilities

The Group's financial assets comprise cash and cash equivalents, which include short-term deposits held by the Group treasury function, trade and other receivables, right of use assets and financial asset investments. Their fair values are not considered to be materially different from their carrying values with the exception of the financial asset investment in the shares of Moxico Resources plc, where the fair value is £3,000k (US$3,935k) compared to its initial cost at recognition of £750k (US$1,012k).

The Group's financial liabilities comprise (i) trade and other payables, which are carried at amortised cost, with their fair values not considered to be materially different from their carrying values, and (ii) lease liabilities which are carried at their fair value under IFRS 16.

The following is an analysis of the Group's financial instruments:

2019	Weighted Average Effective Interest Rate	Variable Interest Rate $'000	Fixed Interest Rate $'000	Non-Interest bearing $'000	Total $'000
Assets					
Investments		–	–	3,935	3,935
Cash	0.82%	309	–	–	309
Trade and other receivables		–	–	68	68
Right of use assets	3.35%	9	–	–	9
Total Financial Assets		**318**	**–**	**4,003**	**4,321**
Liabilities					
Trade and other payables		–	–	(161)	(161)
Lease liabilities	3.35%	(10)	–	–	(10)
Total Financial Liabilities		**(10)**	**–**	**(161)**	**(171)**
Net Financial Assets		**308**	**–**	**3,842**	**4,150**

2018	Weighted Average Effective Interest Rate	Variable Interest Rate $'000	Fixed Interest Rate $'000	Non-Interest bearing $'000	Total $'000
Assets					
Investments		–	–	1,904	1,904
Cash	1.18%	1,960	–	–	1,960
Trade and other receivables		–	–	35	35
Total Financial Assets		**1,960**	**–**	**1,939**	**3,899**
Liabilities					
Trade and other payables		–	–	(131)	(131)
Total Financial Liabilities		**–**	**–**	**(131)**	**(131)**
Net Financial Assets		**1,960**	**–**	**1,808**	**3,768**

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19. Financial Instruments (continued)

The following table analyses the Group's financial instruments in accordance with IFRS 7:

2019	Cash $'000	Loans & Receivables $'000	FVOCI $'000	Amortised Cost $'000	FVTPL $'000	Total $'000
Assets						
Investments	–	–	3,935	–	–	3,935
Cash	309	–	–	–	–	309
Trade and other receivables	–	68	–	–	–	68
Right of use assets	–	–	–	–	9	9
Total Financial Assets	**309**	**68**	**3,935**	**–**	**9**	**4,321**
Liabilities						
Trade and other payables	–	–	–	(161)	–	(161)
Lease liabilities	–	–	–	–	(10)	(10)
Total Financial Liabilities	**–**	**–**	**–**	**(161)**	**(10)**	**(171)**
Net Financial Assets/(Liabilities)	**309**	**68**	**3,935**	**(161)**	**(1)**	**4,150**

2018	Cash $'000	Loans & Receivables $'000	FVOCI $'000	Amortised Cost $'000	FVTPL $'000	Total $'000
Assets						
Investments	–	–	1,904	–	–	1,904
Cash	1,960	–	–	–	–	1,960
Trade and other receivables	–	35	–	–	–	35
Total Financial Assets	**1,960**	**35**	**1,904**	**–**	**–**	**3,899**
Liabilities						
Trade and other payables	–	–	–	(131)	–	(131)
Total Financial Liabilities	**–**	**–**	**–**	**(131)**	**–**	**(131)**
Net Financial Assets/(Liabilities)	**1,960**	**35**	**1,904**	**(131)**	**–**	**3,768**

Investments relate to the Group's investment in 12,500,000 ordinary shares of Moxico Resources plc (note 12).

20. Post Balance Sheet Events

In January 2020, the Company sold 983,333 of its ordinary shares in Moxico Resources plc at 24p. A further 41,667 ordinary shares were sold in March 2020 at 24p, leaving a holding of 11,475,000 ordinary shares. Due to the current market uncertainty as a result of the Coronavirus outbreak, there is a potential diminution of value.

On 5 February 2020, Gautam Dalal exercised 1,125,000 warrants attached to the Loan Notes issued in 2013 and immediately gifted them to his adult children. At the same time, a further 168,750 warrants attached to the same Loan Notes issued in 2013, were exercised.

The worldwide outbreak of Coronavirus COVID-19, and its effect on economies and financial markets, may adversely affect the value of the Group's investments and its ability to turn its assets to account. The directors are not aware of any specific impact on the Group's projects or investments at the date of approving these financial statements.

21. Segmental Analysis

The Group has one primary business activity, namely recycling development.

Geographic information

The Group also splits its activities by geographical location which is reflected in the segmental analysis. As the Group develops future recycling facilities then each plant that's subsequently developed will become an operating segment in its own right.

There was no revenue from the Group's continuing operations, in the year (2018: nil).

The carrying amount of non-current assets, excluding deferred tax assets, analysed by the geographical area in which the assets are located, or that have been recorded, is as follows:

	2019 $'000	2018 $'000
United Kingdom	4,110	2,130
Spain	627	89
Japan	566	285
	5,303	**2,504**

Independent Auditor's Report
To the members of ZincOx Resources Ltd

Opinion
We have audited the Financial Statements of ZincOx Resources Ltd for the year ended 31 December 2019 which comprise the parent Company Balance Sheet, the parent Company Statement of Changes in Shareholders' Equity and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 9, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Baker
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Reading

6 April 2020

Company Balance Sheet
As at 31 December 2019

	Notes	2019 $'000	2018 $'000
Fixed Assets			
Intangible assets	C4	740	599
Tangible assets	C5	1	1
Investments	C6	3,948	1,954
		4,689	**2,554**
Current Assets			
Debtors due within one year	C7	767	34
Cash at bank and in hand		248	1,803
		1,015	1,837
Creditors – amounts falling due within one year	C8	(142)	(129)
Net Current Assets		**873**	**1,708**
Total Assets less Current Liabilities		**5,562**	**4,262**
Creditors – amounts falling due after one year		(56)	(55)
Net Assets		**5,506**	**4,207**
Capital and Reserves			
Share capital	17	2,062	2,011
Share premium	17	19	–
Capital redemption reserve	17	1,937	1,937
Fair value reserve	18	2,919	952
Profit and loss account		(669)	690
Foreign currency reserve		(762)	(1,383)
Equity Shareholders' Funds		**5,506**	**4,207**

The Company reports a loss of US$862k (2018: profit of US$578k) for the financial year.

Approved by the directors on 6 April 2020.

Donald McAlister
Director

Company registration number: 3800208

The notes to the Financial Statements form an integral part of these Financial Statements.

Company Statement of Changes in Shareholders' Equity
For the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Fair value reserve $'000	Foreign exchange reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 January 2018	**3,948**	**185,564**	**43,461**	**–**	**(42,194)**	**(183,992)**	**6,787**
Share-based payments	–	–	–	–	–	16	16
Capital restructure	–	(185,564)	(43,461)	–	41,096	187,929	–
Buy back of share capital	(1,937)	–	1,937	–	–	(3,841)	(3,841)
Transactions with owners	**(1,937)**	**(185,564)**	**(41,524)**	**–**	**41,096**	**184,104**	**(3,825)**
Profit for the year	–	–	–	–	–	578	578
Gain on revaluation of financial asset investments	–	–	–	952	–	–	952
Other comprehensive income items that will be subsequently reclassified to profit or loss							
Exchange differences on translating foreign operations	–	–	–	–	(285)	–	(285)
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**952**	**(285)**	**578**	**1,245**
Balance at 31 December 2018	**2,011**	**–**	**1,937**	**952**	**(1,383)**	**690**	**4,207**
Share-based payments	–	–	–	–	–	7	7
Issue of share capital	51	19	–	–	–	–	70
Transactions with owners	**51**	**19**	**–**	**–**	**–**	**7**	**77**
Loss for the year	–	–	–	–	–	(862)	(862)
Gain on revaluation of financial asset investments	–	–	–	1,967	–	–	1,967
Other comprehensive income items that will be subsequently reclassified to profit or loss							
Exchange differences on translating foreign operations	–	–	–	–	117	–	117
Revalue share-based payment reserve	–	–	–	–	504	(504)	–
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**1,967**	**621**	**(1,366)**	**1,222**
Balance at 31 December 2019	**2,062**	**19**	**1,937**	**2,919**	**(762)**	**(669)**	**5,506**

The share capital and share premium account have been translated at historic US$/£ exchange rates at the point where shares were issued in the Company. The capital redemption reserve has been translated at the cumulative historic rate for all share capital previously raised. The fair value reserve has been translated at the exchange rate for each year end in which there is a revaluation. The profit and loss result for the year and share-based payment expense have been translated at the average monthly US$/£ exchange rate for each year.

The notes to the Financial Statements form an integral part of these Financial Statements.

Notes to the Company Financial Statements
For the year ended 31 December 2019

C1. Significant Accounting Policies

The individual Financial Statements of the Company, as required by the Companies Act 2006, have been presented in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Group Financial Statements consolidate the Financial Statements of the Company and all its subsidiary undertakings as at 31 December each year.

The principal accounting policies which differ to those set out in note 1 to the consolidated Financial Statements are noted below.

(i) Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(ii) The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to publish its individual profit and loss and related notes.

(iii) Investments in subsidiaries, intergroup funding and deferred consideration:

Fixed asset investments in subsidiary undertakings are stated at cost less provision for diminution in value. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Where the Company has provided funds to a subsidiary in the year these amounts are also stated at cost less provision for a diminution in value.

(iv) Inter-company loans.

(v) The treatment of operating leases under UK GAAP is different from the treatment under IFRS where IFRS 16 *Leases* has been applied.

With the exception of item (iv) above, which is carried at amortised cost, the Financial Statements have been prepared on the historical cost basis.

Going Concern

The Group is reliant, to some extent at least, on the sale of shares in Moxico Resources plc to fund its short-term activities. The market disruption caused by the outbreak of COVID-19 may render the sale of shares more difficult in the short term.

As stated in the Strategic Report on page 5, the directors have reviewed future forecasts and commitments, which when compared to the current cash available, lead the directors to have a reasonable expectation that the Group has the ability to source adequate financial resources to manage its business risks and continue in operational existence for the next twelve months from the date of this report.

Presentational Currency

The Company has reported its financial results in US Dollars. Furthermore, it has elected to translate its Profit and Loss account at average monthly exchange rates for the period and to translate its assets and liabilities at period end exchange rates. Share capital and share premium reserves have been translated at historic exchange rates with any differences between the historic rates and the period end rates being charged to the foreign exchange translation reserve.

C2. Loss for the Financial Year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Profit and Loss account in these Financial Statements. The loss for the Company was US$862k translated at an average monthly rate for the year of 1.27462 US$/£ (2018: US$578k translated at an average monthly rate for the year of 1.33473 US$/£).

The average monthly number of employees of the Company (including directors) during the year was 5 (2018: 5) and their aggregate remuneration comprised:

	2019 $'000	2018 $'000
Wages and salaries	377	463
Social security costs	42	49
Other pension costs	4	4
	423	**516**

C3. Operating Loss

The auditors' remuneration for audit services to the Company was US$10,000 translated at an average monthly rate for the year of 1.27462 US$/£ (2018: US$10,000 translated at an average monthly rate for the year of 1.33473 US$/£).

C4. Intangible Assets

	Deferred Development Costs $'000	Total $'000
Cost		
At 1 January 2018	–	–
Additions	599	599
At 1 January 2019	599	599
Additions	577	577
Transfer to subsidiaries	(445)	(445)
Impairments	(10)	(10)
Foreign exchange	19	19
At 31 December 2019	**740**	**740**
Accumulated Amortisation		
At 1 January 2018 and 1 January 2019	–	–
Charge for the year	–	–
At 31 December 2019	**–**	**–**
Net Book Value		
At 31 December 2019	**740**	**740**
At 31 December 2018	599	599

All deferred development costs relating to the Spanish Full Cycle ("SFC") project have been transferred in the year from the Company to its subsidiary, ZincOx Spain SL.

The Company holds deferred development costs relating to the Japanese Full Cycle ("JFC") project at 31 December 2019 of US$566k (2018: US$286k), and for other non-country specific projects of US$174k (2018: US$225k).

C5. Tangible Assets

	Computer Equipment $'000	Total $'000
Cost		
At 1 January 2018	4	4
Additions	1	1
At 1 January and 31 December 2019	**5**	**5**
Depreciation		
At 1 January 2018	3	3
Charge for the year	1	1
At 1 January and 31 December 2019	**4**	**4**
Net Book Value		
At 31 December 2019	**1**	**1**
At 31 December 2018	1	1

C6. Investments

The following table summarises the Company's investments.

	Financial assets $'000	Associates $'000	Joint operation $'000	Subsidiaries $'000	Total $'000
Cost					
At 1 January 2018	1,012	1,243	87	89	2,431
Disposals	–	(1,218)	(81)	(34)	(1,333)
Fair value revaluation	952	–	–	–	952
Foreign exchange	(60)	(25)	(6)	(5)	(96)
At 1 January 2019	1,904	–	–	50	1,954
Additions	–	–	–	13	13
Disposals	–	–	–	(51)	(51)
Fair value revaluation	1,967	–	–	–	1,967
Foreign exchange	64	–	–	1	65
At 31 December 2019	**3,935**	**–**	**–**	**13**	**3,948**
Impairment Provisions					
At 1 January 2018	–	–	87	–	87
Released on disposals	–	–	(81)	–	(81)
Foreign exchange	–	–	(6)	–	(6)
At 1 January 2019	–	–	–	–	–
At 31 December 2019	**–**	**–**	**–**	**–**	**–**
Net Book Value					
At 31 December 2019	**3,935**	**–**	**–**	**13**	**3,948**
At 31 December 2018	1,904	–	–	50	1,954

Financial Assets
The Company has used the same accounting policy as the Group and has fair valued its equity investment in Moxico Resources plc (see note 12).

Associates

The Company held significant influence up until 15 December 2017, over Zinc Oxide Corporation Vietnam ("ZOCV"), a Vietnamese entity that was set up at the end of 2016 to develop the Vietnam Recycling and Upgrading Plant ("VRUP").

Whilst the Company had no obligation to fund the project during the Definitive Development Study ("DDS") it did initially have the power to participate in the financial and operating policy decisions of ZOCV. The Company therefore adopted the equity method of accounting for VRUP recognising a share of assets, liabilities, revenues and expenses of ZOCV in its Financial Statements.

Towards the end of 2017, as the DDS was nearing completion, the directors of the Company saw an opportunity to generate cash and add value to shareholders by selling its 49% share of ZOCV, and therefore actively sought to find a buyer for its 49% interest. The carrying value of US$1,243k was therefore reclassified in the Group balance sheet as an asset held for sale under IFRS 5 *'Non-Current Assets Held for Sale'*, but remained an investment in associate on the Company balance sheet.

On 15 December 2017, the Company's 49% interest in ZOCV was diluted down to 8%, as it opted not to contribute any further investment to VRUP. At the year end, the Company's investment of US$1,243k represented its 8% interest in ZOCV. The Company lost significant influence over VRUP at this point.

On 16 April 2018, the Company disposed of its shares in ZOCV, for a consideration of US$1.25 million, by entering into a Sale and Purchase Agreement ("SPA") with Korea Zinc Company ("KZC"). Further sums of US$1.61 million were received in respect of past technical assistance under a Technical Assistance and Marketing Support Agreement ("TAMSA"). In total, a consideration of US$2.86 million was received for the disposal of the VRUP.

Joint operation

The Company is no longer pursuing its previously written down investment with Ural Recycling Ltd, an unincorporated joint operation, and has formally disposed of it in 2018 for nil consideration.

Interest in Subsidiary Undertakings

On 27 May 2019, the Company assigned its interest in the shares of ZincOx Anadolu Cinko SVTAS, a wholly owned subsidiary, to Mr Faik Sener, for a consideration of £100,000. A loss of US$4k on disposal was charged to the Company income statement in the year.

On 22 December 2018, the Company assigned its interest in the shares of ZincOx Thailand Company Ltd, a wholly owned subsidiary, to Mr Chakrit Sakunkrit, for a consideration of US$1. A loss of US$35k on disposal was charged to the Company income statement in 2018.

In 2019, ZincOx Spain Sociedad Limitada and ZincOx Japan Kabushiki-Kaisha, both wholly owned subsidiaries, were formed to support the Group's generation of new projects in Spain and Japan respectively.

The Company had an interest in the following subsidiary undertakings during the year ending 31 December 2019, all of which are included in the consolidated Financial Statements. Except for those holdings marked with an asterisk, all shareholdings were held directly by the Company.

Name of Undertaking	Address	Country of Incorporation and Registration	Principal Activities	Proportion owned by Company/ Group
Zinc Corporation of Kazakhstan Ltd	2nd Floor Palm Grove House, Wickhams Cay, PO Box 3340, Road Town, Tortola	British Virgin Islands	Holding company	100%
ZincOx Resources (USA) Ltd	Suite 4, Crown House, High Street, Harley Wintney, Hampshire, RG27 8NW	UK	Holding company	100%
Big River Zinc Corporation*	2401 Mississippi Avenue, Sauget, Illinois 62201	USA	Zinc processing	100%
ZincOx USA (Recycling) Inc.*	2401 Mississippi Avenue, Sauget, Illinois 62201	USA	Zinc processing	100%
ZincOx Spain Sociedad Limitada	Calle Poeta Verdaguer, Num 1, Planta En, Peurta Dr, 12002 Castellon De La Plana, Castellon	Spain	Zinc processing	100%
ZincOx Japan Kabushiki-Kaisha	Suite 1, 6-16-50 Roppongi, Minato-Ku,Tokyo, 106-0032	Japan	Zinc processing	100%

The Company tests the carrying value of its investments in its subsidiary undertakings which are carried at historical cost less any impairment. This test is carried out on an annual basis or more frequently if market conditions indicate a potential impairment.

C7. Debtors

	2019 $'000	2018 $'000
Due within one year		
Deposits	7	7
VAT	8	10
Other debtors	–	1
Prepayments	16	16
Amounts owed by Group undertakings	736	–
	767	**34**

The Company tests the carrying value of its loans to its undertakings of the Group and this test is carried out on an annual basis or more frequently if market conditions indicate a potential impairment.

C8. Creditors

	2019 $'000	2018 $'000
Amounts falling due within one year		
Trade creditors	61	52
Taxation and social security	14	13
Accruals	67	59
Other creditors	–	5
	142	**129**
Amounts falling due after one year		
Amounts owed to Group undertaking	56	55
	56	**55**

Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of ZincOx Resources Limited (the "**Company**") will be held in the Fairfax Room, at the Washington Mayfair Hotel, 5 Curzon Street, Mayfair, London, W1J 5HE, at 12.30pm on Thursday, 25 June 2020, for the purpose of transacting the following business:

Ordinary Business

1. To receive and adopt the Strategic Report, the Directors' Report and Financial Statements for the financial year ended 31 December 2019 together with the Auditors' Reports.
2. To re-elect Andrew Woollett as a director of the Company, retiring by rotation in accordance with Article 106 of the Company's articles of association.
3. To re-elect Gautam Dalal as a director of the Company, retiring by rotation in accordance with Article 106 of the Company's articles of association.
4. To appoint Crowe U.K. LLP as auditors to the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company, and to authorise the directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

5. "**THAT,** the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £425,494 representing a number of ordinary shares of 1 penny each (the "Shares") equivalent to approximately one third of the issued share capital of the Company at the date of this notice.

   The authorities referred to in this Resolution 5 shall be in substitution for all other existing authorities dealing with the subject matter of this Resolution and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or on the date that is 15 months from the date of the passing of this Resolution (if earlier). The Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors are hereby authorised to allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority shall replace all existing authorities conferred on the directors in respect of the allotment of relevant securities to the extent that the same have not been previously utilised."

To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

6. "**THAT,** subject to and conditional upon the passing of Resolution 5, the directors be and they are hereby empowered pursuant to section 570 of the Act, in substitution for all previous powers granted thereunder, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the general authority conferred by the foregoing resolution as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

   in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of Shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, but subject to such exclusions or other arrangements that the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and (otherwise than pursuant to sub–paragraph (a) of this Resolution 6) up to an aggregate nominal amount of £127,648 representing approximately 10% of the current issued share capital of the Company; and the authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or on the date that is 15 months from the date of the passing of this Resolution (if earlier). The Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors are hereby authorised to allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority shall replace all existing authorities conferred on the directors in respect of the allotment of relevant securities to the extent that the same have not been previously utilised."

Registered Office:
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RG27 8NW

By Order of the Board

Wynter Bee Consulting Ltd
Corporate Company Secretary

6 April 2020

OTHER INFORMATION

Annual General Meeting (continued)

Notes

Any member entitled to attend and vote at the Meeting may appoint one or more proxies (who need not be a member of the Company) to attend and, in the event of a poll, to vote instead of the member. Shareholders will receive a Form of Proxy with this document. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting, or any adjournment thereof, in person.

In order to be valid, any Form of Proxy and a power of attorney or other authority under which it is signed must reach the Company's Registrar, Link Market Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 12.30pm on Tuesday, 23 June 2020, not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the Annual General Meeting and in default will not be treated as valid. Alternatively, Shareholders may submit their proxy votes electronically using the Share Portal service at www.signalshares.com.

Shareholders requiring any assistance should call Link Market Services on Tel: 0371 664 0300 (Shareholders)

If you are outside the United Kingdom, please call +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link Market Services are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Please note that Link Market Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. Link Market *Services participant ID is RA10. CREST personal members or other CREST sponsored members, and those CREST members who have* appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent by 12.30pm on 23 June 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the time when stamp was applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by the enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those Shareholders registered in the register of members of the Company as at close of business on 23 June 2020 (or if the Annual General Meeting is adjourned, Shareholders registered in the register of members of the Company not later than 48 hours excluding any part of a day which is a non-working day, before the time fixed for the adjourned Annual General Meeting) shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

The total number of ordinary shares in issue as at 6 April 2020, the last practicable day before distributing this document, was 127,648,314 ordinary shares and the total level of voting rights was 127,648,314, none of which were attached to Shares held in treasury by the Company.

Explanation of Resolution 5

The directors wish to renew at the forthcoming AGM the authority and power which were granted to them at the AGM held on 25 June 2019. Section 551 of The Act provides that the directors may not issue new shares unless authorised to do so by the shareholders. In Resolution 5 an authority is being sought to issue new Shares up to a maximum aggregate nominal amount of £425,494, representing a number of Shares equivalent to approximately one third of the issued share capital of the Company at the date of this notice. Such authority will (except in relation to commitments which have been made but not fulfilled) lapse on the earlier of (i) the conclusion of the AGM of the Company to be held in 2021 and (ii) 15 months from the date of Resolution 5 being passed.

The granting of these authorities will ensure that the directors are able to maintain a degree of flexibility for the issue of Shares without the need to obtain shareholders' consent on each occasion. The directors have no present intention to exercise this authority except in connection with the Company's employee share incentive schemes. In the event that the further authority is exercised, the directors intend to follow emerging best practice as regards its use (including as to the requirement for directors to stand for re-election) as recommended by the ABI.

Explanation of Resolution 6

If new Shares are to be allotted for cash, Section 561(1) of the Act requires the new Shares to be offered first to the existing holders of Shares on a proportionate basis. Resolution 6, which will be proposed as a special resolution, is in accordance with normal practice and, if passed, will give the directors the power to allot Shares for cash without first offering those Shares to shareholders. This power will allow the directors to implement rights issues, open offers or other similar such issues of Shares without complying fully with the pre-emption requirements of the Act which can prove unduly burdensome in certain circumstances (for example, in the case of shareholders resident in certain overseas countries). Power is also being sought to enable the directors to issue Shares for cash otherwise than on a pre-emptive basis in relation to outstanding share options and otherwise for new Shares up to an aggregate nominal amount of £127,648 which represents a number of Shares equal to approximately 10% of the Company's issued share capital at the date of this notice. If given, the power contained in this special resolution will (except in relation to commitments which have been made but not fulfilled) lapse on the earlier of (i) the conclusion of the AGM of the Company to be held in 2021 and (ii) 15 months from the date of Resolution 6 being passed.

Coronavirus (COVID-19): The Board will continue to follow government advice regarding the COVID-19 outbreak and we strongly advise that you regularly check our website for updates regarding our AGM.

Forward Looking Statements

The Chairman's Statement, the Strategic Report and the Directors' Report 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.

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