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## **ZINCOX ADDS SIGNIFICANT RESOURCE TO ITS INTERNATIONAL PORTFOLIO**

### **Right to earn 50.1% interest in Namibian project Project contains zinc, lead, germanium, gallium and indium**

ZincOx Resources plc has today entered into a Joint Evaluation and Exploitation Agreement whereby a 50.1% interest may be earned in slag dumps and certain plant at the old Tsumeb Mine, in Namibia. The dumps amount to 2.9 million tonnes of slag and contain zinc (9.03%), lead (2.05%), germanium (0.0262%), gallium (approx. 0.02%) and indium (approx. 0.017%). At today's prices these metals have a combined gross value of over US\$1 billion.

Andrew Woollett, ZincOx's managing director, said "The Tsumeb slag is the first of a number of advanced projects, beyond the Middle East, that we intend adding to our portfolio of assets thereby further broadening our geographical base. It fits perfectly with our strategy of adding value by the application of our zinc technology which is particularly relevant at Tsumeb since this technology is compatible with the methods required to recover the other high value metals."

Development will be carried out jointly by ZincOx and Ongopolo Mining & Processing Ltd (OMPL) who are the current owners of the slag dumps at Tsumeb. OMPL is a Namibian company which operates three base metal mines and the Tsumeb copper smelter. Under the terms of the agreement, over the next 18 months, ZincOx can earn a 50.1% interest in a development company by providing metallurgical expertise, completing a feasibility study and making a payment of N\$19 million (approx. US\$1 million) to OMPL. OMPL will obtain an interest of 49.9% in the development company by contributing the slag dumps, infrastructure and certain plant, including an Ausmelt type furnace constructed in 1996 at a cost of US\$12 million. ZincOx is commencing a preliminary economic appraisal which is expected to be completed in the first half of this year. This appraisal will include an estimate of the costs of completing the full feasibility study.

ZincOx will be the manager of the project prior to development and thereafter OMPL, having considerable local production experience, will be the operator.

Preliminary metallurgical testwork on samples of the Tsumeb slag has demonstrated that zinc and the other metals can be concentrated into an oxide dust by reduction and fuming. Zinc could be recovered from this oxide dust at ZincOx's proposed Yanbu

plant, in Saudi Arabia, where the other metals could also be separated. Alternatively, the oxide dust can be sold on the international market. For several years Korea Zinc, one of the world's largest producers of zinc, has used an Ausmelt furnace for the treatment of slag and the production of a zinc rich oxide dust. Korea Zinc has agreed to work with ZincOx to evaluate the production of an oxide dust using the existing Ausmelt furnace at Tsumeb.

The slag forms a discrete dump over an area of about 100,000m<sup>2</sup>. The slag is a fine grained granular material that was produced as a result of lead smelting operations carried out between 1963 and 1996. Although the Tsumeb Mine closed in 1999, the smelting of copper concentrates continues and there will be significant synergies between this operation and the proposed slag fuming.

Germanium, gallium and indium are used in several high technology industries. The consumption of these elements has grown substantially in recent years and their medium term growth prospects remain very strong. The slag at Tsumeb represents one of the largest undeveloped resources of germanium and a very significant potential supplier of gallium.

ZincOx's management has extensive experience in Namibia where, as the executive management team of Reunion Mining PLC, they successfully undertook the Skorpion feasibility study, a project currently under development by Anglo American plc. Namibia's mining sector has received the strong support of the Government, which has consistently encouraged investment by international mining companies.

**For more information please contact**

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