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## **ZincOx Resources plc**

### **Financing the construction of the Ohio Recycling Plant**

- **Fundraising, subject to shareholder approval, totaling approximately US\$120 million to raise:**
  - **US\$72 million in an equity placing**
  - **US\$48 million through a three year bond facility**
- **This fundraising, together with current cash and deferred payments receivable from Shaimerden, will be used in the construction of the Ohio Recycling Plant**
- **The fundraising is subject to shareholder approval, which will be sought at an EGM to be held on 11 July 2008**

ZincOx Resources plc ("ZincOx" or the "Company") (ticker: ZOX) today announces that it has conditionally raised approximately GBP36.4 million (US\$72 million) before expenses in a placing (the "Placing") arranged by Jefferies International Limited ("Jefferies"). Additionally, on the Company's behalf, Jefferies has arranged, subject to definitive documentation, a US\$48 million three-year bond facility (the "Bond Facility").

The combined capital to be raised pursuant to the Placing and the Bond Facility, together with existing cash resources and the deferred payments receivable in respect of the Shaimerden zinc oxide deposit, will be used for the construction of the Ohio Recycling Plant, where the Company plans to convert zinc-bearing hazardous waste from the steel industry into pig iron, slag and an intermediate zinc-bearing product. Further details of the Ohio Recycling Plant are set out in the preliminary results announcement of 28 April 2008.

Commenting on the announcement, Andrew Woollett, ZincOx's Chairman said: "We are delighted to have, subject to shareholder approval, funding for use in construction of our first recycling project. This should enable the Company to start production before the end of next year and move the Company a step closer to realising its ambition to become the largest zinc recycling company in the world".

#### **Placing Statistics**

Under the Placing, the Company has conditionally placed 20,801,311 new ordinary shares of 25p each (the "New Shares") at a price of GBP1.75 per share (the "Placing Price") to raise approximately GBP36.4 million (US\$72 million) before expenses. Immediately following the Placing, the total number of ordinary shares of 25p ("Ordinary Shares") in the capital of the Company in issue will be 77,576,620.

The Placing is conditional, inter alia, on approval by ZincOx's shareholders of the resolutions (the "Resolutions") which will be set out in a notice convening an extraordinary general meeting of ZincOx to be held on 11 July 2008 (the "EGM") and admission of the New Ordinary Shares to trading on the AIM market of the London Stock Exchange plc ("AIM").

The New Shares will rank pari passu in all respects with the existing Ordinary Shares.

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A circular will be posted on or about 16 June 2008 to ZincOx's shareholders seeking approval of the Resolutions at the EGM. Application will be made for the New Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective (pursuant to Rule 6 of the AIM Rules for Companies) and dealings in the New Shares will commence, and settlement of the New Shares will occur, on 14 July 2008.

**Details of the Bond Facility**

Jefferies has arranged, subject to definitive documentation, on behalf of the Company a US\$48 million three-year Bond Facility, to be secured on various assets of certain of the subsidiaries of ZincOx, which may be issued at any time prior to 14 July 2011. On completion of the Placing, the Company will grant to the subscribers to the Bond Facility warrants to subscribe for three million Ordinary Shares with a three-year maturity and at an exercise price equal to the Placing Price. The Company will issue further warrants to the subscribers to the Bond Facility for every US\$1 million drawn down on the Bond Facility, split into two tranches as follows: (i) warrants with a five-year maturity to subscribe for 62,500 Ordinary Shares at an exercise price of 125% of the Placing Price, and (ii) warrants with a seven-year maturity to subscribe for 62,500 Ordinary Shares at an exercise price of 125% of the Placing Price.

The Bond Facility may be drawn down only once in whole or in part. To the extent that it is drawn down in part only, the remainder will be cancelled. Interest will be payable following draw down of the Bond Facility at 12% for the first year, 16% for the second year and 18% for the third year. Until the Bond Facility is drawn down, cash payments equivalent to half of the interest that would have been payable following draw down will be paid quarterly in advance with the first four quarterly payments due on completion of the Placing. If any of the Bond Facility is drawn down during the first year, that portion of the advance payment attributable to the amount drawn down will be offset against interest payable thereon. The Bond Facility and the grant of the warrants are conditional on certain conditions precedent, including the passing of Resolutions at the EGM, closing of the Placing and entry into definitive documentation. Such documentation will contain standard provisions relating to covenants, events of default and cross-acceleration.

**Related Party Transaction**

Hoegh Capital Partners Investments Limited, which due to its current holding of 10.16% of the existing issued share capital in the Company is a substantial shareholder in the Company pursuant to the AIM Rules, will be participating in the Placing by subscribing for 4,102,564 New Shares. Non-Executive Director, Peter Beck, is also participating in the Placing and will subscribe for 25,000 New Shares. The Placing will therefore be a related party transaction for the purposes of Rule 13 of the AIM Rules. The Directors of ZincOx, excluding Peter Beck, having consulted with the Company's nominated adviser, Numis Securities Limited, consider that the terms of the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

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For more information please contact:

Andrew Woollett / Peter Wynter Bee  
ZincOx Resources plc  
Tel: +44 (0) 1276 450 100  
awoollett@zincox.com

Rupert Mitchell / Jack Pryde  
Jefferies International Ltd  
Tel: +44 (0) 20 7029 8000  
rmitchell@jefferies.com

John Harrison / James Black  
Numis Securities Ltd  
Tel: +44 (0) 20 7260 1200  
j.harrison@numiscorp.com

Charlie Geller/ Leesa Peters  
Conduit PR  
Tel: +44 (0) 20 7429 6604  
Charlie@conduitpr.com

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