



## Press release

### **ZincOx acquires interest in Mexican zinc oxide project**

ZincOx Resources plc (“ZincOx”) today announces that it has acquired the right to purchase up to a 50% interest in the Las Damas zinc oxide project (“Las Damas”) from Minas de Rio Tinto (“MRT”), a Mexican mining and exploration company for a consideration of \$5 million.

Las Damas is located in Chihuahua State in Northern Mexico. The Las Damas area, currently held under licence by MRT, covers numerous zinc prospects, some of which were mined up until the early 1990’s for high-grade zinc oxide ores (approx. 40% Zn/t). One of the more developed prospects, Esperanza, has an indicated resource in excess of 1.0mt of ore at 21% Zn, which ZincOx believe has the potential to be increased.

Commenting on the agreement, ZincOx’s managing director, Andrew Woollett said “The unique nature and high grade of the Las Damas deposit should enable the very low cost production of a zinc concentrate. This project, therefore, represents a significant opportunity for early cash flow for a modest capital investment.”

Test work on the Esperanza ore by MRT and ZincOx has shown it to be amenable to beneficiation by means of heavy media separation (HMS), whereby a 40-44% concentrate can be produced. Additional tests have shown that the concentrate can be further upgraded to 65-75% Zn by fuming in a waelz kiln. MRT owns a 1,000tpd HMS plant, which will be used by the project. MRT and ZincOx are negotiating with a third party for the use of an existing waelz kiln and bagging facilities which, after refurbishment, can be used for fuming and production of a high grade calcine.

As well as the resource potential of Las Damas and fuming possibility outlined above, there is the opportunity of entering into early production and generating cash flow, for a low capital outlay, by calcination of the HMS concentrate without fuming. The product should be sellable on the open market but may need some special marketing effort, as it is not commonly treated.

The agreement with MRT gives ZincOx the right to earn a 50% interest in a new company for the expenditure of \$5.0million, of which \$3.0million is a loan to be repaid on a preferential basis from operational cash flow. MRT’s contribution for its 50% interest in the Las Damas project is the various zinc prospects, the HMS plant and provisional sales contracts. MRT will manage the operation although ZincOx will remain in control during the funding of \$5.0million. There is no financial or other commitment by ZincOx.

A small drilling programme to confirm the geological model for the Esperanza prospect is underway, funded by MRT. Piloting of a 30t bulk sample, currently being mined, and calcination tests, will be carried out over the next three months.

12 March 2003

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