



15 December 2003

**ZincOx sells Shaimerden Deposit for US\$7.6 million plus royalty. Funds to be used to accelerate waste recycling strategy**

**ZincOx Resources Plc** (hereafter “ZincOx” or the “Company”) is pleased to announce that it has entered into a conditional agreement to sell its 95% interest in the Shaimerden zinc oxide deposit in Kazakhstan to JSC Kazzinc for a cash consideration of US\$7.6 million together with a royalty related to the zinc price at the time of production. The funds generated by this transaction will be used to accelerate the Company’s recycling strategy.

The management team at ZincOx has been working for some months with Kazzinc in a collaborative effort to optimise the processing plan for this deposit which contains 4.3 million tonnes of ore at a grade of 21% zinc. Kazzinc is central Asia’s largest zinc producing company. The ore will be sent to Kazzinc’s existing facilities at Ust-Kamenogorsk and Ridder in Kazakhstan where it will be processed into zinc metal thereby maximising the value within the country.

Andrew Woollett, Managing Director of ZincOx, said “The considerable experience and expertise of our management team has solved the various technical challenges that were presented by this complex zinc oxide ore when we purchased it last year. We are delighted that such experienced operators have recognised the value of this deposit and believe that their considerable local knowledge and infrastructure will result in the fast track development of this important resource.”

The royalty is payable on the first 200,000 tonnes of contained zinc mined from Shaimerden. For every dollar that the zinc price is above US\$800 per tonne, ZincOx will receive a cash sum of US\$0.2375 per tonne of zinc mined. In line with Kazzinc’s development plan over the next six years, the royalty is expected to yield about US\$5.0 million if the zinc price averages US\$900/tonne, or about US\$10.0 million if it averages US\$1,000/tonne. As part of the transaction the Company has no further liabilities for royalties to previous owners referred to in the Company’s announcements of 16 July and 22 October 2002.

The effect on the balance sheet of the Company of this transaction is the reduction of fixed assets by approximately £1,370,000 and an increase in cash, after the expenses of the transaction, of approximately £4,100,000.

ZincOx will continue to pursue primary oxide opportunities and will utilise some of the cash realised from this transaction to accelerate its strategy for the recycling of zinc bearing waste materials. The Company will use the balance of the proceeds in providing additional working capital.

## **Recycling Strategy**

In addition to the retreatment of zinc bearing lead slags using polykiln technology, referred to in the Interim Results, the company has been actively testing other waste materials that may be treated using its know-how and considerable experience of solvent extraction technology.

In particular the Company has been investigating the economic viability of recovering zinc from waste produced from the recycling of steel scrap in electric arc furnaces (Electric Arc Furnace Dust, "EAFD"). There are over 300 such plants worldwide that together produce in excess of 3 million tonnes of EAFD annually, and this figure is growing. Due to the galvanised nature of the scrap, zinc forms a major component of the dust, commonly having a grade of between 18% and 25%. Since the average grade of most zinc mines is only about 5%-7%, EAFD represents one of the richest sources of zinc in the world. Approximately two thirds of EAFD is processed by a thermic process to give impure zinc oxide, with the balance going at some significant cost to landfill.

The company has carried out considerable testwork on EAFD over the past year and the results have been most encouraging. The high tolerance to impurities presented by solvent extraction should allow very cost effective treatment of this material.

### **For further information please contact:**

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