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ZINC RECYCLING PROJECT CONFIRMED

ZincOx Resources plc (Ticker: ZOX) is pleased to announce the completion of a pre-feasibility study on the Aliaga Recycling Project (“ARP”), in Turkey. The ARP involves the development of a plant to recover zinc oxide from dust produced as a waste by the Turkish steel industry.

The ARP will initially produce 12,000tpa of high purity zinc oxide, rising to 30,000 tpa as a result of an expansion in the second year of production. Using a zinc price of US\$1000 per tonne, the pre-feasibility study shows that the project should have an internal rate of return of about 30% and a net present value, at a discount rate of 10%, of £30 million.

Commenting on the announcement, Andrew Woollett, ZincOx’s managing director said, “The Aliaga Recycling Project is the most advanced of a number of recycling projects we are working on and having such excellent economic returns, we believe it will provide a development blueprint that can be replicated elsewhere in the world”.

About 44% of the world’s steel is produced by the recycling of scrap in electric arc furnaces and over 3 million tonnes of dust are produced annually. Turkey is the 13th largest steel producer in the world and 70% of its production is based on recycling. There are 16 mills using electric arc furnaces in Turkey and these are mostly located near Istanbul and in the Aliaga Industrial Zone located 60 kilometres north of Izmir, on Turkey’s western seaboard.

The ARP plant will be located in the Aliaga Industrial Zone, within 4 kilometres of five steel plants. These mills produce about 5 million tonnes of steel annually and this gives rise to about 80,000tpa of waste dust having a grade of over 20% zinc. This will be more than sufficient to meet the initial capacity of the plant. The capital requirement for the initial development is expected to be about £11 million.

The plant will use LTC technology similar to that which is being considered for ZincOx’s Jabali deposit. Initial bench scale testwork has confirmed the amenability of the dust to treatment by this process. The process produces a very high quality zinc oxide that can be sold directly to industrial consumers. The market for zinc oxide is about 1million tonnes per annum of which about half is used as a critical additive in rubber tyres. Tests on zinc oxide produced by the LTC process are being undertaken at an independent research institute to confirm its quality and potential applications. Results from this work will be available in the first quarter of 2005.

The ARP is being strongly supported by steel producers, local and national environmental authorities and the local government. A number of suitable plant sites have been identified and ZincOx is working closely with the local municipality to identify the optimum location for the plant and residue disposal area.

A feasibility study has commenced and is scheduled for completion in mid 2005.

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