

3 February 2005

ZincOx Resources plc placing raises £4.37million

ZincOx Resource plc (“ZincOx” or the “Company”)(Symbol ZOX) has raised £4.37 million net of expenses in a conditional placing (the “Placing”) with Institutions arranged by Numis Securities Limited (“Numis”). The Placing involved the issue of 4,678,764 new ordinary shares in the Company at a price of £1.00 per share. Immediately following the Placing the total number of shares in issue will be 28,306,536. The proceeds from the Placing will be used to purchase land for the Aliaga zinc recycling plant, in Turkey, to complete the feasibility studies referred to below, to develop the Polykiln technology and to pursue further recycling projects.

Commenting on the announcement, Andrew Woollett, ZincOx’s managing director, said “This Placing will allow us to press ahead with the development of the Turkish project without delay and at the same time pursue new recycling projects elsewhere in the world. We have used the Placing to bring in a number of new institutional shareholders which greatly strengthens our future capital raising capacity”.

ZincOx specialises in the recovery of zinc from non-sulphur bearing materials. The Company is currently carrying out feasibility studies on projects to recover zinc from steel recycling waste in Turkey and the USA and on the Jabali zinc deposit in Yemen. In addition, new zinc recovery equipment, the Polykiln, is being piloted using lead smelter waste slag.

The Company has recently entered into a land purchase option agreement by which it can purchase, at a cost of TRY3.95 million (£1.58million) an area covering 25.4 hectares in the Aliaga Heavy Industrial Zone, in Turkey. This land will be sufficient for the construction of the Aliaga zinc recycling plant and a long term residue disposal facility. The area is within four kilometres of five steel recycling plants that together should produce sufficient waste dust to meet the requirements for the first phase of project development.

ZincOx is earning a 60% interest in the Jabali project in Yemen by the completion of a feasibility study. The Jabali deposit contains a mineable reserve of 9.0 million tonnes of ore containing 9.5% zinc and 67g/t silver, of which 89.1% is in the measured and indicated category. The feasibility study, which is investigating the treatment of 800,000 tpa ore for the recovery of 70,000 tpa of zinc oxide using the LTC process, is scheduled for completion in the second quarter of this year. The development of the project is likely to be financed largely by a project finance debt facility which will be arranged following the completion of the feasibility study. Financing is expected to take six months to complete. Construction and commissioning of the project is expected to take a further 24 months.

The development cost of the Jabali project is expected to be approximately £40million. At a zinc price of US\$1,000/t zinc (current price US\$1,278/t) and a discount rate of 10%, internal projections indicate the project has a net present value of approximately £34million, ZincOx’s share of which would be 60% or approximately £20million.

In Kazakhstan, the Polykiln equipment has been tested by piloting since August, 2004. A programme to confirm the reagent and energy consumption of the equipment is expected to commence shortly. This test will allow the operating costs for the recovery of zinc concentrate from lead smelter slag to be estimated and these should be reported in the second quarter of this year.

Following completion of the sale of the Shaimerden deposit in Kazakhstan, last year, for US\$7.5 million, ZincOx is entitled to receive, subject to the zinc price being above US\$800/t, further deferred receipts relating to the first 200,000 tonnes of zinc mined. These payments will be at a rate equivalent to US\$0.2375 per tonne for every dollar that the LME zinc price is above US\$800. At today's zinc price the further deferred receipts would amount to approximately US\$22.7million. Providing the zinc price remains above US\$800 any further deferred receipts are anticipated to be received between 2007 and 2010.

Under the Placing, the Company has conditionally placed 4,678,764 new ordinary shares of 25p each (the "New Shares") at a placing price of £1.00 per share with a number of institutions to raise £4,678,764 (before expenses) (£4,370,000 after expenses). The Placing has been arranged by Numis who have also underwritten the issue. The Placing is subject to a Placing Agreement between ZincOx and Numis becoming unconditional and not being terminated prior to 9 February 2005 the expected date of Admission or such later date (being no later than 23 February 2005) which the Company and Numis may agree. The New Shares will rank *pari passu* in all respects with the existing ZincOx Shares in issue. It is expected that dealings in the New Shares will commence on AiM on 9 February 2005.

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