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ZincOx completes preliminary economic study on zinc recycling project in the United States

ZincOx Resources plc (Ticker: ZOX) is pleased to announce the completion of a preliminary economic study on the Mid-West Recycling Project (“MWRP”), in North America. The project involves the development of a plant to extract zinc from electric arc furnace dust (EAFD).

The preliminary economic study, using a zinc price of US\$1,000 per tonne, has indicated that the project should have a post tax net present value of about £22 million (at a discount rate of 10%) and an internal rate of return of 25%.

Commenting on the announcement, Andrew Woollett, ZincOx’s managing director said, “The Mid-West Recycling Project represents the second recycling project in our global strategy for the treatment of EAFD. It 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 we can replicate elsewhere in the world”.

In January 2005 the company announced the formation of a strategic alliance with Envirosafe Services of Ohio Inc (“ESOI”), one of North America’s largest hazardous waste disposal companies. ESOI has patented technology that chemically and physically stabilises hazardous waste so that it can be disposed of in non-hazardous landfill sites. This technology has been approved by the US Environmental Protection Agency (“EPA”).

ESOI has recently completed tests on the residue produced by the LTC process and has confirmed the amenability of their technology to stabilise this material.

ESOI has a stabilisation plant in North West Ohio together with a hazardous waste landfill facility permitted for 240,000 short tons per annum. ESOI handles EAFD from all over the mainland USA and has excellent working relations with both steel producers and the EPA. In addition to disposal, ESOI has considerable EAFD collection and transportation experience.

Under the terms of the alliance, ESOI will be responsible for the delivery of EAFD to the MWRP and will collect the residue and be responsible for its stabilisation and disposal. Consequently the zinc feedstock for the ORP will be obtained effectively at no cost.

EAFD will be treated using the LTC process to produce about 20,000 tonnes of zinc oxide per annum for sale direct to industrial consumers in North America. Output will rise to 30,000 tonnes of zinc oxide per annum in the fourth year of production.

Several potential sites for the MWRP have been identified and are being reviewed in light of local taxes, infrastructure, and proximity to steel mills and residue disposal facilities.

The feasibility study is due for completion in the second half of 2005.

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